

Dentons Flashpoint

Daily Global Situation Report

October 28, 2021

Global Situation Update: October 28, 2021

KEY TAKEAWAYS

The African Union and World Bank suspended the membership of and aid to Sudan in response to the military coup.

Big oil executives will face questions from Congress today on their role in downplaying climate change issues.

New Zealand and Australia announce plans to relax their travel restrictions for the first time since March 2020.

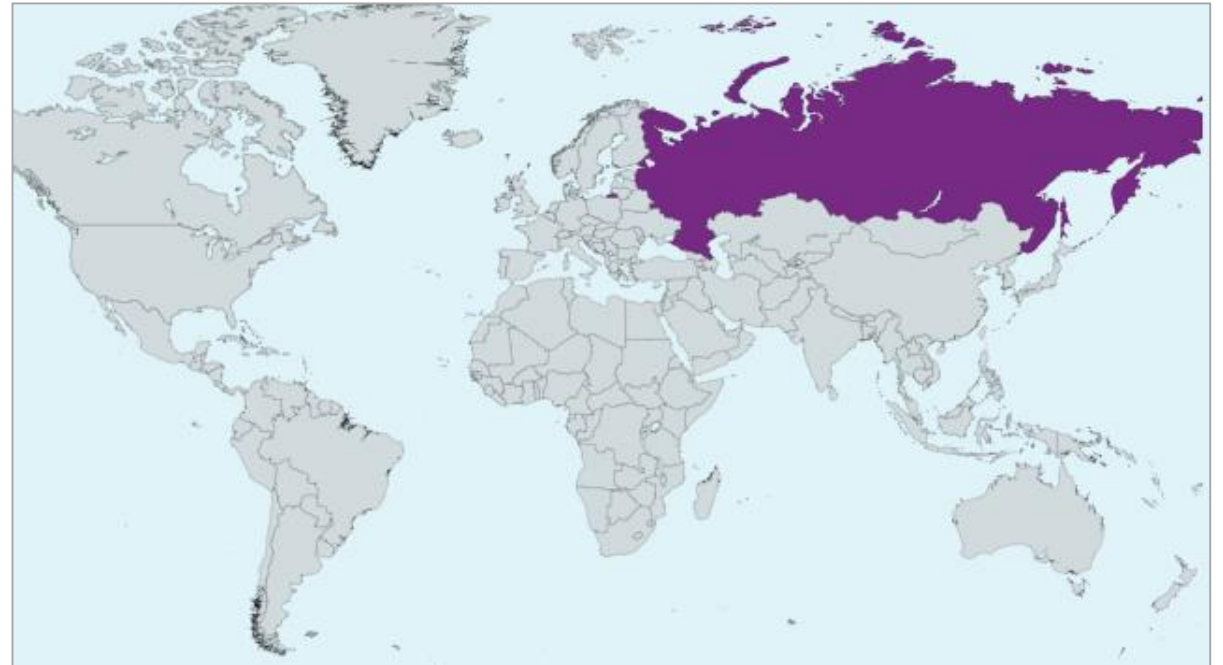
Note: This report is based on sources and information deemed to be true and reliable, but Dentons makes no representations to same.

Global Situation Update: October 28 2021

WHAT WE'RE WATCHING

Today, Moscow and 20 regions of Russia are in some kind of partial lockdown as the country suffers a surge in COVID-19 cases and the third consecutive day with a record high death toll. These partial lockdowns will give way to a nationwide workplace shutdown in the first week of November. In Moscow, only essential shops like pharmacies and supermarkets are allowed to remain open, while businesses and schools are shut.

Widespread vaccine hesitancy has contributed to the prolonged state of the pandemic, with only 30% of Russians fully vaccinated. Polling indicates that a majority of Russians cite a distrust of the government in their decision to remain unvaccinated. Russia's lockdown is an abrupt U-turn in strategy, as high-ranking Kremlin officials had previously mocked Europe and the US for closing non-essential businesses.

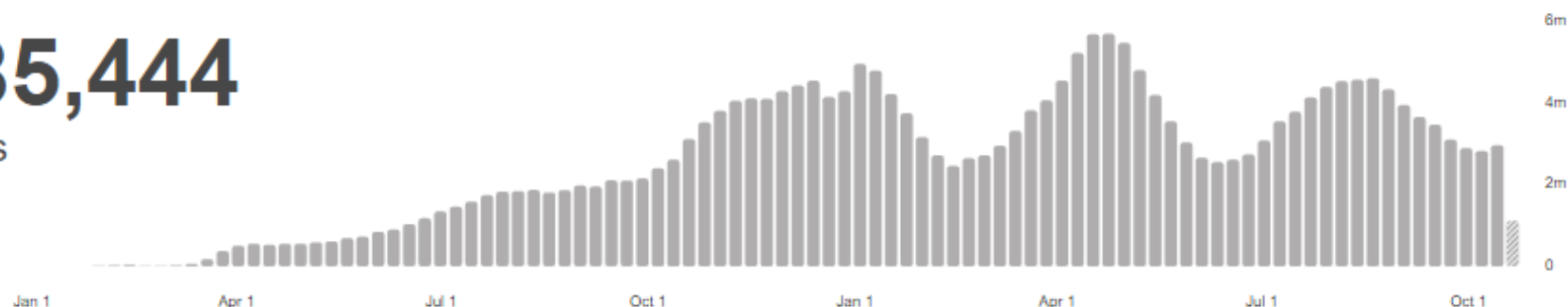


Global

Globally, confirmed coronavirus cases topped 244.3 million with 4.9 million deaths; almost 6.7 billion vaccine doses have been administered.

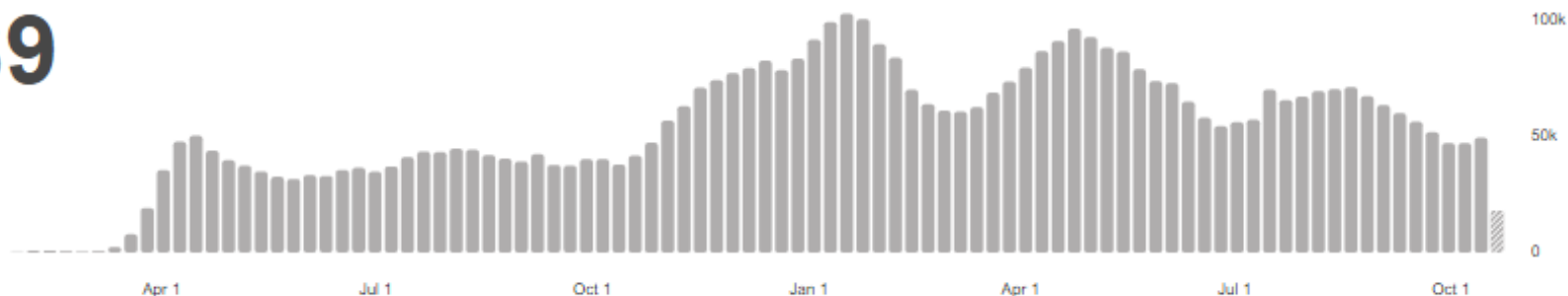
244,385,444

confirmed cases



4,961,489

deaths



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

Source: WHO

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Markets & Business

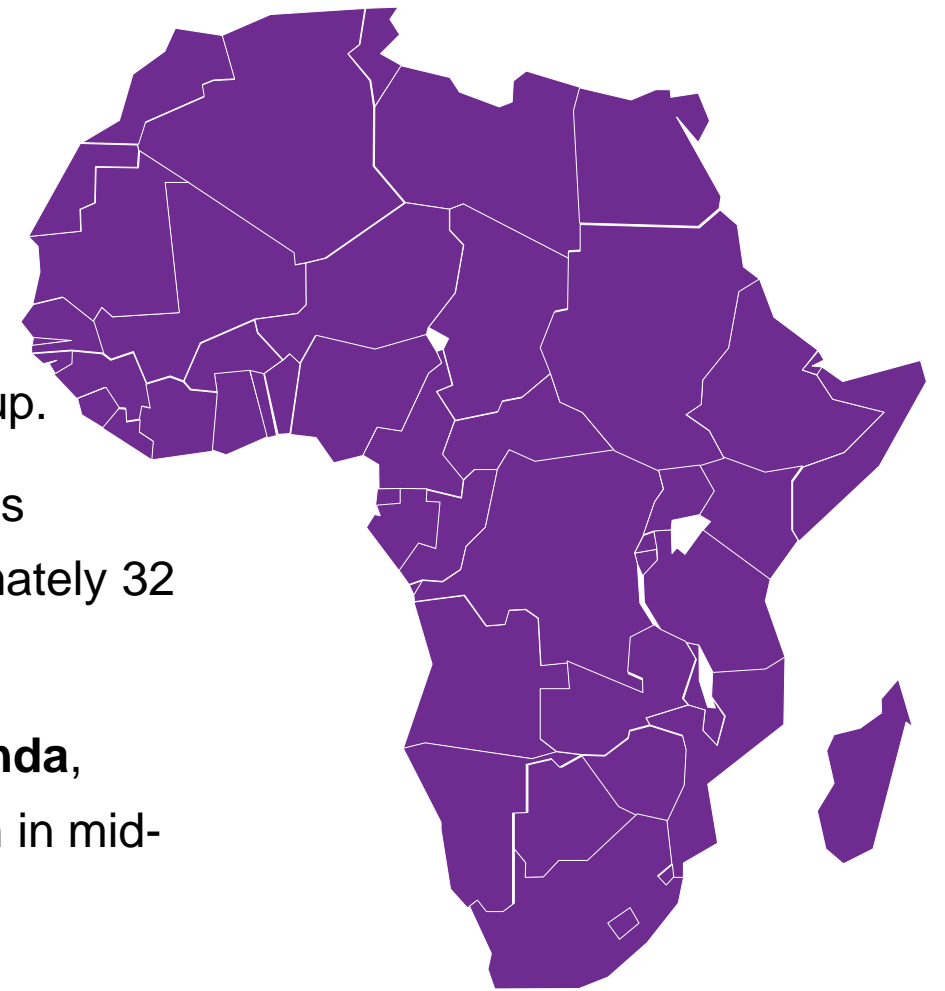
Top executives from ExxonMobil, BP, Chevron, and Shell will face a grilling by members of Congress today, who will question the companies' role in downplaying climate change and their own roles in worsening it.

- **Qatar Energy**, one of the world's top liquefied natural gas (LNG) suppliers, is reportedly working on an ESG framework that would allow it to sell "green" bonds.
- Hedge fund **Third Point** called for the dissolution of **Shell** into several standalone companies shortly after taking a large stake in the company, saying that competing shareholder views are resulting in "incoherent" corporate strategy. **Shell** strengthened its commitments to cut carbon emissions after reporting lower-than-expected Q3 profits.
- **Coca-Cola**, **McDonalds**, and **Kraft-Heinz** reported higher than expected earnings, buoyed by increased dining, but warn of continued risks from inflation and supply chains.
- Semiconductor shortages cost **Volkswagen** almost €500 in Q3 profits. **Ford** improved its profit outlook and said it would reinstate its dividend, saying the shortage is easing.
- Of the 100,00 **Tesla** vehicles **Hertz** announced that it would purchase for its fleet, 50,000 will be available to **Uber** drivers, furthering Uber's goal to become fully electric.

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Africa

- The African Union suspended the membership of **Sudan**, and the World Bank suspended aid, in response to the military coup.
- A new study by the International Journal of Infectious Diseases suggests that the COVID-19 death toll in **Somalia** is approximately 32 times higher than previously reported.
- The construction of an mRNA vaccine production site in **Rwanda**, previously announced with the backing of EU funds, will begin in mid-2022.



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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

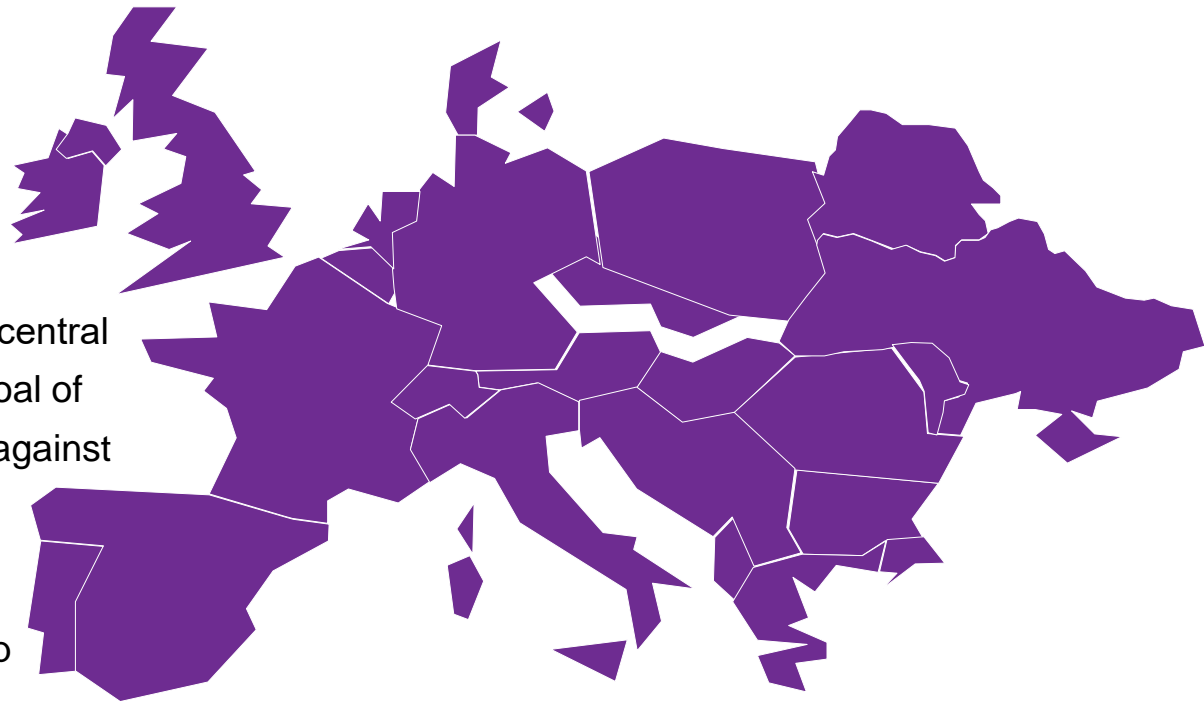
- Asia saw its **hottest year** on record in 2020, per a UN report released ahead of COP26 that highlighted climate impacts across every part of the region. India rejected calls to announce a net zero emissions target, saying that establishing a worldwide pathway was more important.
- **ASEAN** announced that it would upgrade its strategic relationship with **China** to a comprehensive strategic partnership, a day after signing the same deal with **Australia**.
- **China** and **Brunei** called for rapidly bringing the Regional Comprehensive Economic Partnership (RCEP) into force, asking participant countries to speed up their work on entrance.
- **Indonesia** will require all holiday travelers to undergo a PCR test, in a government effort to avert another year-end COVID-19 wave. **New Zealand** will ease its border restrictions and move to a system of home isolation for fully vaccinated travelers in early 2022. **Australia** updated its travel red lists ahead of loosening restrictions next week. **China** reported 50 locally transmitted symptomatic COVID-19 cases, the highest count of the recent Delta outbreak that has now spread to 11 provinces.



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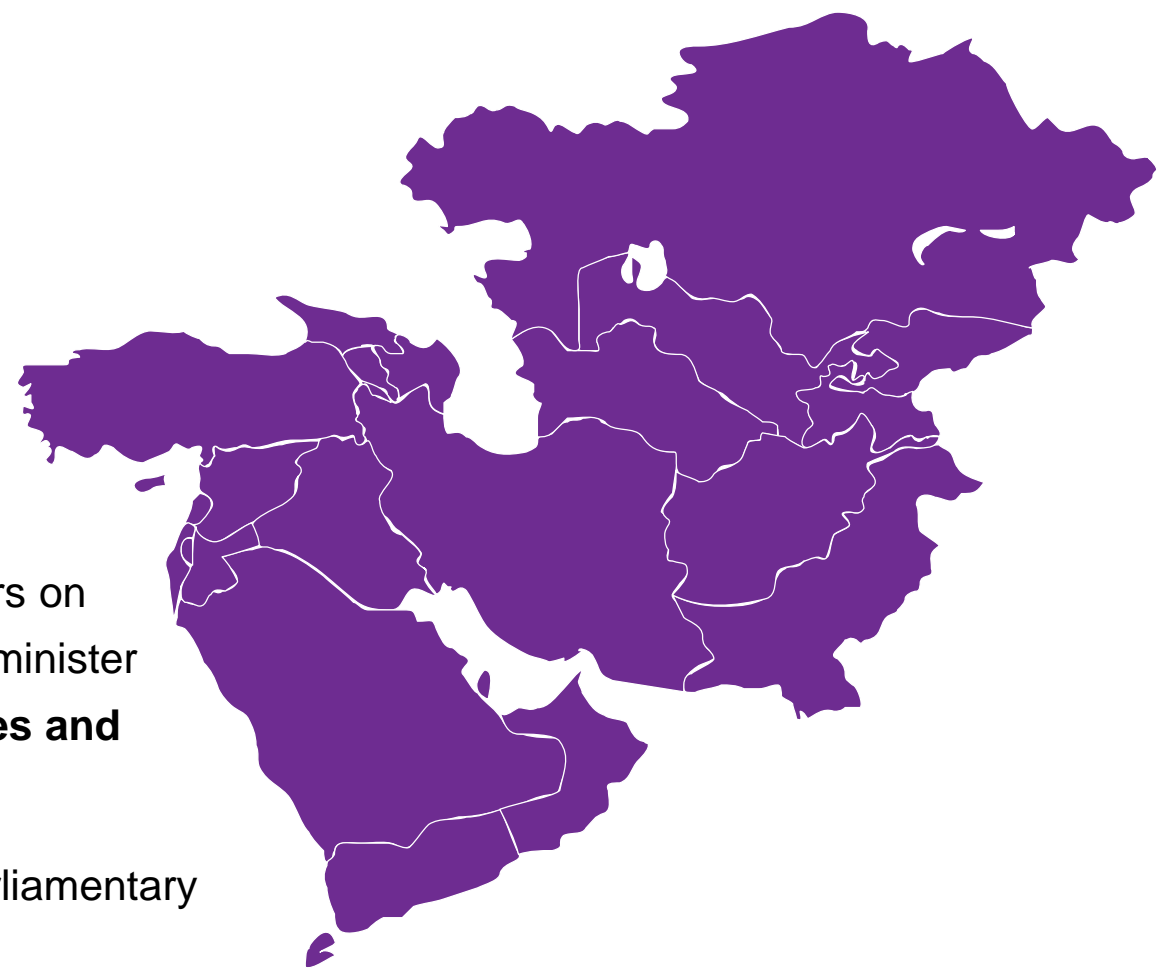
Europe

- The **Istanbul Chamber of Industry** (ISO) said that the country's central bank is putting financial stability at risk by straying from its core goal of ensuring price stability, another rare instance of public pushback against Erdogan's fiscal policies.
- Left-wing **Portuguese** parties united with their traditional rivals to block the budget of Socialist Prime Minister Costa, triggering snap elections.
- **UK** Chancellor of the Exchequer Sunak unveiled the government's "post-COVID" spending proposals, including large cuts to universal credit in a bid to cut taxes and curb the state.
- **Novavax** filed for vaccine approval in the **UK**.
- **France** threatened to begin taking action against the **UK** in retaliation for the unresolved fishing dispute from Tuesday if it is not resolved, with actions to range from increasing customs checks to limiting electricity. Hours later, France seized a British shipping boat in French waters.
- The EU ordered **Poland** to pay a fine of €1 million per day for ignoring an order to suspend a section of its judicial review that invalidates the supremacy of EU law.



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Middle East



- **Saudi Arabia** is reportedly asking for the **US** weapons to bolster its own defenses before reassessing its blockade on Yemen's Sanaa ports and airport.
- Saudi Arabia and the UAE summoned Lebanese ambassadors on Wednesday over comments made by Lebanon's information minister before he took office, further straining ties between **Gulf states and Lebanon**.
- The **Lebanese** parliament announced that it will hold new parliamentary elections on March 27.
- Axios reported that **Russia's** President Putin asked **Israeli** Prime Minister Bennet for help pushing the Biden Administration to ease sanctions on **Syria**, so that Russia can take part in the country's reconstruction.
- **Iran's** top nuclear negotiator said that talks to revive the 2015 nuclear deal will resume by the end of November.

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Americas

- **Brazilian** Senate leader Rodrigo Pacheco switched parties to the center-right Social Democratic Party (PSD), in the latest sign that Pacheco will run for President in 2022.
- The **Brazilian** Senate probe of government response to COVID-19 presented the prosecutor general's office with recommendations to criminally charge President Bolsonaro, although few expect the investigation to result in actual charges.
- **Canada's** central bank unexpectedly ended its bond-buying program and moved ahead its expected timeline for raising interest rates, surprising investors. **Brazil** implemented its largest interest raise since 2002 to guard against inflation in a pre-election spending spree.
- Dozens of **Ecuadorian** demonstrators were arrested as anti-government protests continued for a second day, and President Lasso called for dialogue with the indigenous leaders who led the opposition to his conservative economic policies.



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Americas: US

- The CDC updated its guidelines to allow some immunocompromised people who have received the Pfizer or Moderna shot to get a **fourth dose**.
- The US is forecast to see record **holiday spending**, despite supply chain disruptions.
- The White House issued new guidance **prohibiting immigration enforcement** in “safe zones” including schools and hospitals.
- Newly-announced Democratic plans to **tax billionaires and corporations** collapsed in the face of resistance from Democratic moderates. Democrats are exploring other tax code updates, and may cut paid leave from the final bill.
- The US issued the first passport with an “**X**” **gender marker**, for nonbinary individuals.
- Secretary of State Blinken protested **Israel’s decision** to move ahead with constructing 3,000 new settlement houses in the West Bank in a call with Israeli Defense Minister Gantz.



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Venezuela at a Crossroads: Will US Pressure Affect November Elections?

By Alexander Lucaci

Following a period of relative calm, tensions are set to escalate between the US and Venezuela after a series of political developments threw the limited diplomatic progress into disarray. Earlier this month, the Biden Administration secured the extradition of a key advisor to Venezuelan president Nicolas Maduro, prompting a chain reaction from Caracas that has altered the state of play in both international negotiations for an agreement with the Maduro regime as well as wider US policy in the region. The advisor, Alex Saab, is a Colombian businessman with intricate knowledge of the Maduro regime's financial dealings, including alleged corruption schemes related to food and medicine imports into Venezuela.

Earlier in 2021, it appeared that the Biden Administration was reducing pressure on the Maduro regime, at least rhetorically, to achieve a political settlement that would alleviate the economic disaster in Venezuela. That effort now appears to have collapsed, as Maduro has pulled out of mediated talks with the Venezuelan opposition in Mexico City because of Saab's indictment and extradition. Maduro has also detained five American businesspeople in the country, prompting international condemnation and the promise of further punitive measures from Washington. In a recent trip to the

region, Secretary of State Antony Blinken continued to offer support for talks between Maduro and Venezuelan opposition, noting that the status of Saab's indictment has been consistent for the last ten years, and that the Colombian businessman had never been linked to negotiations with the Maduro regime. Nevertheless, it appears that Saab's extradition has touched a nerve in Caracas, given his familiarity with the internal financials of the Maduro regime and likelihood of cooperation with American prosecutors.

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Venezuela at a Crossroads: Will US Pressure Affect November Elections?

Elevated tensions between Washington and Caracas have come at an inopportune time for the Venezuelan opposition, who recently agreed to participate in November's regional elections for the first time in three years. Given that international negotiations have broken down, the Maduro regime will feel less restrained in manipulating the results of the election, cracking down on key leaders in the opposition, or more generally adopting a hostile stance towards the United States or Washington's regional allies. This will have the result of further isolating Venezuela economically, as the small chance of sanctions relief has disappeared alongside the talks in Mexico City. Although the Biden Administration would have liked to see progress made in formalizing Venezuela's domestic political opposition and subsequently loosening sanctions, Washington will have no option but to ratchet up pressure on the Maduro regime, something that has bipartisan support on Capitol Hill.

There are several factors that may change the political calculus in Venezuela. The first is the possibility of additional criminal indictments against Maduro's inner circle because of Saab's cooperation with federal prosecutors. This may allow the Venezuelan opposition, including US-recognized president Juan Guaido, to strengthen their negotiating hand and increase pressure on elements around the

Maduro regime who continue to evade international sanctions. The second is the possibility that enthusiasm for US-backed international pressure on Maduro begins to wane, providing a path for the regime to regain legitimacy and consolidate power. There are signs that this may already be happening, even beyond traditional Maduro allies such as Russia and Iran. Argentina, Peru, and Mexico are among those who have criticized the refusal to acknowledge Maduro as the legitimate Venezuelan president, while also taking steps that would allow Maduro back into the international fold.

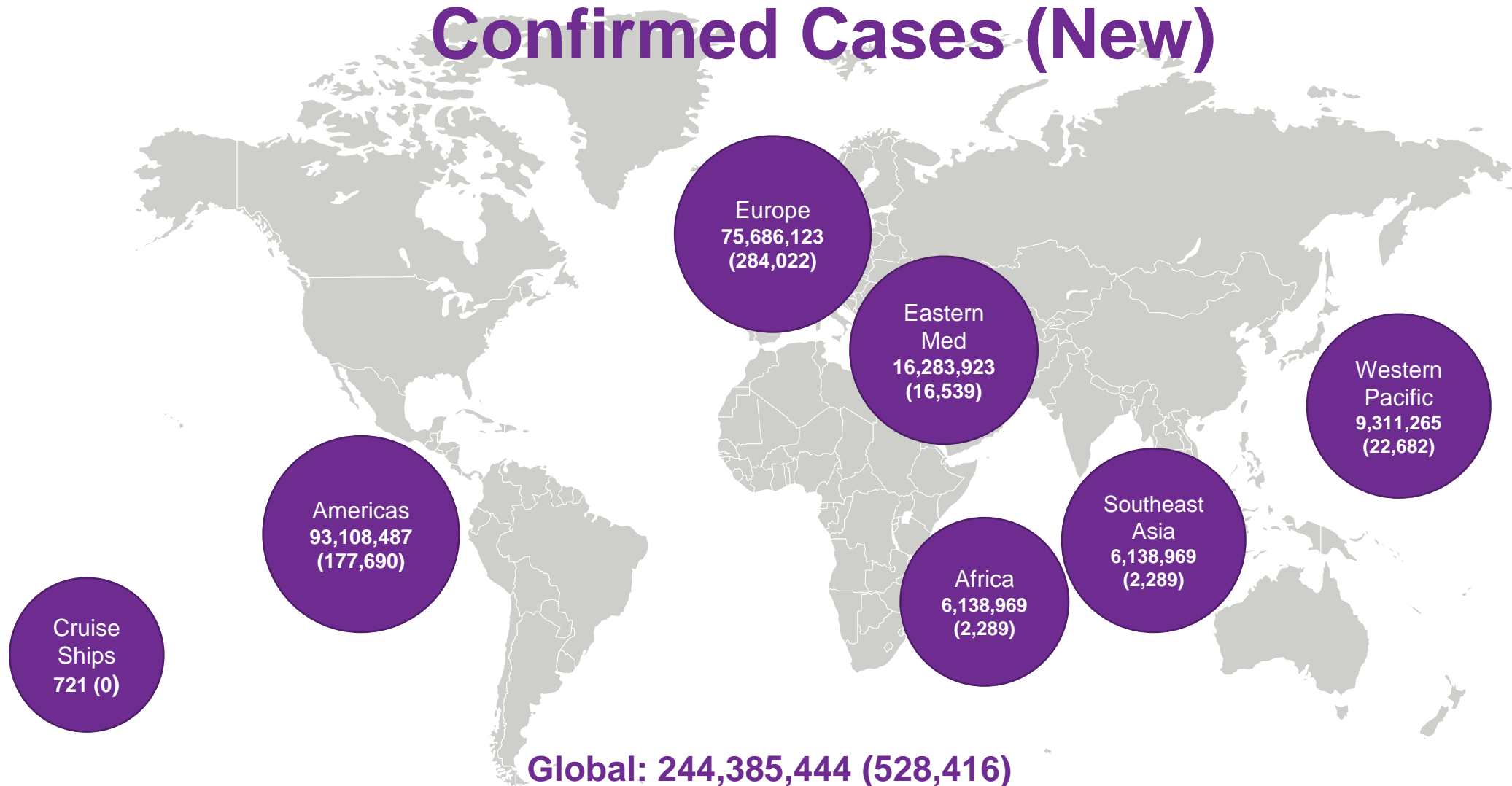
Finally, the results of the November 21 regional elections will indicate the strength and breadth of the Venezuelan opposition. If the anti-Maduro coalition has a strong showing, it will provide encouragement for those who argue for maintaining and increasing sanctions pressure on the regime. If Maduro registers a decisive victory, even with the assistance of voter manipulation and other forms of electoral corruption, it will signal that the regime remains durable in the face of international pressure and diplomatic isolation. In either case, there are few good options for US and allied policymakers to alleviate the economic and humanitarian catastrophes in Venezuela, conditions that will linger for the foreseeable future.

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Coronavirus Condition Updates

As of 6:40 pm CEST on October 27, 2021

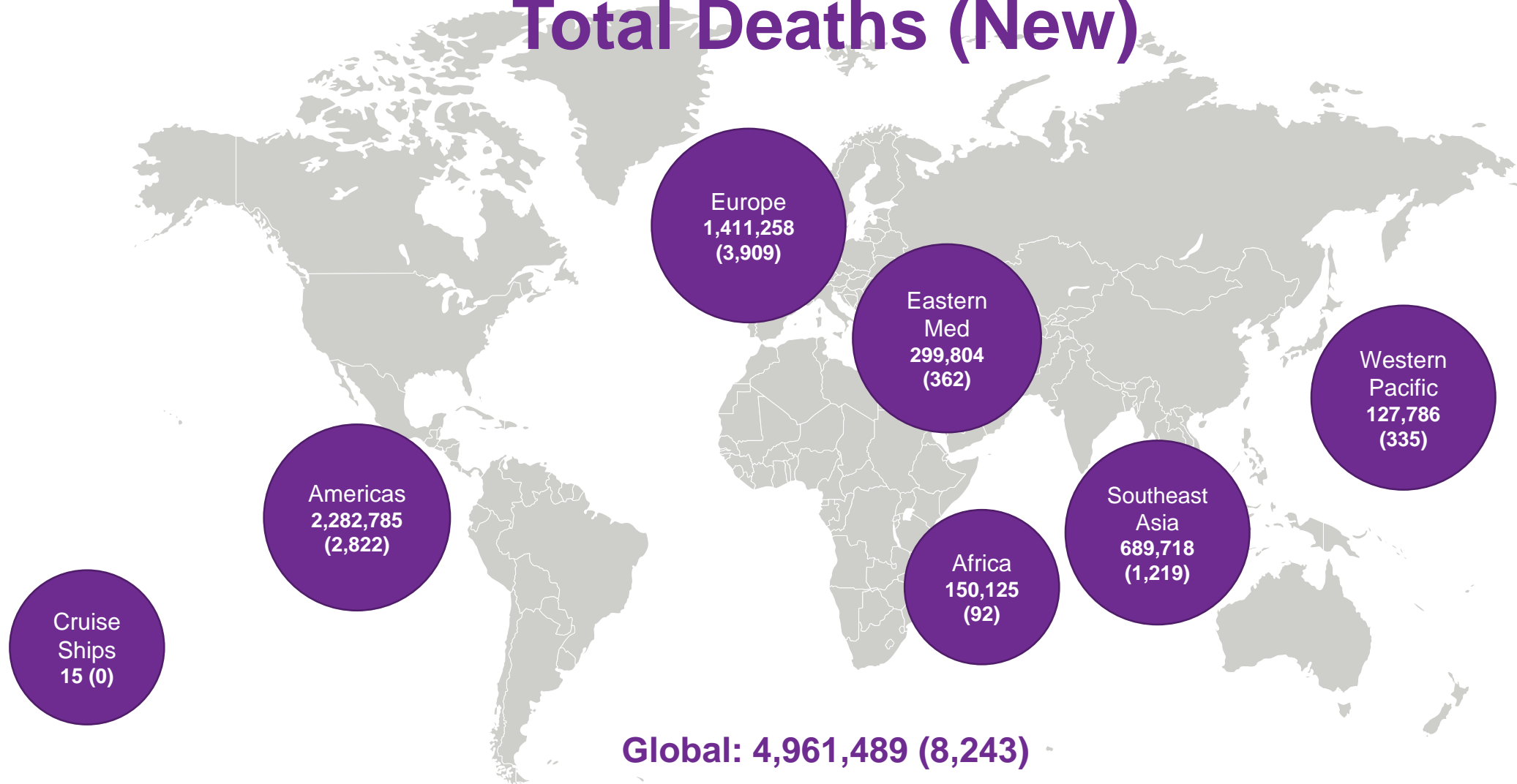
Confirmed Cases (New)



Reflects data as of 6:42 pm CEST on October 27, 2021.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 6:40 pm CEST on October 27, 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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