

Dentons Flashpoint

Daily Global Situation Report

October 6, 2021

Global Situation Update: October 6, 2021

KEY TAKEAWAYS

The IMF scales back its global growth forecast, citing unequal vaccine access and inflation concerns.

Gas contracts surge to record levels in Europe, exacerbating fears of a winter energy crisis.

J&J asks US regulators to approve its COVID-19 booster shot.

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WHAT WE'RE WATCHING

Oil pipelines and the hazards they pose to surrounding environments are once again in the public spotlight and may hold risks for companies involved. There is a state of emergency in California's Orange County to support the response to the massive oil spill off the coast of Huntington Beach. Meanwhile, a cross-border legal battle is heating up over one of Canada's major oil export pipelines that runs beneath the Straits of Mackinac in the Great Lakes over worries it may leak.

Environmental activists, media outlets and political progressives are closely watching California and the northern Great Lakes and will pressure elected officials to take action against companies seen as endangering common natural resources. The company that owns the leaky pipeline off the coast of California has seen the value of its shares drop by 50% due to the incident.



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

Global

Globally, confirmed coronavirus cases topped 235.1 million with 4.8 million deaths; more than 6.1 billion vaccine doses have been administered.

- The IMF scaled back its global growth forecasts for 2021, in a speech ahead of its updated World Economic Outlook launch next week. Unequal access to vaccinations and inflation are top issues limiting **global economic growth**.
- AstraZeneca requested emergency approval for its antibody cocktail, which could become the first world's first approved **protective shot against COVID-19** that is not a vaccine.
- Ireland expressed confidence that it can be part of a revised **global corporate tax** deal that would likely force it to raise its 12.5 percent corporate tax rate; the OECD will meet on Friday in an effort to sign a tax deal with a 15 percent minimum corporate tax rate.

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Markets & Business

General Motors plans to open a battery cell development center in southeast Michigan to help it drive down the cost and boost the driving range of electric vehicles with lithium ion and solid-state battery cells.

- International regulators are taking their first steps towards supervising **stablecoins**, which act as a bridge between national currencies and the cryptocurrency market, as the digital assets exert a growing influence on the financial system, recommending that stablecoins are regulated as financial market infrastructure alongside payment systems and clearing houses.
- **Cotton futures** are trading at decade-high prices which are likely eventually to cause higher garment prices.
- **Bitcoin** surpassed \$50,000 for the first time in four weeks amid mounting institutional interest.
- **Allbirds**, a shoemaker known for its claim to sustainability, walked back some ESG commitments ahead of its planned IPO, which it had previously billed as the first “*sustainable*” IPO.
- **Facebook** whistleblower Frances Haugen testified on negative company practices to a Senate panel. Haugen's testimony and leaked documents are likely to help lawmakers build momentum for tougher regulations on big tech companies.
- **Telegram**, an encrypted messaging app, reported that 70 million new users joined during Facebook’s outage.

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How do You Manage Cyber Risks?

Today, there are more risks for cybersecurity and a wider array of threat actors capable of doing damage to organizations due to rapid advances in technology. A single cyber breach risks dealing irrevocable harm to businesses and their critical assets.

Dentons offers business leaders a full complement of counseling and advice, regulatory and litigation services, analysis and intelligence products for cyber risk management that helps them thrive in complex operating environments, including:

- ❖ organizational cyber risk assessment
- ❖ crisis management for cyber incidents
- ❖ privacy law and compromised data advice
- ❖ self-reporting, liaising with law enforcement following cyberattack
- ❖ ransomware attack guidance
- ❖ cybersecurity readiness and remediation
- ❖ cyberattack source and method identification

All interaction with Dentons is attorney-client privileged

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

Africa

- The **Ethiopian** government mobilized a fresh offensive to push back on reported Tigrayan attacks in the Amhara region; the conflict has increasingly spilled throughout the country.
- **South Africa's** largest metalworkers union, comprising 155,000 members, launched an indefinite strike and threatened to block supplies of car parts if demands including pay raises are not met.



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Asia

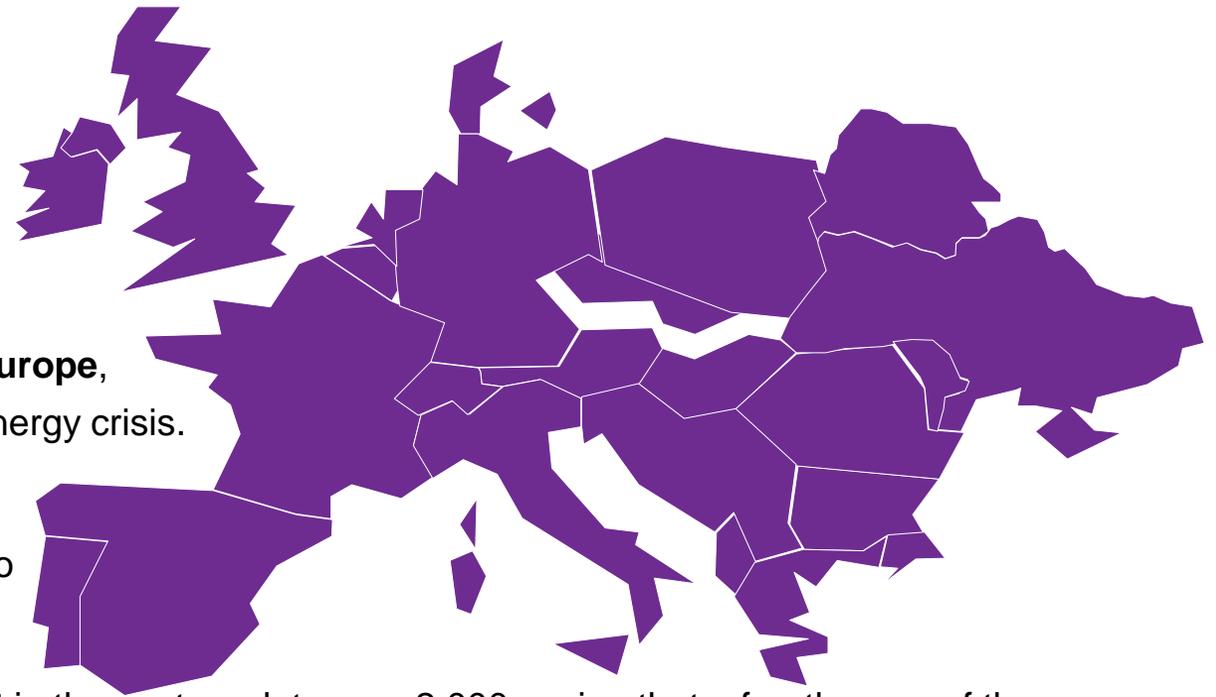
- Moody's upgraded **India's** outlook from negative to stable, amid a strong rebound from its most recent COVID-19 wave. India's top court ordered the government to pay \$672 for each death caused by COVID-19.
- **Australia's** Prime Minister Morrison said that foreign tourists would not be allowed to visit the country until at least 2022.
- A new report from Rhodium Group and the Atlantic Council, China Pathfinder, concluded that **China** has fallen short of its reform goals and is not on track to become a market economy.
- New government analysis shows that **Vietnamese** garment exports may only hit \$34 billion in 2021, a worst-case scenario below the targeted \$39 billion. The industry, critical to Vietnam's economy, is facing COVID-19 disruptions and a major labor shortage.
- In a *Foreign Affairs* article, Taiwanese President Tsai Ying-wen said that failure to defend **Taiwan** would be "catastrophic" for peace across Asia. In a draft spending proposal, Taiwan's defense ministry said Tuesday that extra military spending over the next five years will focus on naval weapons. **US** President Biden said that he has spoken to **Chinese** President Xi Jinping about Taiwan, and they agreed to abide by the "Taiwan agreement",



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Europe

- The price of gas for delivery in November surged 23 percent in **Europe**, hitting a record high and exacerbating fears of a coming winter energy crisis.
- **EU** member states moved to reduce tensions with the **UK** over **Gibraltar** by rescinding a proposal to allow **Spanish** authorities to be in charge of policing entry to the territory.
- **Poland's** daily COVID-19 cases have risen by around 70 percent in the past week to over 2,000, a sign that a fourth wave of the outbreak is gathering pace.
- **Turkey** logged 29,802 new COVID-19 cases on Tuesday, the highest number of daily infections since April 30.
- **Spain** will administer third doses of the Pfizer and Moderna vaccines for people aged 70 or over.
- At the first **EU** talks on **China** in a year, European leaders discussed the need to “*rebalance*” ties, with Lithuania calling for “*economic solidarity*” from its fellow EU members. A group of **French** senators plans to visit Taiwan this week, following a four-day period in which China flew almost 150 warplanes into **Taiwan's** air defense zone.



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Europe

Romania's parliament overwhelmingly passed a vote of no confidence in Prime Minister Florin Citu, who came under fire for his handling of the COVID-19 pandemic. Citu will remain interim prime minister for 45 days while political parties consult on a replacement.

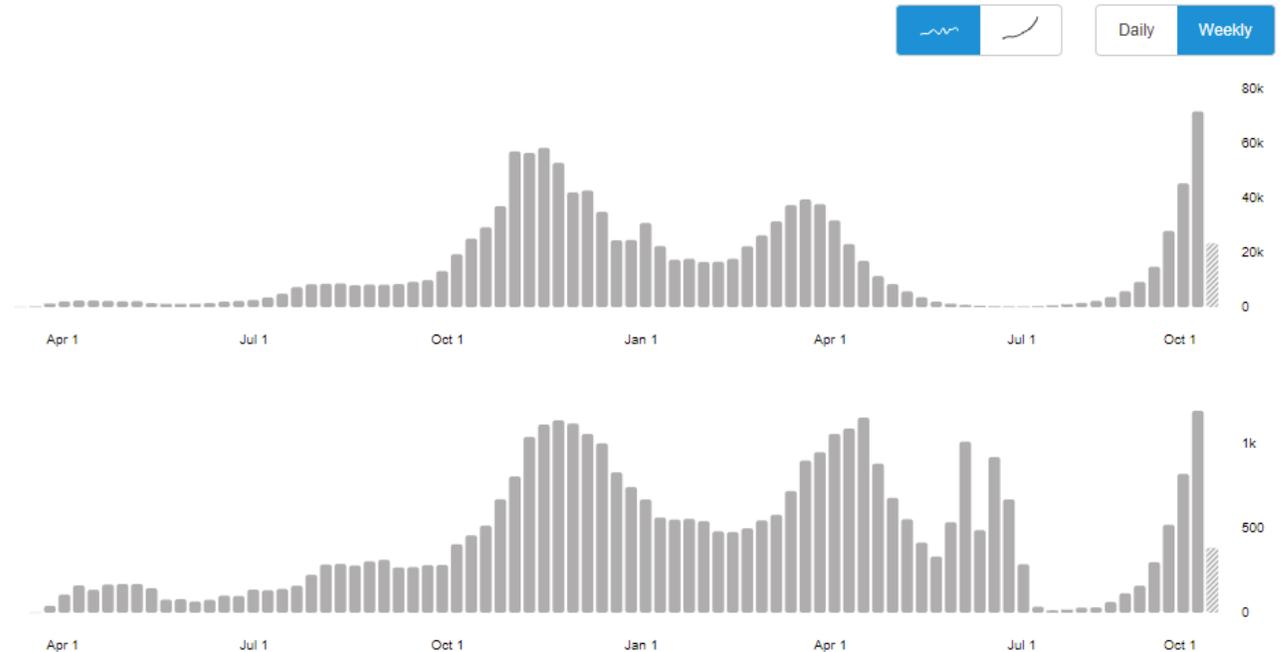
Romania hit a record of over 15,000 daily COVID-19 cases on Tuesday, as its intensive care units remain stretched.

Romania Situation

1,289,156
confirmed cases

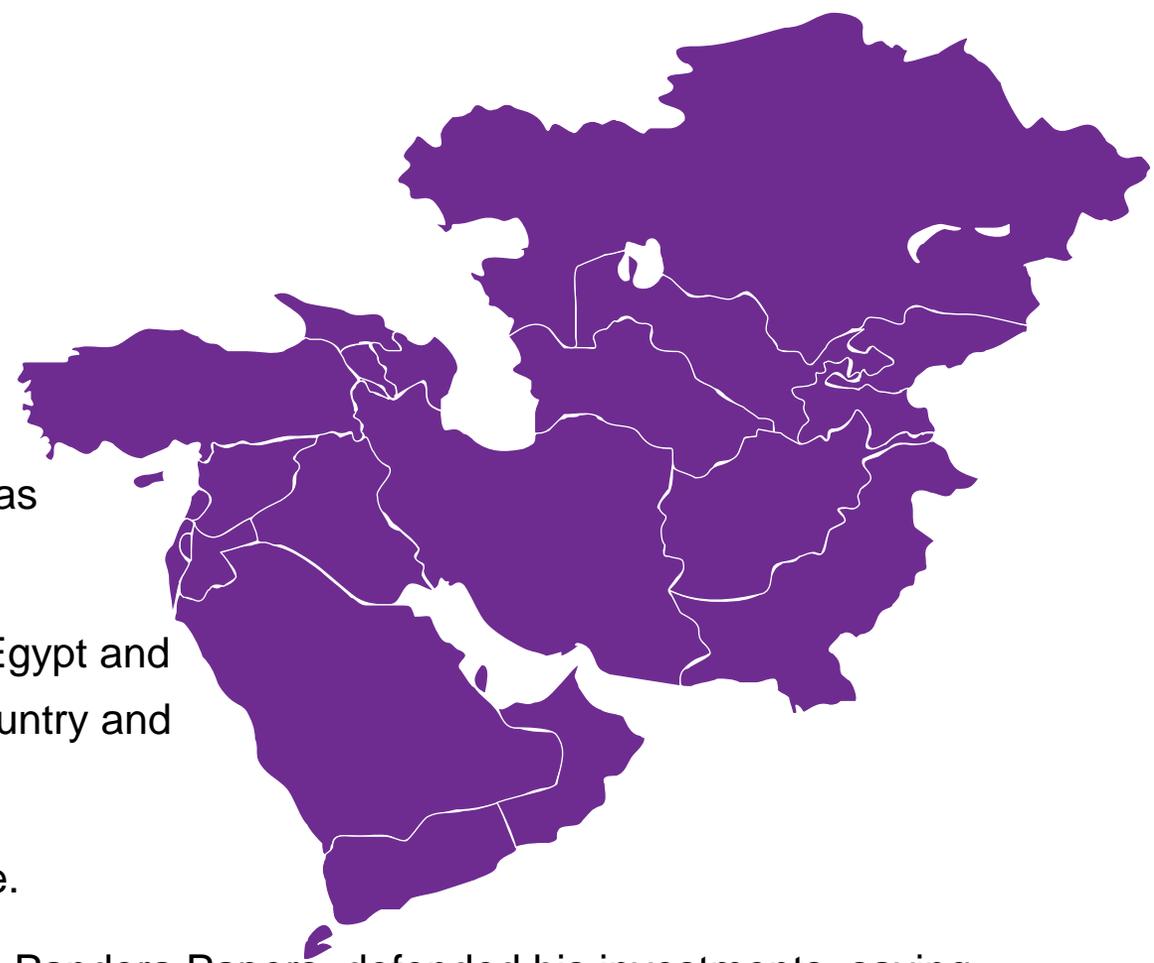
37,929
deaths

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



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Middle East



- The **UAE** announced a new space mission to explore Venus, another step in the country's tech hub aspirations. The UAE has authorized the Russia-developed one-shot Sputnik Light as both a standalone COVID-19 vaccine and a booster shot.
- **Egypt** is finalizing arrangements to supply gas to **Lebanon**; Egypt and partners hope to both ease the severe gas shortage in the country and reduce Lebanese dependence on **Iran**.
- **Morocco** began offering third doses of the COVID-19 vaccine.
- **Lebanese** Prime Minister Najib Mikati, who was named in the Pandora Papers, defended his investments, saying his family wealth comes from a communications business that has been audited in the past and is legal.

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Americas

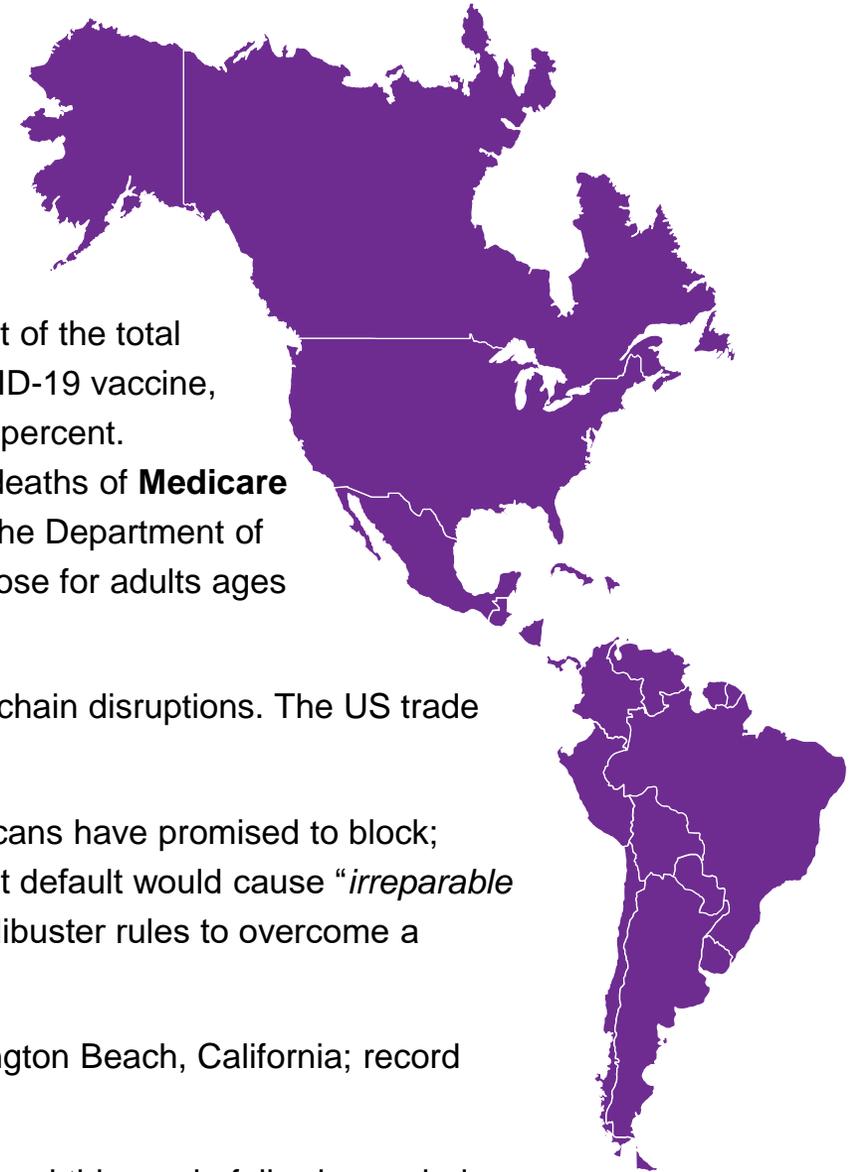
- The **Peruvian** government said that it had struck a deal with activists in a Peruvian town and a neighboring copper mine to halt the road blockades that have damaged production. Separately, around 200 indigenous Peruvians have taken over the facilities of a pipeline station of Petroperu, as part of a protest by Amazon native groups demanding better economic and social support in the area.
- **Brazil's** Economy Minister Paulo Guedes, who was named in the so-called Pandora Papers, defended his investments, offering to provide prosecutors and the Supreme Court with voluntary evidence showing he broke no laws or had any conflicts of interest in regards to offshore investments.
- **Canada's** trade surplus grew larger than expected in August on strong energy exports.



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Americas: US

- Across the nation, 215.7 million have received at least one dose of the **vaccine**; or 65 percent of the total population. Johnson & Johnson asked US regulators to authorize a **booster shot** of its COVID-19 vaccine, saying it has submitted data to the FDA showing a second shot would increase efficacy to 94 percent. Vaccinations likely prevented some 265,000 infections, 107,000 hospitalizations and 39,000 deaths of **Medicare beneficiaries** from the virus in the first five months of this year, according to a new study by the Department of Health and Human Services. The rate of coronavirus infections among **children** exceeded those for adults ages 18 to 64 and seniors in August, for the first time in the pandemic.
- The **US services sector** picked up last month despite persistent labor shortages and supply chain disruptions. The US trade deficit widened in August to a record \$73.3 billion.
- Senate Democrats are planning a vote today to increase the US **debt ceiling**, which Republicans have promised to block; Treasury Secretary Yellen has warned that the US will run out of funds by October 18 and that default would cause “*irreparable harm*.” President Biden warned that Senate Democrats could seek to revise the chamber’s filibuster rules to overcome a Republican blockade on raising the debt ceiling.
- Investigators are looking at whether a ship’s anchor could have caused the **oil leak** off Huntington Beach, California; record numbers of ships have crowded the waters around the port due to supply chain issues.
- National Security Advisor Sullivan will meet with **Chinese** top diplomat Yang Jiechi in Switzerland this week, following a pledge to boost communication. Last month, the US nuclear regulator suspended a shipment of radioactive materials to China’s state-owned nuclear company.



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Permanent Remote Work and the Rise of Global Hiring

By Briana Boland

As permanently remote positions become ingrained in the labor market, some employers are seeing a new opportunity to expand their talent pool and bring down costs: hire internationally. Growth in international HR platforms indicates expanding business interest in going global when hiring for new positions, creating a trend towards a more integrated international labor market.

While global hiring offers many opportunities for businesses and workers around the world, it is also likely to provoke political backlash and create new risks for companies with an internationally dispersed workforce.

Indicators of the Shift Towards Global Hiring: Thought Leaders and International Hiring Platforms

The now cliché statement that COVID-19 accelerated existing trends applies neatly to global hiring; before the pandemic, momentum

already appeared to be picking up for more global hires of remote workers. For example, the 2019 book *The Globotics Upheaval: Globalization, Robotics, and the Future of Work* by economics professor Richard Baldwin predicted that “tele-migration” would become a new major force in globalization, allowing rich developed countries to export remote work to lower-paid employees in the developing world, in an echo of the manufacturing labor market shifts of the 1990s and 2000s. COVID-19, unsurprisingly, supercharged interest in global hiring, evidenced in the surging valuation of several international hiring and HR platforms as well as growing dialogue around the opportunities and risks of expanded global hiring. Corporate blogs are picking up promotion of the idea, with hiring companies publishing articles to promote conversation around global hiring as well as their own services. In August 2021, hiring firm FoxHire published a post entitled “The Next Big Thing: Global Employees,” ending in a link for readers to connect with FoxHire’s global services, while Safeguard Global similarly wrote on “Why a remote-first culture and global hiring go hand in hand” back in 2020, concluding with a promotion for Safeguard’s Global Employment Outsourcing (GEO) division.

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Permanent Remote Work and the Rise of Global Hiring

Since 2019, HR platforms aimed at streamlining global hiring have seen a boom of investor and client interest. Tech startup Remote, which provides international payroll, benefits, tax, and compliance services along with hiring, recently hit “unicorn” status with a valuation of over \$1 billion, a remarkable rise for the two-year-old startup. Founder and CEO Job van der Voort explained that the company’s main aim is to simplify the logistical headaches of an international workforce: “In order to legally hire someone in another country, you need to create a local entity, learn about local labor laws, run local payroll and find a local attorney to create a compliant employment contract; It’s tedious, and it’s prohibitively expensive.” Throughout the pandemic, Remote expanded at break-neck speed, multiplying its user base 10x in eight months, and going from an internal team of 50 to employ 220 workers in 45 countries. By the end of 2021, van der Voort says Remote hopes to expand to 80 countries, with the goal of reaching complete global coverage in 2022. Remote is not the only international HR platform riding the wave of enthusiasm around global hiring: Deel, another 2019-founded international HR platform, saw revenue grow 20-fold last year.

Implications of Global Hiring: Political Fallout and Logistical Hurdles

For companies, the growth of global hiring could mean an expansion of their talent pool and an opportunity to cut costs by basing international salaries on local cost of living. However, as pointed out by new HR platforms, international hiring would also come with a raft of logistical and legal hurdles. The issue of basing worker pay off of where they live is already becoming a controversial conversation within the United States, with many employees pushing back on the long-held assumption that pay should be linked to cost of living. In addition to the technical challenges of operating HR operations for employees who do not have a local office to report to, global hiring will come with legal and security challenges. Along with the need to comply with immigration and labor laws, companies that expand their workforce internationally will also have increased exposure to political and security risks in the countries where their workers actually live. From cybersecurity vulnerabilities to issues of political censorship or reputational risk, the rise of global hiring would create a complex risk landscape for employers to navigate.

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Permanent Remote Work and the Rise of Global Hiring

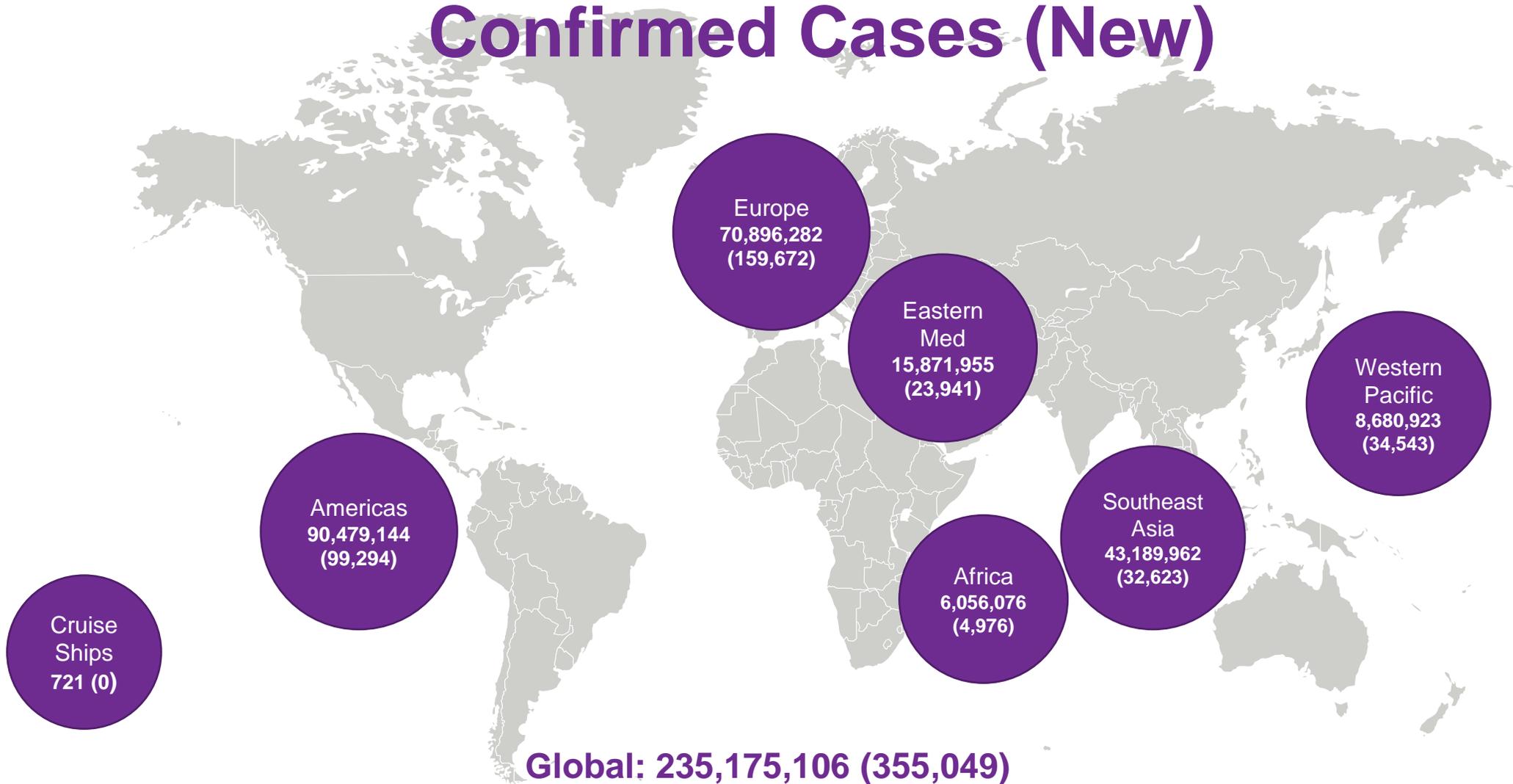
Beyond direct impact for businesses, momentum towards global hiring is likely to become a topic of political controversy and potential driver of social change. In the United States, it is easy to imagine that expanding the remote labor market to include more international competition would likely be unpopular with many American workers. Previous debates over offshoring and competition from immigrant labor have already proven a red hot political issue with the ability to sway elections. Most jobs that can be done fully remote are also those that require high levels of education - and are also careers that earn higher incomes - meaning that the groups in countries like the US that would be most affected by expansion of global hiring are likely to be people with both money and political capital. While public dialogue around international hiring for remote roles is currently minimal, with corporate voices speaking loudest, it may yet become a political issue with reputational risks for companies that choose to hire abroad. On the other hand, more global hiring opens new opportunities for millions of people around the world with in-demand skills and access to a computer. For remote workers in any country, growing flexibility in the international labor market could open the door to move more easily across borders, creating a significantly more integrated global workforce.

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Coronavirus Condition Updates

As of 6:27 pm CEST on October 5, 2021

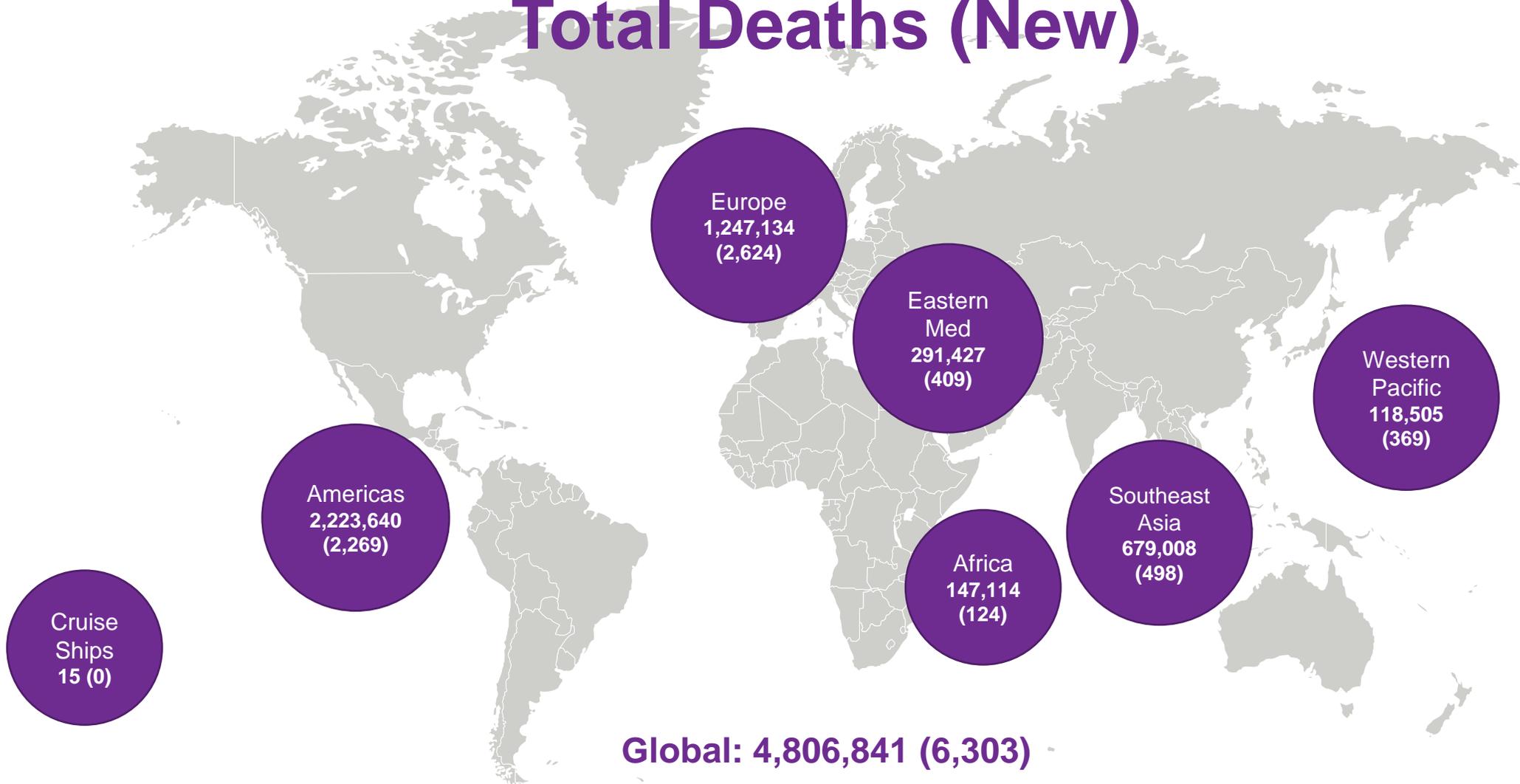
Confirmed Cases (New)



Reflects data as of 6:27 pm CEST on October 5, 2021.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 6:27 pm CEST on October 5, 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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