

Dentons Flashpoint

Daily Global Situation Report

September 13, 2021

Global Situation Update: September 13, 2021

KEY TAKEAWAYS

North Korea tested a new long-range cruise missile, a potential delivery vehicle for a nuclear device.

The US CDC found that people who are not fully vaccinated are 10 times more likely to be hospitalized and 11 times more likely to die of COVID-19.

Global food prices have increased 40 percent over the past 15 months.

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WHAT WE'RE WATCHING

Forty-two of the 55 African Union member countries have formally ratified the African Continental Free Trade Area (AfCFTA), which will be the largest free trade bloc in the world. Late last week, Tanzania ratified the agreement that will cover 1.3 billion people and remove 90 percent of tariffs on goods traded across the continent. The World Bank estimate the deal could boost Africa's combined GDP by \$450 billion by 2035.

The AfCFTA officially opened for business in January 2021 and there are plenty of commercial opportunities between Africa and international companies that can invest in technology and digitization, energy and mining, infrastructure, manufacturing, and services. The coronavirus pandemic has hampered the agreement thus far due to national lockdowns and the fact that just 2.5 percent of Africa's 1.3 billion people are vaccinated.



Creating One African Market

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 224.3 million with 4.6 million deaths; more than 5.3 billion vaccine doses have been administered.

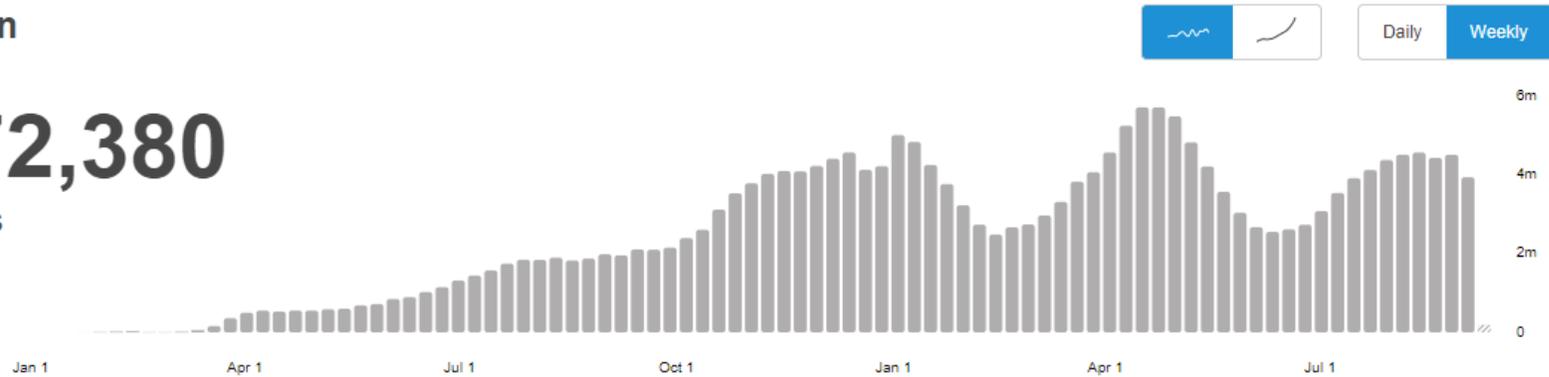
- **Global food prices** have increased 40 percent over the past 15 months, heaping pressure on emerging markets where the poorest tend to spend a larger proportion of their income on staples. The increase, per the UN's Food and Agriculture Organization, the biggest gain since surging food prices spurred the unrest of the Arab Spring in 2010-11.
- The **supply chain crisis** unleashed by the pandemic will inflict lasting damage on the globalization driven by multinationals, per a top executive at UPS, forecasting that manufacturing and assembly will become more regional.

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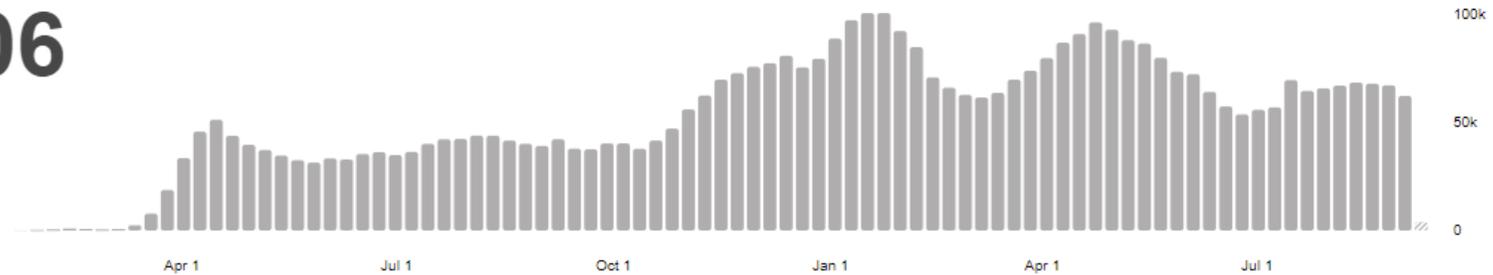
Global

Global Situation

224,372,380
confirmed cases



4,625,006
deaths



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

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Markets & Business

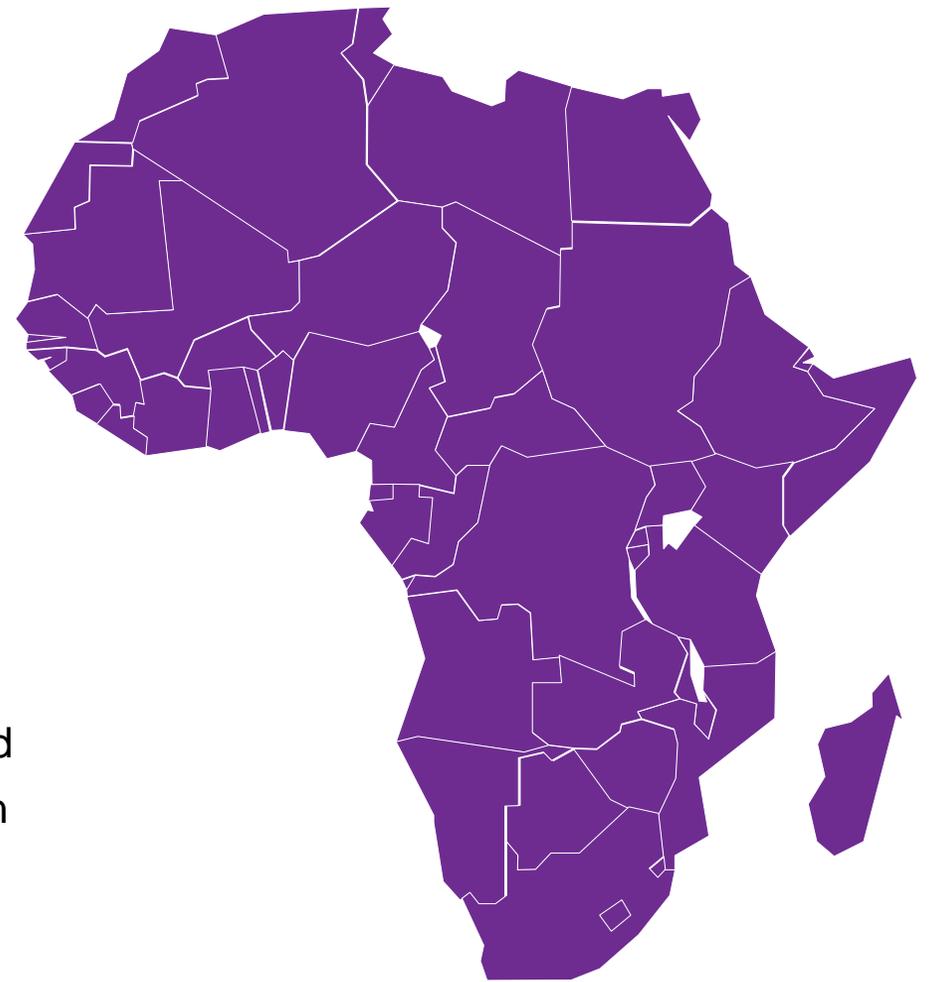
Ford Motor Co will stop making cars in India and take a hit of about \$2 billion because it does not see a path to profitability in the country.

- **Kansas City Southern** announced it planned to accept **Canadian Pacific Railway Ltd's** \$27.2 billion cash-and-stock acquisition offer as superior to its \$29.6 billion offer from **Canadian National Railway Ltd.**
- **Live Nation Entertainment Inc.** has reached a new agreement to acquire Mexican concert promoter **OCESA Entretenimiento** for about \$450 million.
- Chinese regulators plan to break up **Alipay**, the 1 billion-plus-user app owned by Jack Ma's Ant Group and create a separate app for the company's highly profitable loans business.
- The UK has terminated an agreement with France-based biotech company **Valneva** for the supply of at least 100 million doses of COVID-19 vaccine, as part of the fallout of Brexit. The vaccine is in late-stage trials.
- **London Heathrow** has slid from first to become the tenth busiest airport in Europe, with the company blaming continuing restrictions on travel and COVID-19 restrictions for delaying the UK's recovery.

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Africa

- **South Africa** will ease COVID-19 restrictions and shorten its nationwide curfew from today after a decline in infections and the government plans to issue vaccine passports. South Africa's health regulator has approved Pfizer's COVID-19 vaccine for use by children aged 12 and older.
- More than a week after a military coup ousted **Guinean** strongman Alpha Condé, junta leader Lieutenant-Colonel Doumbouya announced a four-day conference this week to prepare a transition back to civilian democratic rule.
- Jihadists killed five **Malian** soldiers in an ambush in central Mali on Sunday. Since 2012, jihadist rebellions in the north have led to turmoil that has left thousands dead, many of them civilians.



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How do You Manage Political Risk?

Today, the economic and political changes affecting international business are more complex than ever. Conflicts, coups and the coronavirus pandemic continue to impact governments and people worldwide and shape the business landscape in 2021.

Dentons offers business leaders routine and one-off political risk assessments on specific interests. Many clients also retain our team of attorneys and former intelligence and military professionals, equipped with the latest big data analytics tools, deep substantive knowledge and extensive networks of contacts, to provide services, including:

- ❖ Political and country risk forecasts and analysis
- ❖ Market-entry assessments
- ❖ Legislative and government action forecast
- ❖ Comprehensive project analysis
- ❖ Coronavirus vaccine tracker and return-to-work monitoring
- ❖ Investment risk analysis

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

Asia

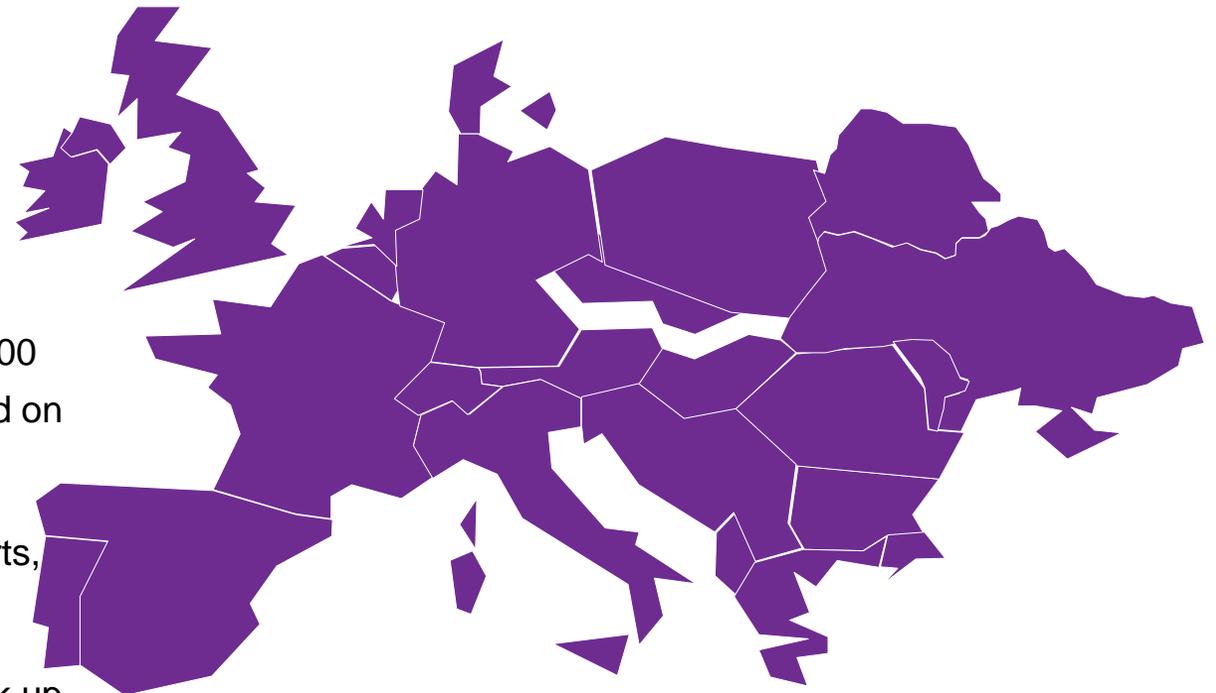
- **Australia** has purchased an additional 1 million doses of Moderna's COVID-19 vaccine from the EU, as the country accelerates its inoculation program to fight record high infections.
- **New Zealand** has purchased 500,000 doses of Pfizer's vaccine from Denmark.
- **Japan's** defense ministry said that a submarine believed to be from **China** was spotted in waters near its southern islands, as maritime tensions persist in the Pacific. Tokyo has complained of numerous intrusions by Chinese vessels into its territorial waters and near disputed islands in recent years.
- **India's** financial capital, Mumbai will celebrate its biggest religious festival of the year, spanning 11 days, with fresh curbs on public processions and restricted crowding at public pandals, in an effort to contain already surging new infections of COVID-19.
- **North Korea** carried out successful tests of a new long-range cruise missile over the weekend, per state media; the tests are possibly the country's first long-range missile test with a nuclear capability.



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Europe

- A wildfire fanned by strong winds has now driven out close to 2,000 people and killed one emergency worker in **Spain** since it erupted on Wednesday in the mountainous Sierra Bermeja.
- In the **UK**, England has decided not to introduce vaccine passports, depending instead on vaccines and testing to defend the public.
- **Greek** police fired tear gas and water canon on Saturday to break up protests against mandatory coronavirus vaccinations.
- More than 2,000 **Turks** demonstrated in Istanbul on Saturday against official coronavirus-related mandates including vaccinations, tests and masks.
- **Norwegians** went to the polls in a parliamentary election dominated by the widening gap between rich and poor, climate change and energy transition; the center-left opposition is widely expected to replace a Conservative-led government that has ruled for eight years.
- Thousands of Catalans protested and waved flags as they marched through Barcelona on Saturday, calling for the region's independence from **Spain**.



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Middle East

- International donors will meet in Geneva today to discuss humanitarian relief for **Afghanistan** under Taliban rule, seeking to raise more than \$600 million. The country has about \$10 billion in foreign assets held overseas that have been frozen.
- The IAEA reached an agreement with **Iran** on overdue servicing of monitoring equipment put in place as part of a supervision program of Iran's uranium enrichment sites to verifying Iranian compliance to its core legal obligations to the IAEA. That equipment must be serviced every three months to make sure its memory cards do not fill up and there are no gaps in the monitoring.
- **Israel's** defense minister accused **Iran** of providing foreign militias from **Yemen, Iraq, Syria and Lebanon** with drone training at an airbase near the city of Isfahan. Israel carried out air strikes in the **Gaza Strip** on Sunday in response to Palestinian rocket fire into its territory.
- **Tunisia's** President Saied indicated he was preparing to change the country's constitution but said he would only do so using existing constitutional means, seven weeks after he dismissed the government.



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Americas

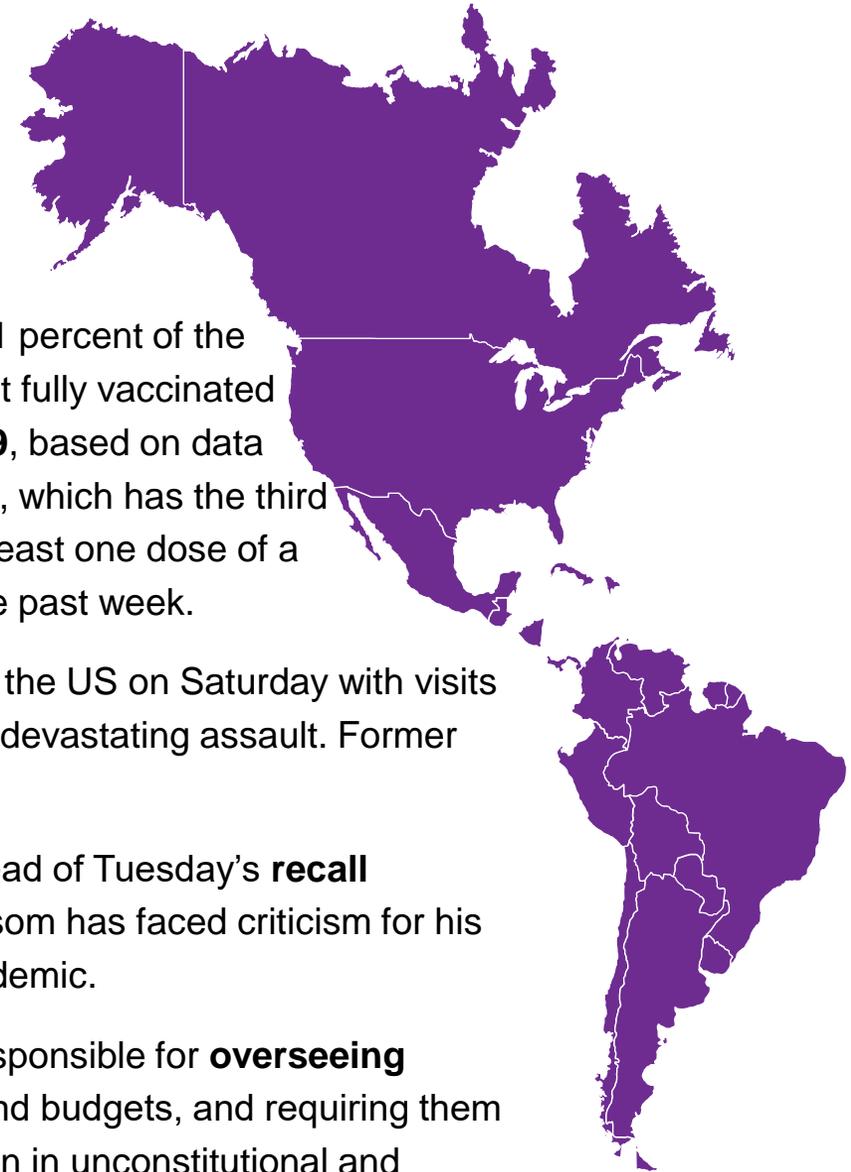
- A **Nicaraguan** political activist who opposes the government of President Daniel Ortega is in critical condition in a **Costa Rica** hospital after being shot.
- **Argentina's** opposition had its biggest ever win over the center-left Peronist government of President Alberto Fernandez in the midterm primaries, taking 41 percent of the vote, seen as a response to the ruling coalition's handling of the pandemic.
- Former **Venezuelan** military intelligence chief Hugo Carvajal, who was arrested on Thursday in Madrid after hiding for almost two years, will be held in prison pending extradition to the **US**, per a decision by Spain's High Court. Carvajal is accused of running a cocaine cartel.



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Americas: US

- Across the nation, 209.4 million have received at least one dose of the **vaccine**; or 63.1 percent of the total population. New research by the CDC quantifies the risk facing people who are not fully vaccinated as 10 times more likely to be **hospitalized** and 11 times more likely to **die of COVID-19**, based on data collected between April and June, than those who were fully vaccinated. **West Virginia**, which has the third lowest vaccination rate in the US, with 47.5 percent of its residents having received at least one dose of a coronavirus vaccine, has reported over a 50 percent increase in new infections over the past week.
- President Biden commemorated the 20th anniversary of the **September 11 attacks** on the US on Saturday with visits to each of the sites where hijacked planes crashed in 2001, honoring the victims of the devastating assault. Former President George W. Bush warned of the danger posed by **domestic terrorists**.
- California governor Gavin Newsom's chances of remaining in office have improved ahead of Tuesday's **recall election**, with a surge of Democrats casting early ballots and polls in his support; Newsom has faced criticism for his handling of the drought and wildfires, homelessness and restrictions related to the pandemic.
- US Attorney General Garland will unveil new rules today governing federal monitors responsible for **overseeing police reforms** in local jurisdictions, including setting caps on the watchdogs' tenure and budgets, and requiring them to undergo more training, in an effort to bolster public confidence in federal efforts to rein in unconstitutional and abusive policing.



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Biden's New Vaccine Requirements and Risks of Partisan Backlash

Partisan backlash to President Biden's announcement of sweeping new federal vaccine mandates is quickly escalating, driving increased risk of civil unrest and political repercussions for businesses abiding by new requirements.

Since the introduction of new requirements last Thursday, several top Republican leaders have called for public uprising and civil disobedience in protest of vaccine mandates, invoking the defense of personal freedoms to criticize the Biden Administration's move. While major business organizations generally welcomed the new requirements, the developing political storm could mean that rather than making vaccine requirement decisions easier for large companies, following the new mandate could cause businesses to be targeted by political figures and angry constituents.

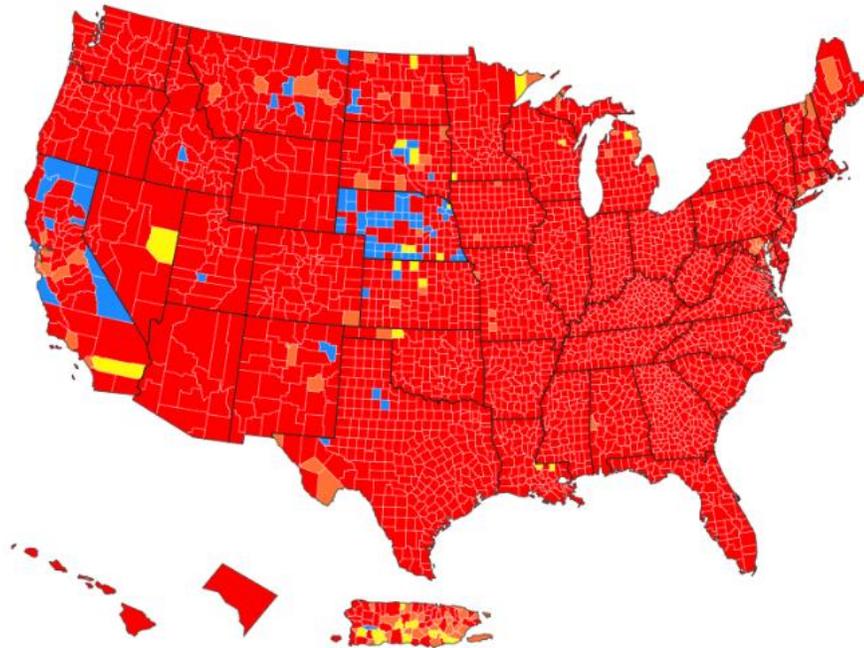
The new vaccine rules came as part of a broader push by the Biden Administration to double down on virus-prevention measures, due to the persistent spread of the Delta variant and a worrying rise in death rates. President Biden's new rules require all employers with more than 100 workers to mandate either vaccination or weekly virus testing – a requirement that covers some 80 million Americans.

Additionally, the 17 million employees of health facilities that receive funds from Medicare or Medicaid must also be vaccinated, along with employees of the federal government and contractors. Businesses that violate this new rule will be fined \$14,000, to be enforced by the Occupational Safety and Health Administration (OSHA). Along with vaccination efforts, Biden doubled federal fines for airline passengers who refuse to wear masks, announced a new initiative to increase supplies of coronavirus tests, and allocated additional federal funding to help schools ensure safe in-person operations.

Partisan pushback to Biden's new vaccine strategy was swift. Several Republican governors and the Republican National Committee pledged to fight the vaccine mandates in court. Beyond legal battles and infuriated political statements, a number of Republican leaders called for public protests and urged businesses

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Biden's New Vaccine Requirements and Risks of Partisan Backlash



Community Transmission in US by County

	Total	Percent	% Change
High	3012	93.54%	-0.53%
Substantial	107	3.32%	0.62%
Moderate	27	0.84%	0.06%
Low	73	2.27%	-0.16%

[How is community transmission calculated?](#)

The CDC's county-level COVID-19 transmission tracker shows high levels of virus transmission in 93% of US counties; meanwhile, daily death tolls have recently been hitting 7-day averages of above 1,000 for the first time since March.

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to refuse to comply with the vaccine requirements. JD Vance, author and Ohio Senate candidate, posted an illustrative Twitter message to businesses: “Do not comply with the mandates. Do not pay the government fines. Don't allow yourself to be bullied & controlled. Only mass civil disobedience will save us from Joe Biden's naked authoritarianism,” while #IwillNOTComply, #VaccineMandate, and #DoNotComply were all trending on Twitter following Biden's Thursday speech. Right-wing news outlet The Daily Wire has already pledged not to enforce the vaccine mandate, calling it “unconstitutional,” in a move applauded by right-wing political pundits such as Ben Shapiro and Fox News' Lisa Boothe. In remarks to Axios, a top House Republican aide explained that “every Republican in the country — especially those running to the right in primaries — is salivating over Joe Biden [igniting] the vax debate.” Given that anti-vaxx and anti-lockdown causes have already mobilized large protests across the country over the past year, it is not difficult to imagine the latest backlash against Biden's mandates spilling into street protests and retaliation against businesses.

For businesses, the fact that a political battle over vaccine mandates is set to be fought out over private businesses' decision to require shots for employees will bring operational and reputational risks. While employer vaccine mandates were always controversial among a subset of the public, the new partisan firestorm could turbocharge the divisiveness of employer vaccine requirements. Though opponents to vaccine mandates are a minority, they are a vocal one, and anti-mandate sentiment seems only likely to be amplified by politicians on the right. Biden's push to increase vaccinations nationwide was broadly welcomed by Corporate America; not only do business leaders see the importance of vaccinations in ending the pandemic, but the federal mandate also eased concerns that company vaccine requirements would cause employers to lose workers to rivals. Business Roundtable, the National Association of Manufacturers, the American Medical Association, the Consumer Brands Association, and the Chamber of Commerce each welcomed Biden's emphasis on the importance of vaccines, though some expressed concern about possible business disruptions. The Biden

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Biden's New Vaccine Requirements and Risks of Partisan Backlash

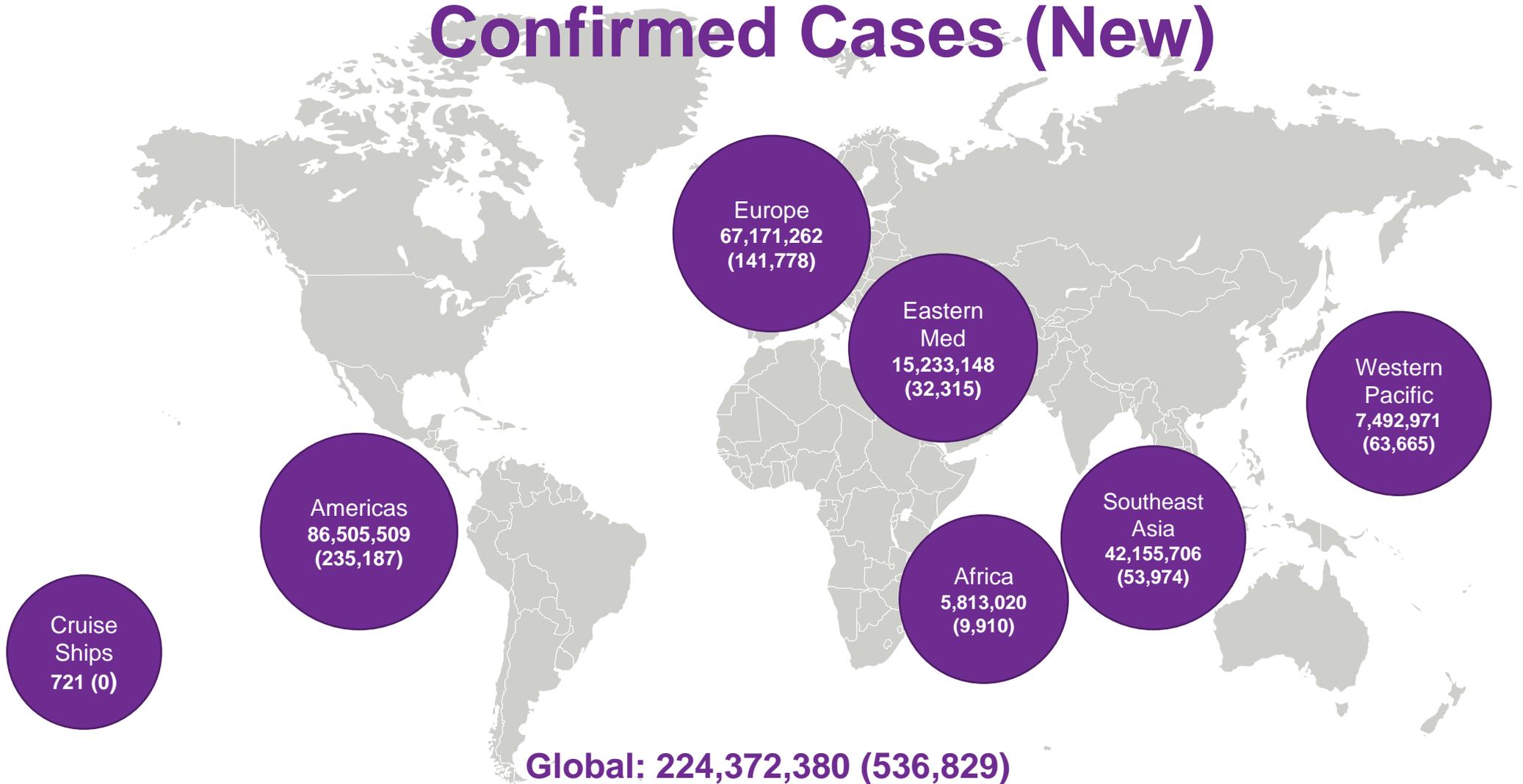
Administration's vaccine mandate ensures that employer vaccine requirements are the national norm, not the exception, providing a degree of safety in numbers to insulate from political targeting. Companies that desire vaccine requirements will now have OSHA regulations to back up business decisions but should be prepared for increased political backlash and potential protest from employees. Meanwhile, companies adverse to vaccine mandates are likely to not only face political pressure, but also legal challenges and OSHA fines.

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Coronavirus Condition Updates

As of 11:41 am CEST on September 13, 2021

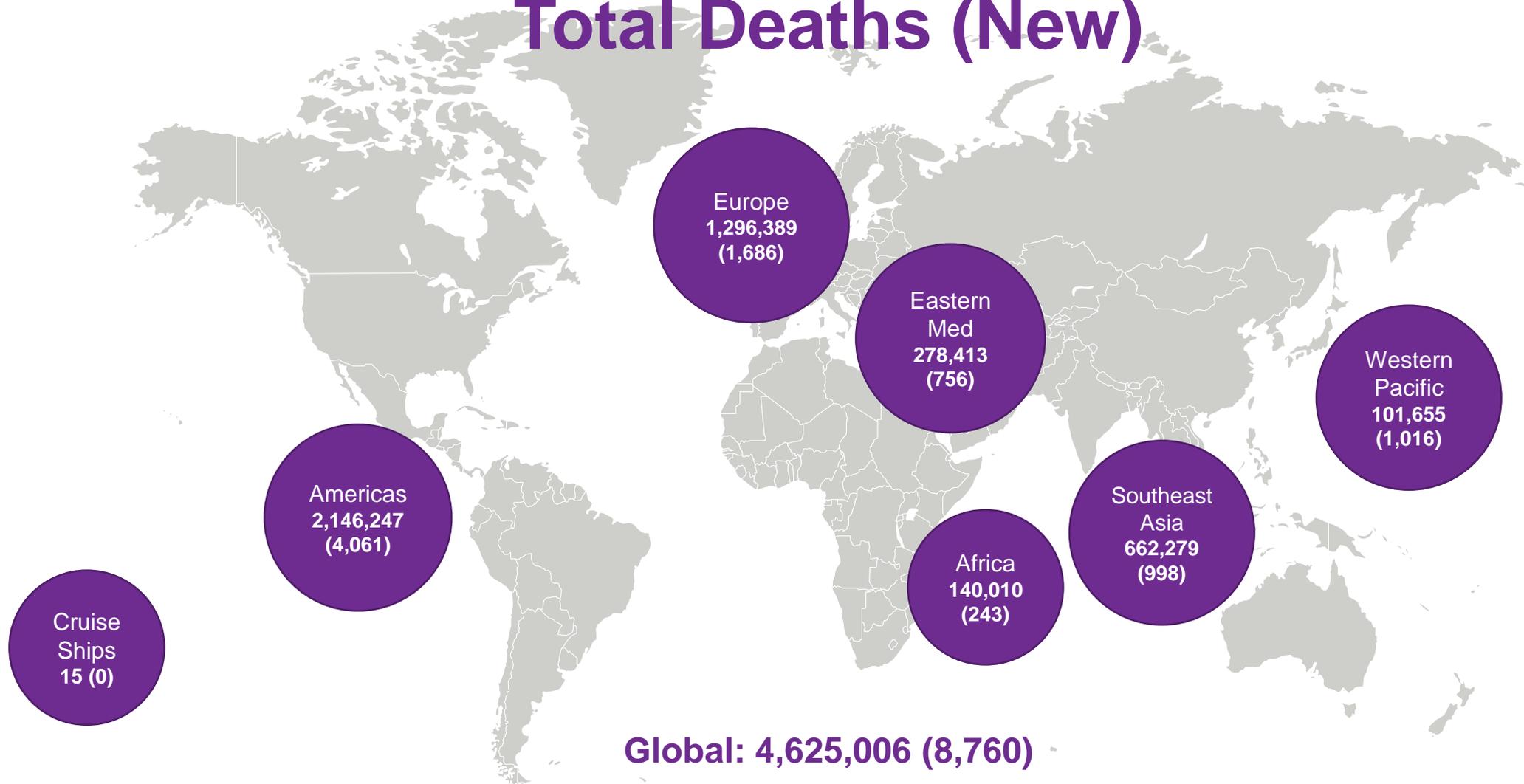
Confirmed Cases (New)



Reflects data as of 11:41 am CEST on September 13, 2021.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 11:41 am CEST on September 13, 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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