

Dentons Flashpoint

Daily Global Situation Report

September 22, 2021

Global Situation Update: September 22, 2021

KEY TAKEAWAYS

The US Treasury Department will sanction cryptocurrency exchange SUEX over alleged facilitation of ransomware transactions.

Johnson & Johnson said that a booster shot two months after the first shot increased protection.

Iran says that nuclear talks can resume within weeks, separately calls for complete sanctions relief.

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: September 22, 2021

WHAT WE'RE WATCHING

Sudan's Transitional Government is reviewing ways to rapidly reform the country's security and armed services apparatus after a coup attempt by military officers loyal to the ousted Bashir regime was thwarted. Although the coup in the vicinity of Khartoum was repelled, there remains widespread concern that the political transition to democracy is taking too long.

Popular grievances with the current rulers in Khartoum include the rising cost of living and cuts to subsidies as the government tries to reform Sudan's economy in order to qualify for debt relief from the International Monetary Fund. An enhanced security posture over the near future to prevent any more coup attempts is also likely to disrupt citizens that live near the capital city.



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Global

Globally, confirmed coronavirus cases topped 228.8 million with 4.6 million deaths; more than 5.7 billion vaccine doses have been administered.

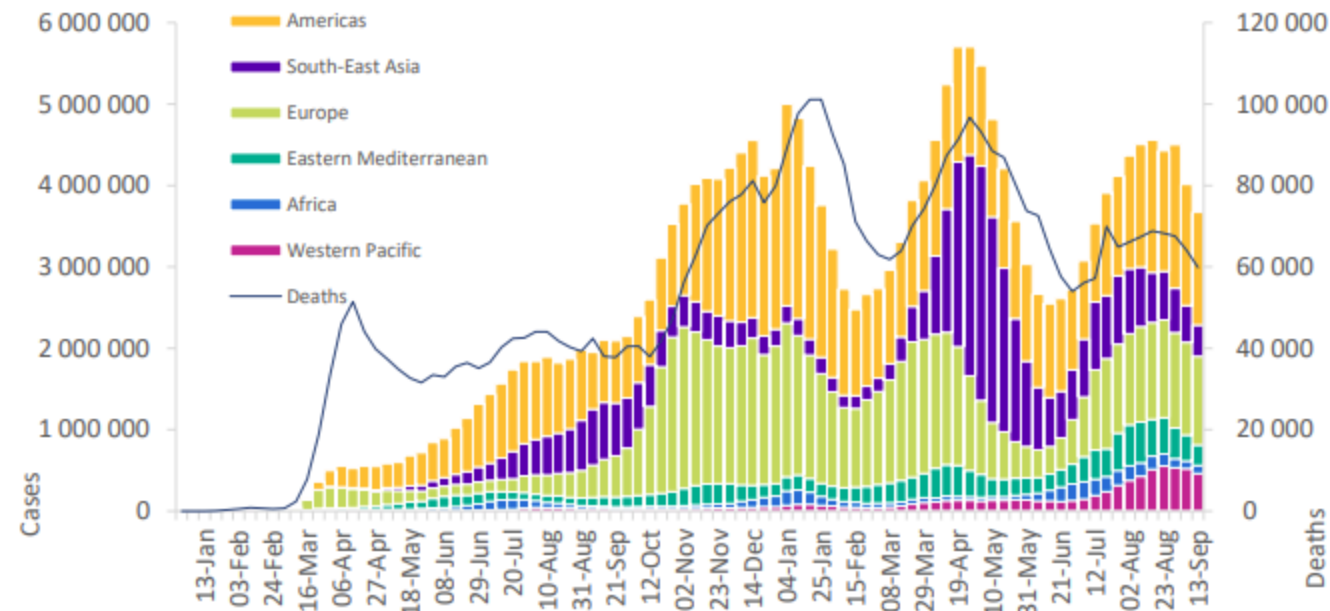
- Johnson & Johnson said that a **booster shot** two months after the first shot increases protection.
- At the UN General Assembly, Secretary General Guterres called for **dialogue between the US and China** to avoid an increasingly fractured world.
- An official from the European Central Bank and new OECD projections warned of rising **inflation risks** over the next two years.

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Global

The numbers of weekly COVID-19 cases and deaths globally continued to decline this week, with over 3.6 million cases and just under 60,000 deaths reported between 13-19 September.

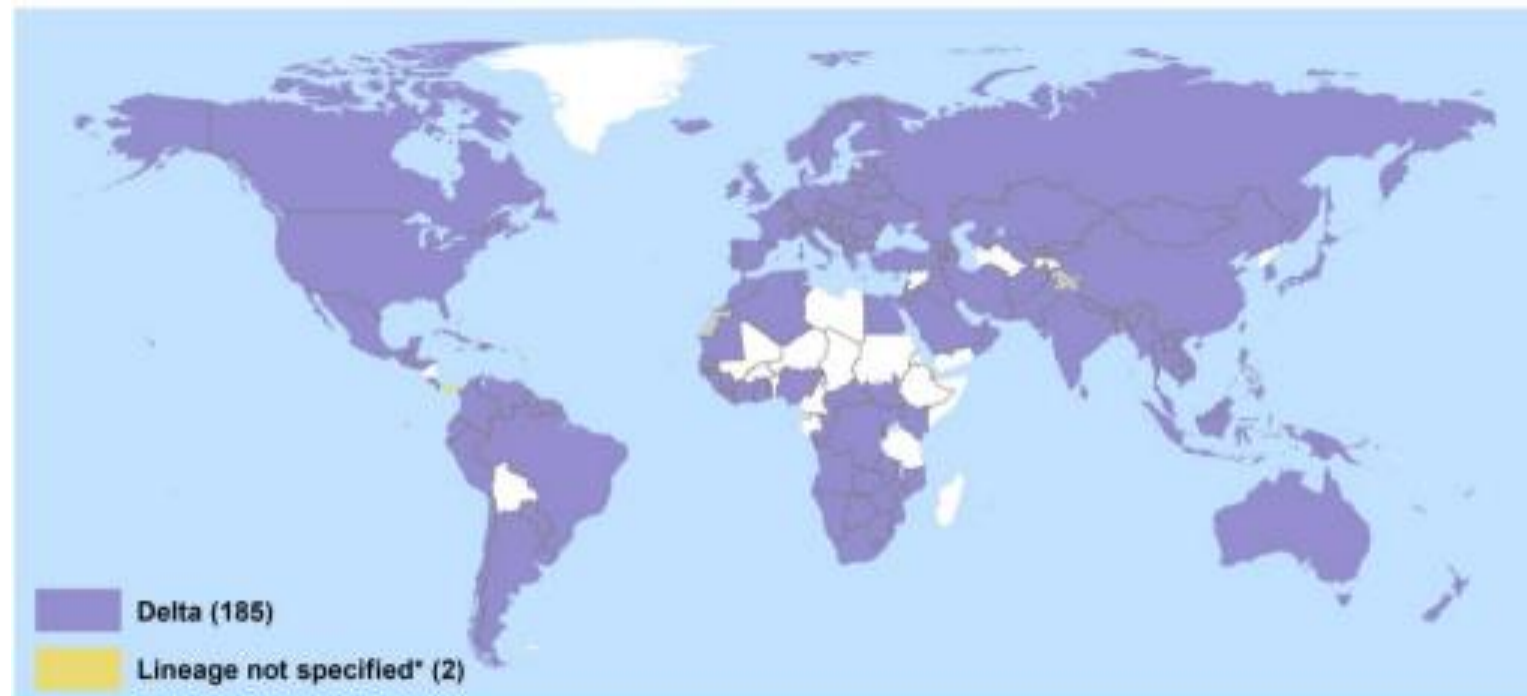
Figure 1. COVID-19 cases reported weekly by WHO Region, and global deaths, as of 19 September 2021**



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Global

The Delta variant has “*by far*” become the world’s dominant coronavirus strain, appearing in 185 countries, per the WHO. The WHO has downgrade its advisories on three other virus variants — eta, iota and kappa — to indicate that they “no longer pose a major added risk to global public health.”



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Markets & Business

Facebook's oversight board is investigating claims that some high-profile users (politicians, celebrities and journalists) were allowed to break platform rules.

- The US Treasury Department will sanction **cryptocurrency exchange SUEX** over allegations of facilitating transactions for ransomware hackers.
- The UK banking industry is warning that a surge in **fraud attacks on consumers** since the pandemic has become a 'national security threat' for Britain requiring government-coordinated action across industries.
- The US Justice Department is investigating **Zoom's** \$15 billion deal to buy **Five9** over concerns about Zoom's links to China.
- **Disney** said production delays – disruptions in the “*supply chain for content*” - related to the Delta outbreak could slow subscriber growth.
- The Justice Department filed an antitrust lawsuit over **American Airlines'** alliance with **JetBlue**.
- **Google** will pay \$2.1 billion for a New York Office block, marking the most expensive single sale of a US office building since the start of the pandemic.
- **Russian hackers** launched a ransomware attack on an Iowa farming co-op and demanded \$5.9 million to unlock the computer networks used to keep **food supply chains** and feeding schedules on track for millions of chickens, hogs and cattle.
- China **Evergrande Group** announced it negotiated a deal with bondholders to settle interest payments on a domestic bond, which helped calm fears of an imminent default that could unleash global financial chaos.

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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

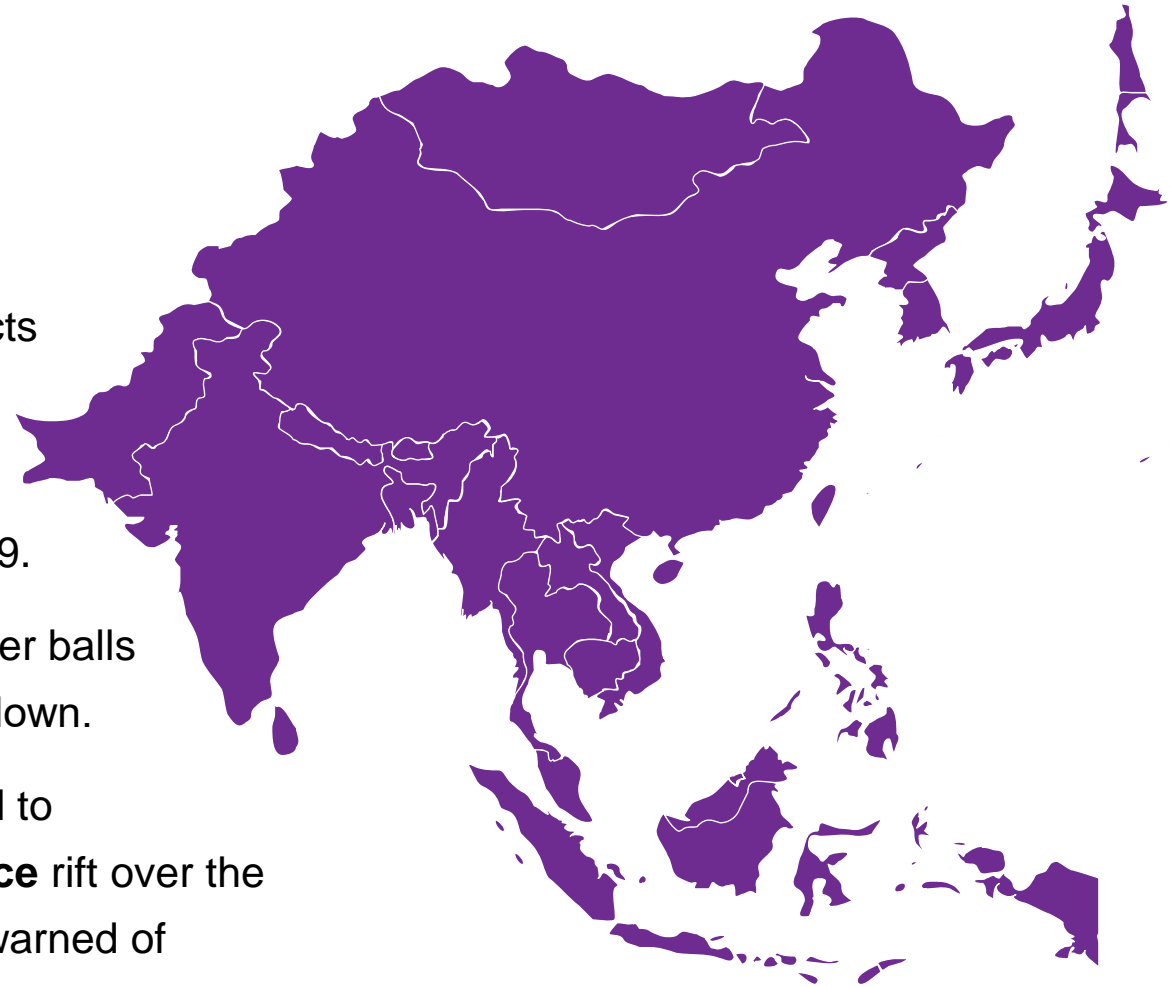
- The **Sudanese** government reported that a military coup attempt, initially reported as an anti-government protest, had been thwarted, and that suspects had been arrested.
- **Ethiopia** will hold a second round of parliamentary votes after violence delayed the polls in several areas; constituencies in Amhara and Oromo will be excluded due to armed conflicts.
- Around 20 percent of workers in **Nigeria** have lost their jobs as a result of COVID-19, per government statistics.
- Protesters stormed **Namibia's** parliament on Tuesday, as the National Assembly was due to vote on a \$1 billion compensation offer from Germany to atone for its 1904-1908 genocide against the Herero and Nama people. Led by the opposition and traditional leaders from the affected communities, protesters objected to the agreement, saying the sum was too small and that they were not involved in the negotiations with Germany.



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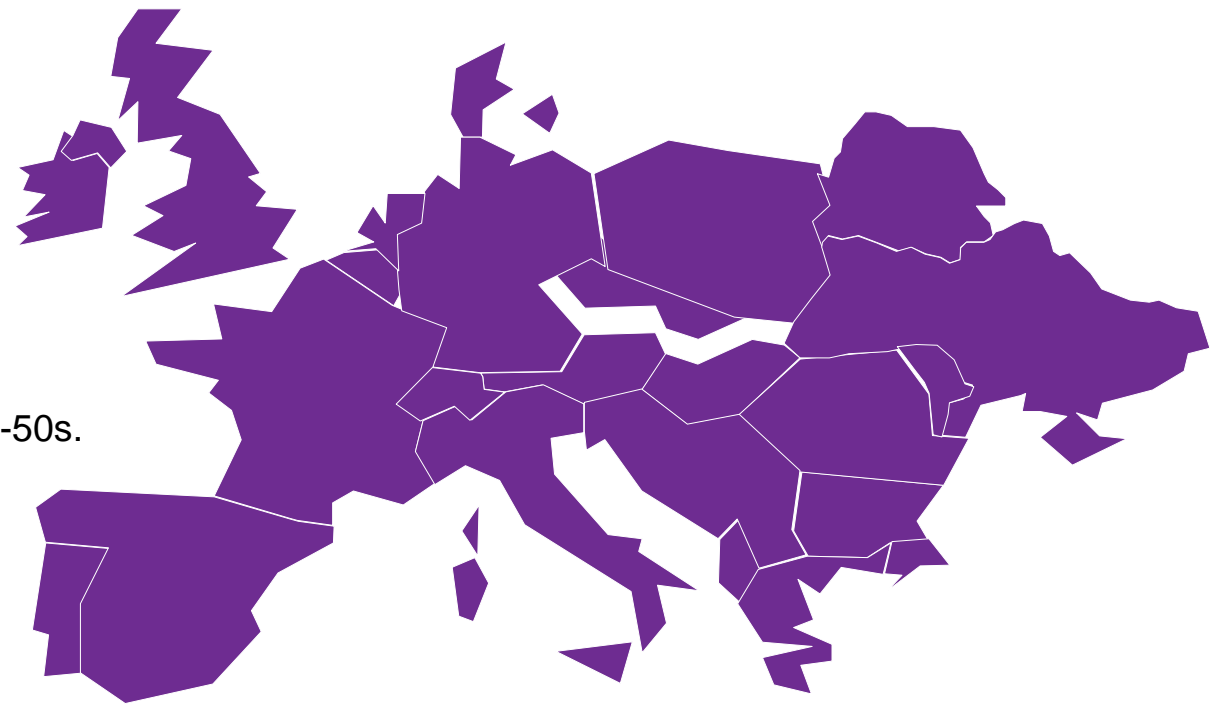
Asia

- President Xi pledged that **China** will stop funding coal projects overseas at the UN General Assembly.
- The Northern **Chinese** city of Harbin ordered spas, cinemas and mahjong salons to close to slow the spread of COVID-19.
- In **Australia**, Melbourne police fired rubber bullets and pepper balls into crowds of protestors against the city's most recent lockdown.
- **French** President Macron and **Indian** President Modi vowed to “*act jointly*” in the Indo-Pacific, an escalation in the **US-France** rift over the newly-announced AUKUS alliance. A high-level **EU** official warned of “*something broken*” in transatlantic relations over the new Indo-Pacific security deal. The Philippines, however, expressed support for the new pact.



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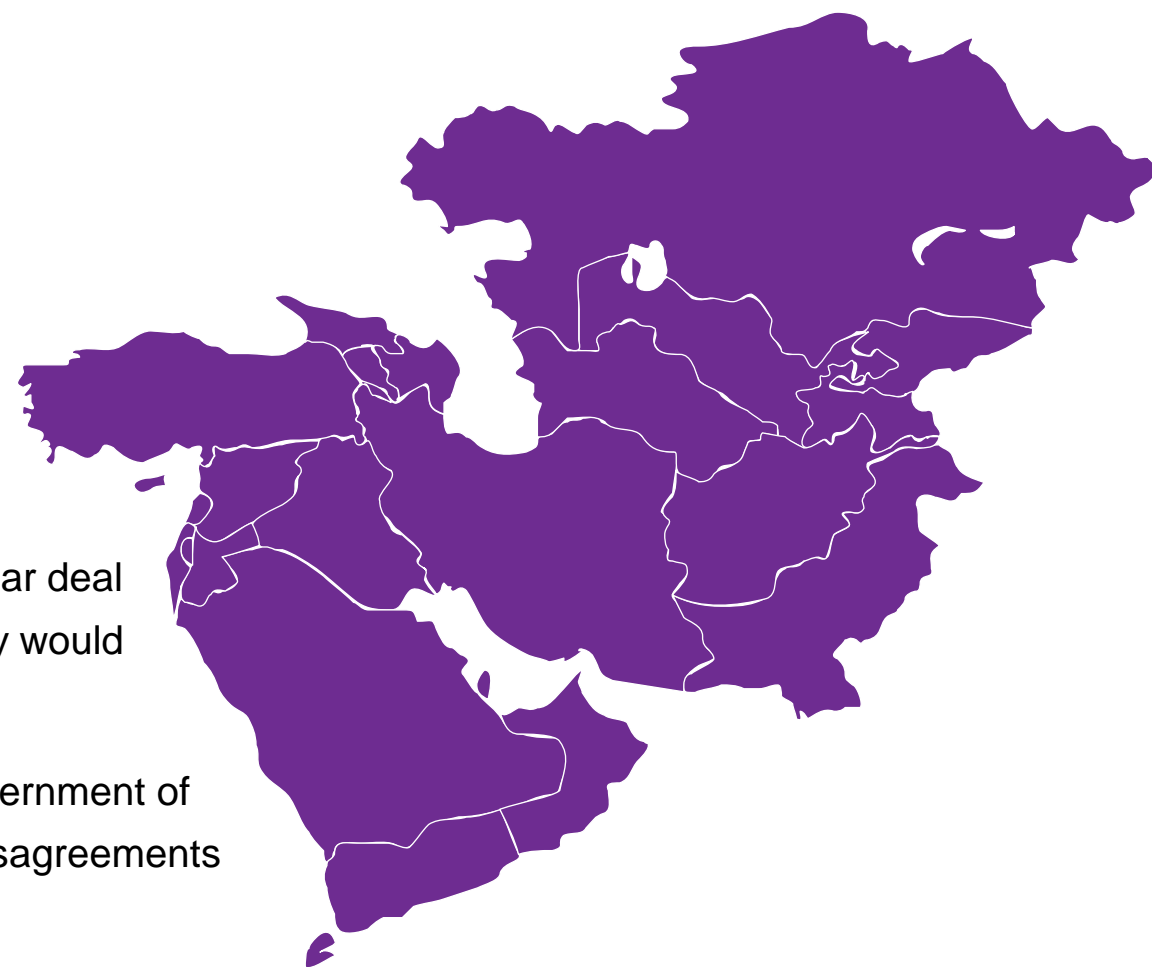
Europe



- **Europe** secured a further 220,000 doses of Eli Lilly's COVID-19 antibody treatment. **Poland** began offering booster shots for over-50s. The **UK** is on track to log its worst COVID-19 death toll in six months in September. The UK armed forces will deploy extra support to help Scotland fight a COVID-19 outbreak.
- The International Energy Agency (IEA) called on **Russia** to send more gas to Europe amid energy shortages, becoming the first major international body to address claims that Moscow has restricted its exports.
- The **UK** police are set to charge a third **Russian** over the novichok Salisbury poisoning of a former intelligence agent.
- Further earthquakes hit the **Spanish** island of La Palma, prompting more evacuations. Lava poured from an erupting volcano on the Spanish island for a fourth day.
- A volley of shots was fired at a car carrying **Ukrainian** President Volodymyr Zelenskiy's principal aide on Wednesday in what a senior official called an assassination attempt.

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Middle East

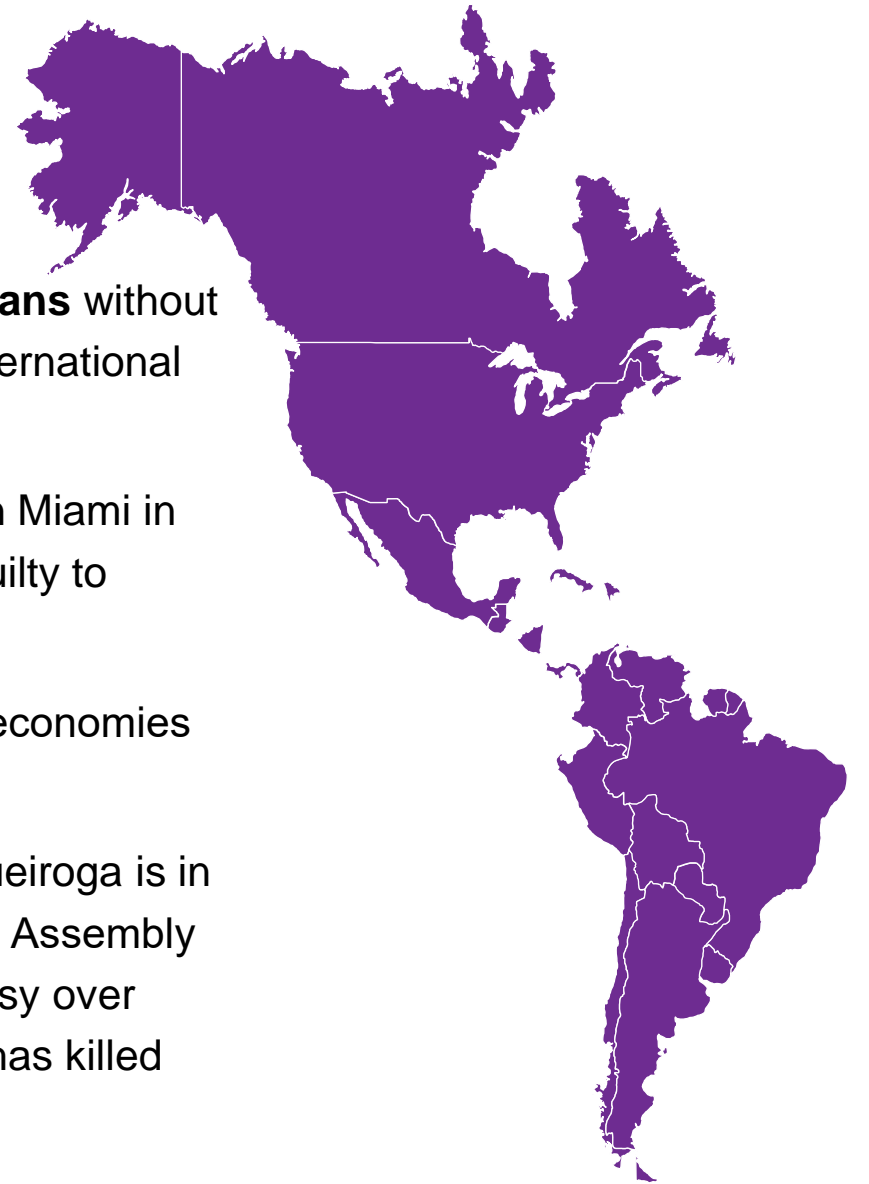


- The Taliban have asked to address world leaders at the UN General Assembly this week and nominated their Doha-based spokesman Suhail Shaheen as the **Afghan** UN ambassador.
- **Iran** said that talks with international powers on reviving the nuclear deal would resume in a few weeks, but separately said that the country would return to the negotiating table once “*all sanctions*” are lifted.
- **Libya’s** eastern-based parliament withdrew support from the Government of National Unity, a sign of the weakening unity government amid disagreements over regulations for upcoming elections.
- **Lebanon’s** new Prime Minister Mikati will travel to Paris for talks on the Lebanese economic and political crises on September 24. Lebanese bondholders urged the government to begin debt restructuring talks as soon as possible to avoid default.
- **Tunisian** Prime Minister Saied said that he would appoint a new interim head of state and implement new electoral rules but maintain his emergency powers, exacerbating worries that Saied intends to extend his seizure of power.

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Americas

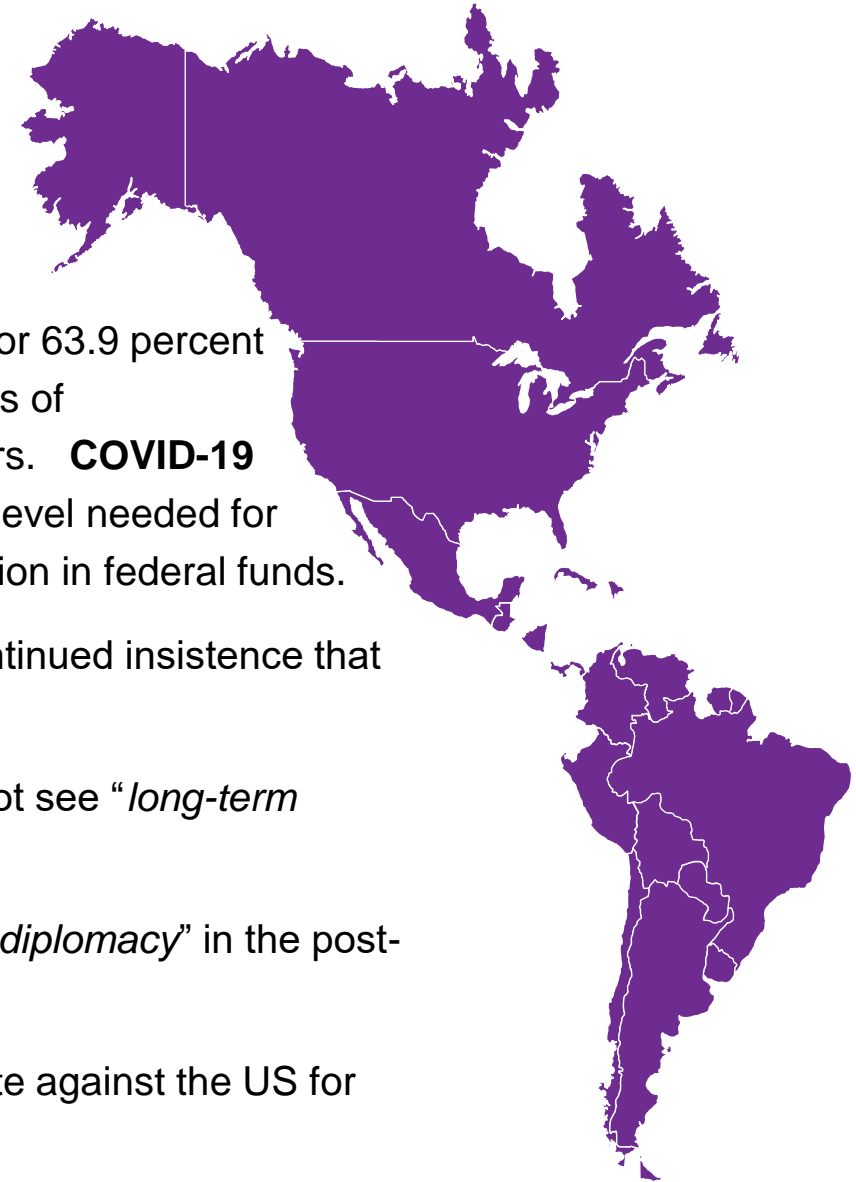
- The UN's top refugee official Grandi said that the **US'** deportation of **Haitians** without screening for their protection may constitute forced returns and violate international law.
- **Mexico** launched a lawsuit against former security chief Genaro Garcia in Miami in an attempt to secure the return of lost assets, a year after he plead not guilty to alleged bribery by the Sinaloa cartel.
- **Ecuador** will aim to have trade deals in place with the world's 20 largest economies in the next four years, per the trade minister.
- **Brazil's** Health Minister Queiroga tested positive for COVID-19 hours; Queiroga is in New York with Brazil's President Bolsonaro at the United Nations General Assembly in New York, where the Brazilian delegation continues to create controversy over Bolsonaro's refusal to follow the COVID-19 code of conduct. COVID-19 has killed 591,440 Brazilians in the world's second-deadliest outbreak after the US.



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Americas: US

- Across the nation, 212.3 million have received at least one dose of the **vaccine**; or 63.9 percent of the total population. A COVID-19 outbreak in a Texas prison showed high levels of “**breakthrough**” **infections** among fully vaccinated people living in close quarters. **COVID-19 testing** manufacturers are warning that production capacity is weeks away from level needed for President Biden’s plan of widespread testing – despite an additional over \$10 billion in federal funds.
- The House advanced legislation to raise the **debt limit**, despite Republican’s continued insistence that they will not vote for the measure.
- Securities and Exchange Commission (SEC) chair Gary Gensler says he does not see “*long-term viability*” for **cryptocurrencies**.
- At the **UN General Assembly**, President Biden outlined a doctrine of “*relentless diplomacy*” in the post-Afghanistan era, calling military intervention a “tool of last resort.”
- At a Congressional hearing, US officials said that **Iran** is planning ways to retaliate against the US for the death of IRGC Commander Soleimani in 2019.



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FOCAC 2021 and Shifting Trends in China-Africa Investment Relations

By Briana Boland

As China and African nations prepare for the Forum on China-Africa Cooperation (FOCAC) summit later this year, shifting trends in Beijing's international investment strategy and pushback against key Chinese projects by some on the continent indicate a potential inflection point in China-Africa relations.

As Africa's largest trading partner, China is a key source of economic investment across the continent, as well as a growing influence in cultural institutions and government training programs. Since the onset of the pandemic, China's role as critical supplier of health supplies (namely vaccines) and chief creditor for several African governments has put a spotlight on the multifaceted nature of ties with Beijing across Africa, while civil society backlash against a number of Chinese business projects and loans has highlighted conflicting views on relations with China within African countries. As FOCAC approaches, analysts around the world are watching for signals on how China's investment strategy across Africa may change to account for issues of sustainability and political instability,

as well as how African governments may adjust their policy towards China to address public concerns

Recent Controversies and Events in China-Africa Investment

Discrete events across Africa over recent years point to changes in the status quo of Chinese investments in Africa, including Kenya's demands for more transparency around the Chinese-built Standard Gauge Railway (SGR), China's abandonment of plans to invest \$3 billion in a Zimbabwe's Sengwa coal plant, and, most recently, the Democratic Republic of Congo's (DRC) suspension of several Chinese companies. Kenya's battle over the SGR underlines the growing role of civil society engagement in pushing back on – if not

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preventing – the often nontransparent process of government loan and contract negotiations with Chinese parties.

The multiple lawsuits and public resistance to the SGR reveals a changing risk environment for Chinese infrastructure projects, one in which failure to prove transparency and cost-effectiveness is a liability. In a very different context, the DRC's more recent moves to crack down on illegal activities from Chinese companies underlines the spread of public discontent against the conduct of China-backed business entities. As social media provides a vector for images and stories to quickly spread among the continent's young population, stories of abuse by Chinese or China-backed businesses have the ability to go viral and shape public opinion. Controversies in one country can quickly spread across borders, and state-run media narratives are no longer the main source of news on China. Following the DRC's suspension of several Chinese companies, the department of African Affairs at China's foreign ministry ultimately pledged support for Kinshasa's decision, ordering the companies in question to leave.

As for changes in China's approach to relations with Africa, Beijing is showing signs of shifting overarching international investment

strategies to better take into account political instability and project sustainability. Over twenty years since the establishment of FOCAC, it is unsurprising that Beijing is now crafting policy to account for public backlash on the continent as well as difficulty in getting returns on investment and rising concerns about sustainability. Institute for Global Dialogue Senior Fellow Sanusha Naidu predicts that China will no longer support “white elephant” projects, reflecting a broader analytical trend of expectations that China is refining its international projects to ensure a greater return on investment in future endeavors – a trend that extends beyond Africa. Moreover, moves such as the decision to walk away from Zimbabwe's Sengwa coal plant may indicate momentum for more climate considerations in China's international funding. As the upcoming FOCAC summit is likely to occur around the time of the COP26 UN climate conference, it may also mark an opportunity for China to signal changes in its consideration of environmental impact in international infrastructure projects.

FOCAC 2021: What We're Watching

Along with insight on China's climate plans and potential pullback from coal financing, analysts are watching FOCAC to gain insight on

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FOCAC 2021 and Shifting Trends in China-Africa Investment Relations

the direction of China's soft power initiatives in Africa, as well as African initiatives to address trade imbalances and bolster domestic capacity to negotiate with Chinese organizations. The triennial summit will be held in Dakar, Senegal, towards the end of the year, likely in a hybrid in-person and remote setting. Though FOCAC was initially anticipated in September, the COVID-19 situation in Senegal continues to drive uncertainty around the exact date; so far, the Chinese foreign ministry has only specified that the summit will occur in the fourth quarter of 2021. FOCAC itself consists both of forums on topics like "Defense and Security" or "Local Government Cooperation" and programs to strengthen direct partnerships, such as Chinese training initiatives for African journalists and officials. Historically, FOCAC summits have drawn widespread participation from African leaders; in 2018, almost twice as many African presidents attended FOCAC than attended the UN General Assembly.

As African governments prepare for FOCAC, analysts are using the occasion to underline the importance of refining skills for approaching Chinese business and government ties. Research organizations like the China Africa Project have highlighted the issue

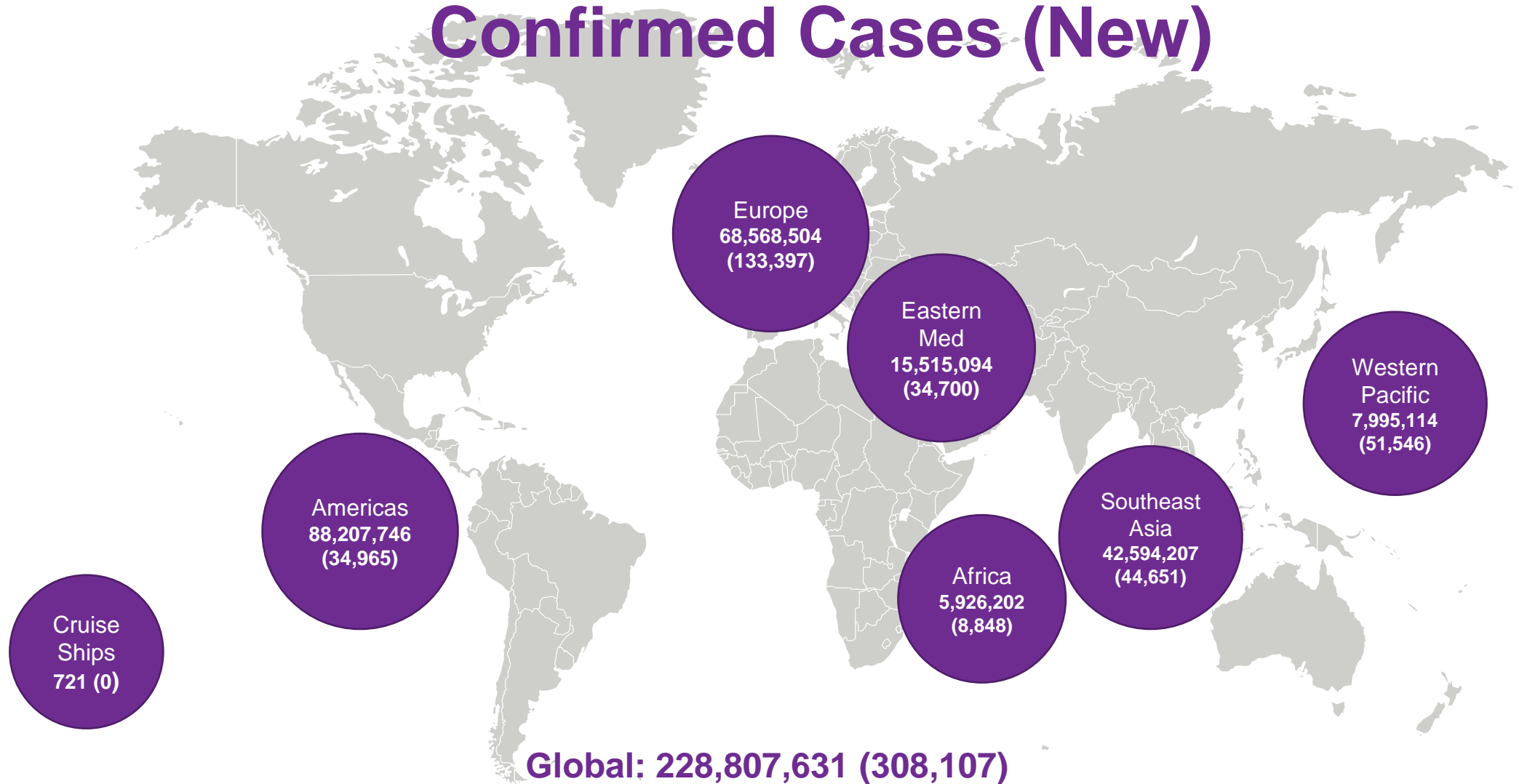
of an ongoing "knowledge deficit" among African stakeholders as a key obstacle to positive dealings with China, often a factor behind problematic contracts and business deals. From language skills to legal expertise, China is typically able to bring more resources and cohesive strategy to bear on everything from trade negotiations to contract bidding, in comparison to African counterparts. With FOCAC now in its second decade, expertise is growing on topics of Chinese language, culture, and politics, helping better defend local agency in dealing with a more powerful international player. However, analysts continue to warn that lack of coordinated strategy between African nations and a shortage of needed expertise often still put African parties at a disadvantage when dealing with China, a trend that seems likely to persist for the foreseeable future.

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Coronavirus Condition Updates

As of 5:41 pm CEST on September 21, 2021

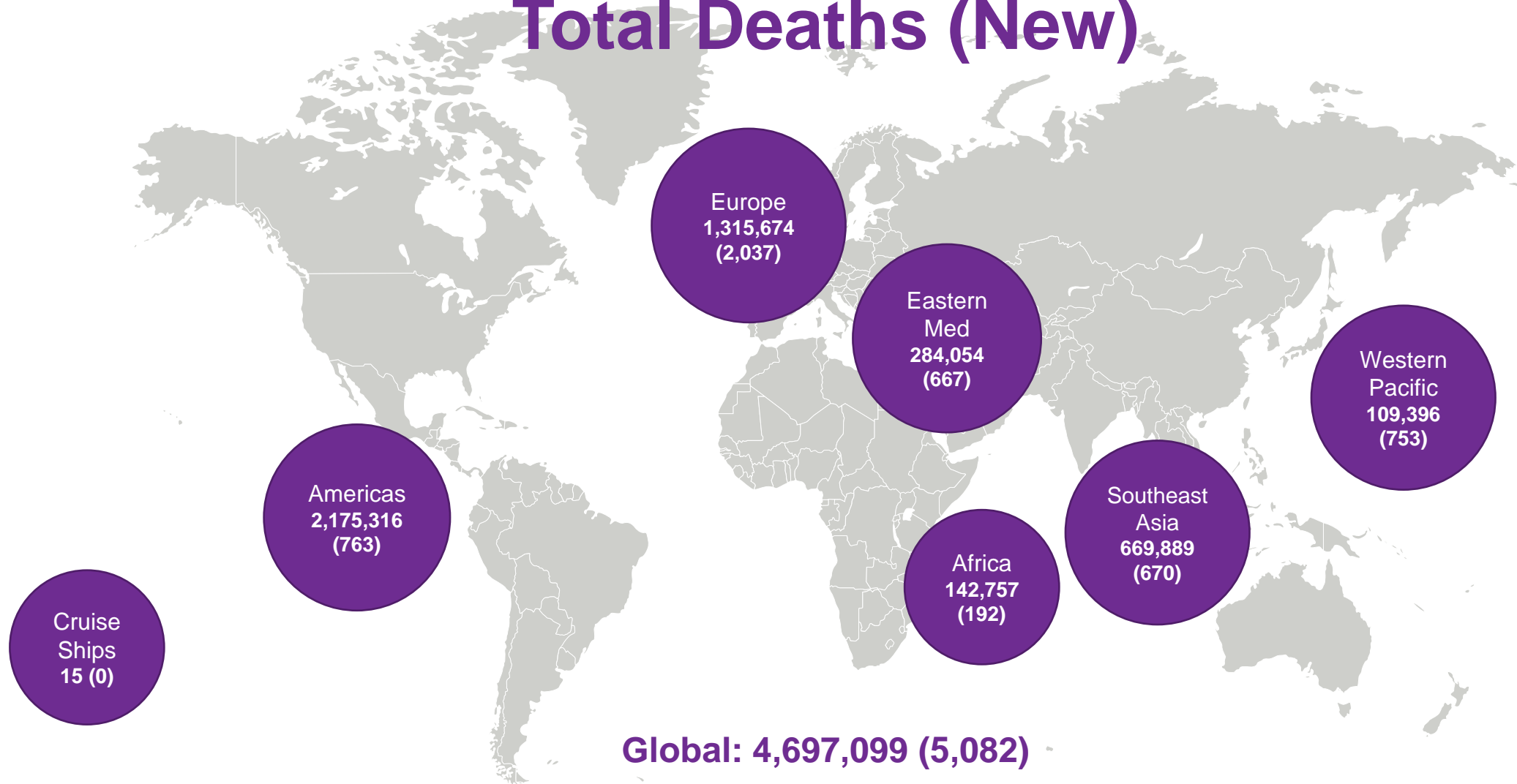
Confirmed Cases (New)



Reflects data as of 5:41 pm CEST on September 21, 2021.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 5:41 pm CEST on September 21, 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