

Dentons Flashpoint

Daily Global Situation Report

April 8, 2022

Global Situation Update: April 8, 2022

KEY TAKEAWAYS

Risk of instability escalates in Pakistan as Supreme Court rules against Prime Minister Khan's efforts to avoid a no-confidence vote.

Global food prices have hit a new high, rising by 34 percent year on year.

Microsoft exposes Russian state-backed hacking group espionage efforts.

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WHAT WE'RE WATCHING

French voters head to the polls on Sunday for the first round of presidential elections following a polarizing campaign that has seen the field split between incumbent Emmanuel Macron and challengers far-right Marine le Pen and far-left Jean-Luc Mélenchon (who has pledged to withdraw from NATO). All three are most likely candidates to progress to the second runoff round, although polling order is uncertain.

Macron is seen as likely to win reelection following the second round on April 24, after which he will continue his shift right to more closely align with the upper house of parliament and continue to pursue his pro-EU, pro-business agenda. Meanwhile, anti-government protests over the soaring cost of living are likely to continue, and analysts worry that the election could see record low turnout.



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

Global

Global food prices have hit a new high, rising by 34 percent year on year, the fastest rate in 14 years after the war in Ukraine led to a sudden tightening of grains and vegetable oil markets.

- As NATO countries channel more weapons to Ukraine, they are facing dwindling stockpiles of Soviet-era equipment used by Ukraine and will need to transition to more **modern military hardware**, presenting both training and logistical challenges.
- Ukraine rules out a temporary ceasefire with Russia as Moscow accuses Kyiv of revising terms of a **draft peace deal**. Prospects for a diplomatic breakthrough remain remote.
- Western intelligence assessed that **Russia's offensive in the Donbas** could begin next week; Ukrainian local leaders urge civilians to evacuate cities and towns in Eastern Ukraine.

Markets & Business

Microsoft said it uncovered attempts by Strontium, a Russian state-backed hacking group, to hack into US and EU government institutions to conduct cyber espionage in support of Russia's ground invasion of Ukraine.

- Swedish truck and bus manufacturer **Volvo** has put aside SKr4 billion (\$423 million) in provisions for the first quarter to cover losses after suspending all operations in Russia.
- **Big US banks** are expected to show a sharp decline in first quarter earnings from a year ago, when they benefited from exceptionally strong dealmaking and trading, and funds set aside for loan losses being released.
- **Credit Agricole SA** acquired a minority stake in Italy's **Banco BPM SpA**, in a deal that may spark speculation it is aiming for a full takeover.
- Canadian Prime Minister Justin Trudeau has proposed a two-year ban on some foreigners buying homes. The measure comes as the country grapples with some of the worst **housing affordability** issues in the world.

Environment, Sustainability & Governance

The Steering Group of the Net-Zero Asset Owner Alliance, composed of asset owners managing more than \$10.4 trillion, have urged governments not to let worries about energy security impede the transition to greener energy needed to limit catastrophic climate change.

- A new WHO report found that of the more than 2,000 **public health events** recorded in the African Region in the decade up to 2021, more than half were climate-related.
- Canada will offer a substantial incentive to companies that **invest in carbon-capture technologies** and will set aside as much as C\$3.8 billion (\$3 billion) over eight years to accelerate critical mineral exploration, extraction and processing as it seeks to cut carbon emissions.
- More than half of all new cars sold in the UK must be **fully electric by 2028**, under detailed government proposals released yesterday to pave the way for phasing out the sale of traditional petrol and diesel vehicles by the end of the decade.
- NOAA reported that global levels of the potent **greenhouse gas methane** reached record levels for the second consecutive year in 2021.

Africa

- The WHO estimated that about two-thirds of **Africans** have been infected by the coronavirus since the onset of the pandemic, 97 times more than reported.
- The UN called for independent investigations into alleged human rights abuses in **Mali** last month; the Malian military claimed that they killed 200 enemy militants, while Human Rights Watch recently claimed that the number was 300 and included mostly civilians.
- The jailed former head of deposed **Sudanese** dictator Omar al-Bashir is to be freed this week, becoming the most senior member of al-Bashir's government to be cleared of charges since the military junta took power.
- **Somalia's** prime minister expelled the African Union envoy to the country for "*acts incompatible with his status,*" and the president decreed the order null, further intensifying the rift between the two leaders.



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Asia

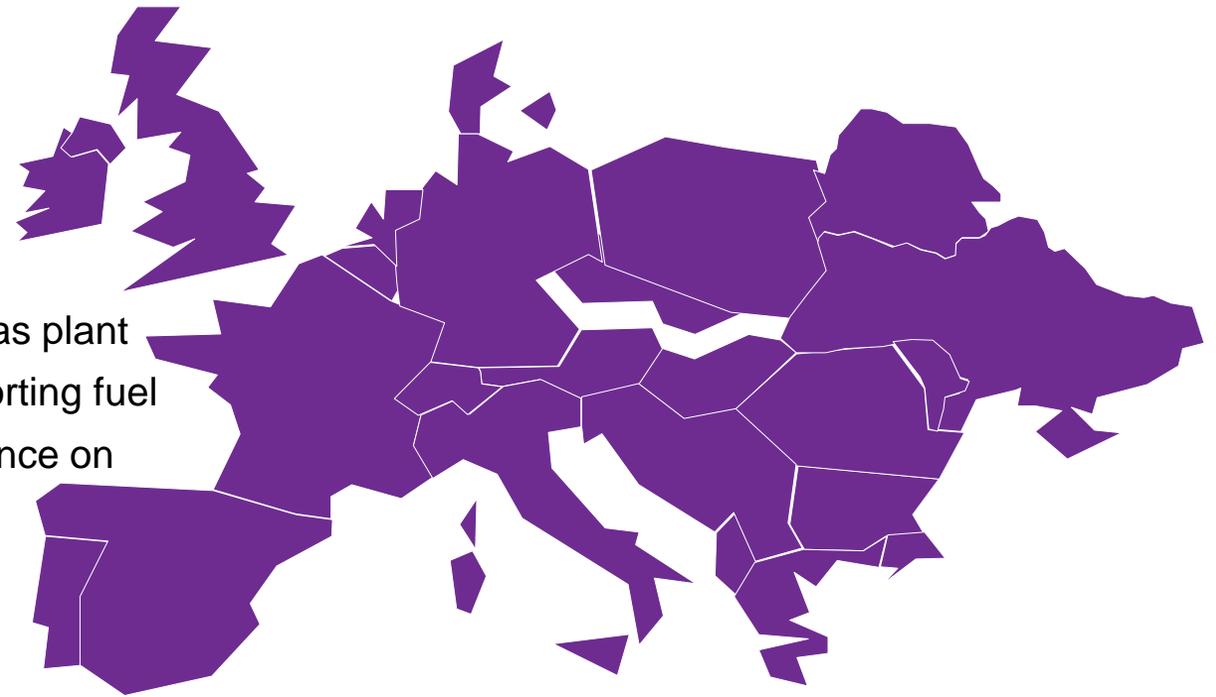
- **Pakistan's** supreme court has reversed Imran Khan's dissolution of parliament, blocking the prime minister's attempt to take the country towards new elections and setting the stage for his likely ousting in an opposition-backed vote of confidence; Khan's supporters threaten to take to the streets.
- **Taiwan's** intelligence service has launched probes into around 100 **Chinese** companies suspected of illegally poaching semiconductor engineers and other tech talent.
- **Sri Lanka's** main opposition party called on the government to take effective action to resolve an economic crisis or face a no-confidence motion, as business leaders warn exports could fall 20-30 percent this year.
- Shanghai reported a record 21,000 new cases as a lockdown of its 26 million people showed no sign of easing and other **Chinese** cities tightened curbs. A shortage in food supply has become one of the most pressing issues for Shanghai's residents since the lockdown began last week.



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Europe

- **Spain** plans to open a never-before-used liquefied natural gas plant on its northern coast and dedicate it to receiving and re-exporting fuel to other **European** countries seeking to break their dependence on gas piped from **Russia**.
- **Albania's** prime minister has said that his country may seek to join the **EU** in a separate bid from its neighbor **North Macedonia** if **Bulgaria** continues to block the launch of EU accession talks with North Macedonia.
- Estonia's prime minister called on NATO to establish permanent bases in **Estonia, Latvia, and Lithuania**, with a division in the region of up to 25,000 troops, well up from battalions of about 1,000 soldiers in each country, in order to strengthen the Baltic states to repel a potential Russian attack.
- **Armenian** foreign minister Ararat Mirzoyan will visit **Russia**, where he will meet his counterpart Sergei Lavrov in Moscow. The meeting directly follows a European Council-mediated meeting between Armenian Prime Minister Pashinyan and **Azerbaijani** President Aliyev after reemergence of conflict in the Nagorno-Karabakh region.



How do You Manage Incident Response?

2021 has already seen business disrupted by extreme weather, ransomware attack, the ongoing pandemic and more. The common refrain “It’s not if, but when” rings truer than ever for disruptive incidents that will impact business as usual.

Working with Dentons, you can effectively develop an organizational incident-behavior adopted by all your team members. Dentons will help you build muscle memory through tabletop exercises, which are crafted to fit the business strategy of every client.

Our team plays events and incidents of different severities and complexities and accounts for real-world factors such as inconclusive evidence, mistakes by responders, and the business impact of eradication steps. Our tech-savvy lawyers continuously revise the playbooks per the evolving sector-specific threat landscape.

Dentons tabletop sessions are fluid, and designed to enhance preparedness with services, including:

- ❖ Ransomware tabletop exercises
- ❖ Post-tabletop action reports
- ❖ Maturity assessments for preparedness
- ❖ Supply-chain attack simulation
- ❖ Comprehensive incident response plan
- ❖ Threat analysis and monitoring

All interaction with Dentons is attorney-client privileged

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

Middle East



- **US** Chairman of the Joint Chiefs of Staff Milley said that he believes the IRGC to be a terrorist organization, throwing cold water on reports that the US is considering delisting the **Iranian** group amid nuclear negotiations.
- Two **US** personnel suffered injuries from a rocket attack on a base in eastern **Syria**; the attacker was not identified, but **Iran**-backed forces have undertaken similar attacks in recent weeks.
- A terrorist attack in Tel Aviv on Thursday night resulted in the death of two in addition to the attacker. The attack is the latest in a string of deadly street assaults in **Israel** that have killed 13 people and shaken the country.
- **Lebanon** and the IMF reached a staff-level agreement for \$3 billion in aid and economic policy adjustments. **Saudi Arabia** and **Kuwait** agreed to send their withdrawn ambassadors back to Lebanon after withdrawing them last year due to remarks critical of Riyadh by a former minister.

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Americas

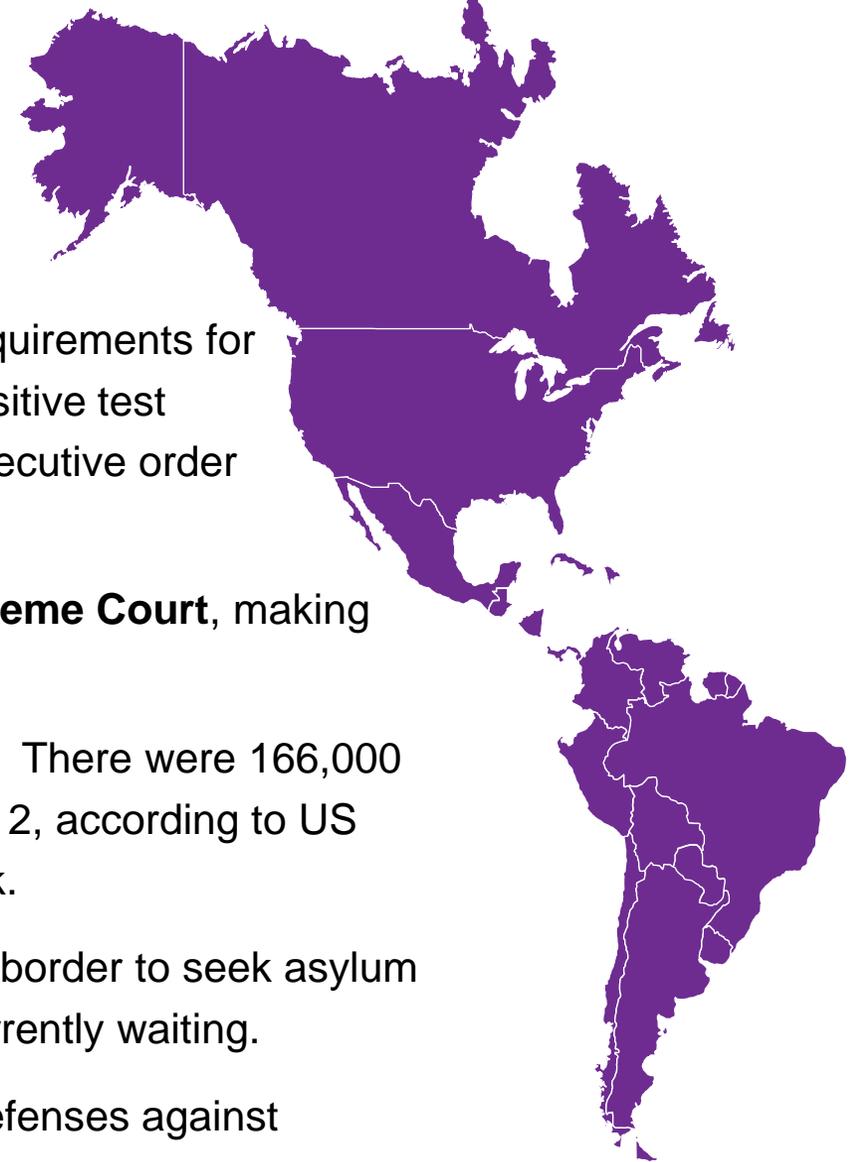
- Flooding in **Colombia's** Antioquia province has killed at least 10 people, with 17 further missing.
- **Chile** announced a new \$3.7 billion economic recovery plan that includes a hike in the minimum wage, subsidies and financing for sectors of the economy still battling fallout from the COVID-19 pandemic.
- Facebook removed a network of accounts spreading environmental misinformation that had ties to the **Brazilian** military. Brazilian President Bolsonaro appointed a technocrat to head Petrobras after a chaotic nomination process following the resignation of the last CEO over pricing policy disagreements; the CEO-designate is pro-market and aligns more closely with investors than Bolsonaro.
- **Peru** deployed its army to supervise its highways amid crippling protests and convoys protesting against rising food and fuel prices.



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Americas: US

- **COVID-19** is spreading through the US capital following the relaxation of requirements for mask wearing and social distancing, as more government leaders report positive test results. A US appeals court panel yesterday reinstated President Biden's executive order mandating that federal civilian employees be vaccinated against COVID-19.
- The US Senate has confirmed Ketanji Brown Jackson to a seat on the **Supreme Court**, making her the first black female justice to join America's highest court
- **Unemployment** continued to decline last week in the tight US labor market. There were 166,000 initial jobless claims on a seasonally adjusted basis in the week ending April 2, according to US Labor Department, below the 171,000 claims reported for the previous week.
- The US reported that the number of **Ukrainians** arriving at the US-Mexican border to seek asylum in the US has more than doubled in the last week, with 2,829 Ukrainians currently waiting.
- US federal agencies are sharing intelligence with foreign banks to bolster defenses against potential **Russian cyber attacks**.



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US Designation of Kaspersky as National Security Concern Prompts Questions for Private Sector

By Emilio Iasiello, Global Cyber Threat Intelligence Manager, Scott Muir, Senior Analyst, and Courtney Barnard, Global Cyber Threat Intelligence Coordinator

Organizations that use Kaspersky Lab products must assess whether they are at risk after the US Federal Communications Commission (FCC) added the Russian cybersecurity firm to a list of companies that pose an “unacceptable risk to US national security.” The move marks the first time the FCC placed a Russian company on the list.

Although US government entities will no longer use Kaspersky, leaders in the private sector will need to determine whether to continue using the popular antivirus products based on their own exposure, needs, configuration, and more. Private sector leaders should also expect that software on the market from companies in certain countries may come under increasing scrutiny and potential sanction in this new era of great power competition.

What Risk Does Kaspersky Pose?

Any antivirus company poses a potential security risk to organizations because their products have extended access in

computers they protect. By their very nature, antivirus programs run comprehensive scans on devices they are on, searching all files and directories to ensure that known malware is not present. Raising further concern is that comprehensive antivirus programs regularly communicate via special channels to receive security updates so that devices are protected from all known threats. For security professionals, these channels can be theoretically exploited for nefarious purposes. Combine access with direct “trusted” channels inside these computers, and it is easy to see why there is a fear that a company like Kaspersky Lab can be used as a conduit for spying or other malicious purposes.

The FCC ban on Kaspersky Lab is due its suspected ties with the Russian government, and its position as a global cybersecurity company to support the Kremlin’s spying interests. There is some, albeit circumstantial, evidence to support this conclusion: one element often brought up is that Eugene Kaspersky, the company’s founder and CEO, attended a KGB-sponsored technical college. Further, in 2017 there were allegations that Kaspersky engaged with the Russian Federal Security Service (FSB) to use its software to scan computers worldwide for material of interest. Per internal

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company emails obtained by a news agency, it appeared that Kaspersky Lab maintained a closer relationship with the FSB than it had previously admitted, working on joint products with the spy agency.

Who Else is Concerned?

Germany, Italy and the UK have also recently expressed similar concerns about Kaspersky. German intelligence warned against using Kaspersky antivirus software because of its potential to be used for exploitation purposes or executing cyberattacks in support of Russia during the Ukraine war. The Italian government issued a similar proclamation, looking to stop the use of Kaspersky Lab antivirus in its public sector citing the same security interests. In 2017, the United Kingdom, the Netherlands, and Lithuania also banned use of Kaspersky Lab software as a precautionary measure.

Is the Kaspersky Risk Unique?

Many major cybersecurity companies maintain close ties to home governments, with some offering positions that could be perceived as a type of government contractor relationship. Kaspersky Lab, the third-largest provider of consumer-level IT products and the fifth-

largest vendor of enterprise IT products, according to technological research firm Gartner, has consistently refuted any charges tying it to purposeful cyber malfeasance, citing lack of concrete evidence to support allegations, and has even offered up its source code for inspection and review. China's Huawei, ZTE, China Telecom, and China Mobile are also on the FCC ban list due to similar concerns about security. Hurting Kaspersky (and by extension the Kremlin) will likely be easier for Western governments than for Chinese IT companies, as Beijing is transferring software and technology for free to developing nations around the world that will use it for years to come.

What Should Organizations Do?

Ultimately, the question for organizations is whether Kaspersky Lab products are safe to incorporate into their networks. The simple answer is "it depends." Like any risk management decision, it is incumbent on organizations to identify the risks they are willing to assume based on likelihood and potential impact. A rigorous cyber threat risk assessment will identify, analyze, and evaluate the potential cyber threat posed by these products and inform leadership on their potential risks to the overall information environment. At the

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end of the day, if an organization is unsure about Kaspersky Lab, there are several other alternatives available.

Dentons offers business leaders a full complement of cyber counseling and advice from cyber risk management to regulatory and litigation services. Importantly, all interaction with Dentons is attorney-client privileged. To learn more about the bespoke cyber intelligence and risk services from Dentons please contact us today.

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Ukraine War Update: More Advanced Weapons, More Atrocities, Less Wheat

As NATO countries channel more weapons to Ukraine, they are facing dwindling stockpiles of Soviet-era equipment used by Ukraine and will need to transition to more modern military hardware, presenting both training and logistical challenges.

Political Developments

NATO member states have agreed to supply new types of advanced weaponry to Ukraine, as Kyiv prepares for an offensive by Russia in the country's east. European Council president Charles Michel has proposed adding an additional €500 million to Ukraine under the "European Peace Facility," the fund which has been used for the first time during the war to deliver defensive lethal weapons to a third country. Australia will donate 20 Bushmaster armored combat vehicles to Ukraine following a direct request from President Zelensky.

G7 foreign ministers condemned *"in the strongest terms the atrocities committed by the Russian armed forces in Bucha and a number of other Ukrainian towns."*

The president of the European Commission, Ursula von der Leyen, and the EU's chief diplomat, Josep Borrell, will visit Ukraine today.

United Nations countries voted 93-24 in favor of suspending Russia's membership in the Human Rights Council in response to Russian atrocities in Ukraine. The nations opposing the resolution included China, Iran, Bolivia and Kazakhstan. Another 58 countries abstained, including India, Indonesia and Egypt, showing that a wide range of nations have sided with Moscow or sought to remain neutral in the conflict.

Japan expelled eight Russian diplomats, joining European nations in reducing the Russian in-country presence. Japan also announced plans to reduce Russian coal imports gradually while seeking alternative suppliers.

Ukrainian President Zelensky said on Thursday the situation in the town of Borodianka was *"significantly more dreadful"* than in nearby Bucha, with even more victims as work begins to dig through the rubble. Speaking at the end of a NATO foreign ministers' meeting in

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Brussels, US Secretary of State Blinken said there are *"more and more credible reports of rape, killings and torture."*

President Zelensky will address the Finnish parliament in a virtual address. Addressing the parliament of Cyprus, Zelensky thanked the Cypriot authorities for their decision not to allow Russian warships into ports.

Ukrainian negotiator Podoliak said Ukraine and Russia are *"constantly"* holding peace talks online, but the mood of the talks had changed after the atrocities in Bucha and other towns near Kyiv came to light. Ukraine has ruled out a temporary ceasefire with Russia.

In comments published by Interfax news agency, Russian Foreign Minister Lavrov said Ukraine has presented Moscow a draft peace deal that was different from the agreements reached in Istanbul on March 29. According to Lavrov: *"In the Istanbul document, the Ukrainians clearly stated that the future security guarantees of Ukraine do not apply to Crimea and Sevastopol. Yesterday's draft lacks this clear statement."*

Battlefield Developments

The UK Ministry of Defense reported that Russian troops have advanced further south from the strategically important city of Izium. Russia also continued to shell cities in the east of the country. The UK assessed that that any mass redeployment of troops from Belarus and Russia to the east is likely to take at least a week as Russian forces would need "significant replenishment" before being ready to deploy.

Ukrainian civil and military officials continued to warn local residents to evacuate prior to a likely Russian offensive in Donetsk and Luhansk oblasts in the coming days.

Two Russian rockets have struck a railway station in Kramatorsk in eastern Ukraine, causing casualties. The station is used to evacuate civilians from areas under bombardment from Russian forces.

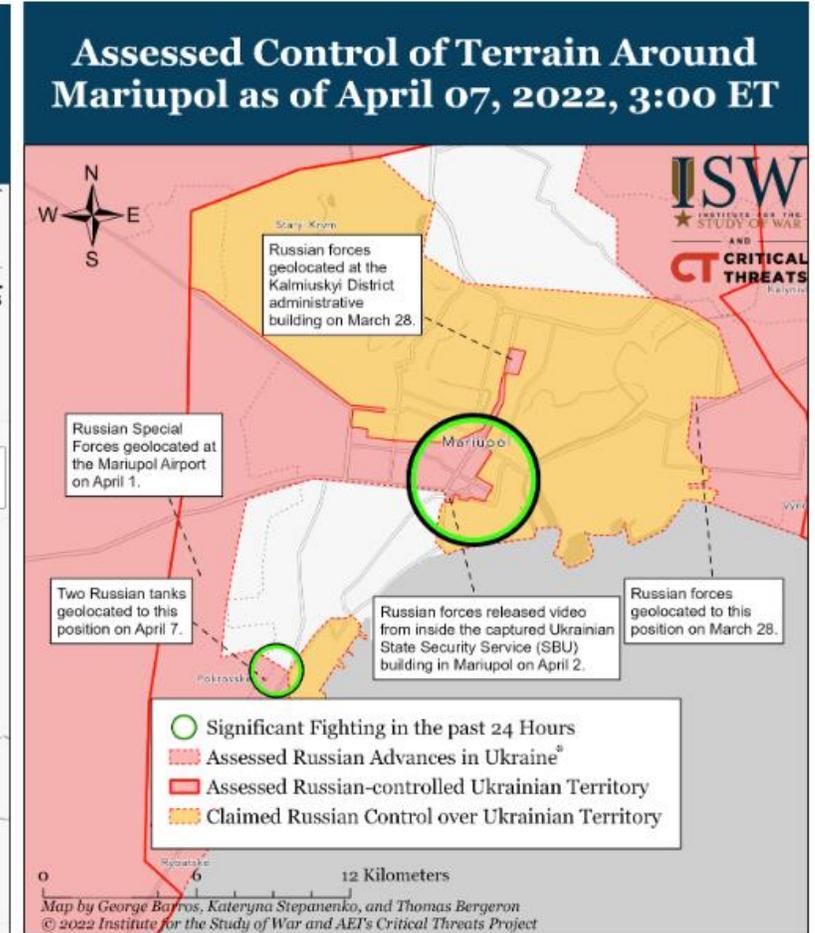
Russian proxy forces have made unconfirmed claim to have captured central Mariupol. Ukrainian forces retain control of the port southwest of the city.

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Ukraine War Update: More Advanced Weapons, More Atrocities, Less Wheat

The World Health Organization Europe has said it is making contingencies for “chemical assaults” in Ukraine, as the European Commission builds up its stockpile of defenses against unconventional weaponry.

Dmitry Peskov, Putin’s spokesperson, admitted Russia had suffered “significant losses of troops” during its invasion of Ukraine, which he described as “a huge tragedy for us.” The Institute for the Study of War assessed that Russian efforts to generate replacement forces and produce new military equipment continue to face challenges. The Ukrainian General Staff reported that the Russian military began recruiting conscripts who have been discharged from military service



Source: [Institute for the Study of War](https://www.instituteforthestudyofwar.org/)

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since 2012 and is summoning them for a special three-month training period before deployment to active units.

Humanitarian Developments

The mayor of the eastern Ukrainian city of Dnipro called for the evacuation of women, children and the elderly from the city in anticipation of a flare-up in fighting in the Donbas region.

UK announced it will triple its humanitarian support to Poland, providing £30 million to help ensure vital supplies reached those fleeing Ukraine. Around 2.55 million people fleeing Ukraine have taken refuge in Poland since the start of the Russian invasion.

Ukraine announced 10 humanitarian corridors, all in southern and eastern Ukraine, to evacuate trapped civilians on Friday, but civilians trying to flee besieged Mariupol will have to use private vehicles.

Economic Developments

EU national representatives agreed on a fifth package of sanctions against Russia that includes an embargo on Russian coal imports and a ban on Russian ships in EU ports.

The US imposed sanctions on Alrosa, the world's largest diamond mining company, and on USC, the Russian shipbuilder. The US stated that that USC developed and constructed the warships that have bombarded Ukraine's cities, while Alrosa's proceeds helped *"finance the Russian government's war and atrocities against Ukraine."*

The US Commerce Department took enforcement action against Aeroflot, Azur Air, and UTair for violating American export controls issued after Russia's invasion of Ukraine. The action denies the three Russian carriers export privileges, targets the entire airlines, not just specific planes, and bars companies around the world from providing any refueling, maintenance, repair, or spare parts or services to Boeing planes owned by the Russian carriers.

US Congress passed legislation to remove its *"most favored nation"* trade status from Russia and Belarus and to ban Russian oil imports, sending the draft laws to US President Biden to sign into law. The trade bill clears the way for Biden's administration to raise tariffs on imports from Russia and Belarus.

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Aluminium producer Rusal became the first Russian company to publicly call for a thorough and impartial investigation into the alleged war crimes in the Ukrainian town of Bucha and call for an early end to the conflict in Ukraine.

Deloitte has resigned as auditor of Polymetal, saying it would be unable to complete the work after splitting from its operations in Russia, where most of the gold producer's business is based.

Ukraine's grain harvest will likely fall by about one-fifth of last year's total, per Ukraine's Prime Minister. Officials said that with limits placed on grain exports, they do not expect the smaller harvest to affect the domestic food supply.

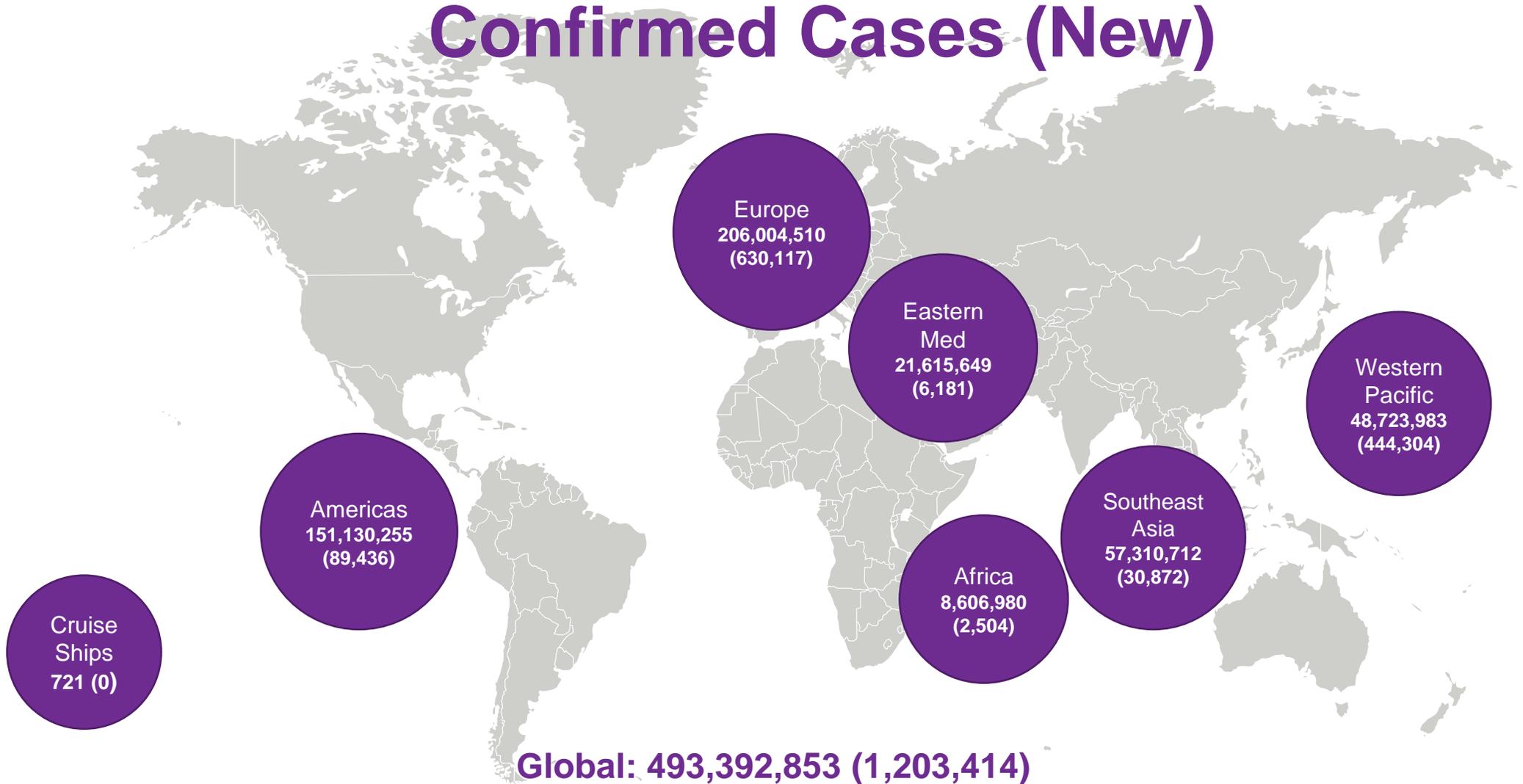
Russia's central bank cut its key interest rate to 17 percent from 20 percent, the most in nearly two decades, offering relief to the recession-bound economy in a sign of confidence it can start to reverse some of the steep monetary tightening imposed after the invasion of Ukraine.

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Coronavirus Condition Updates

As of 4:07 pm CEST on April 7, 2022

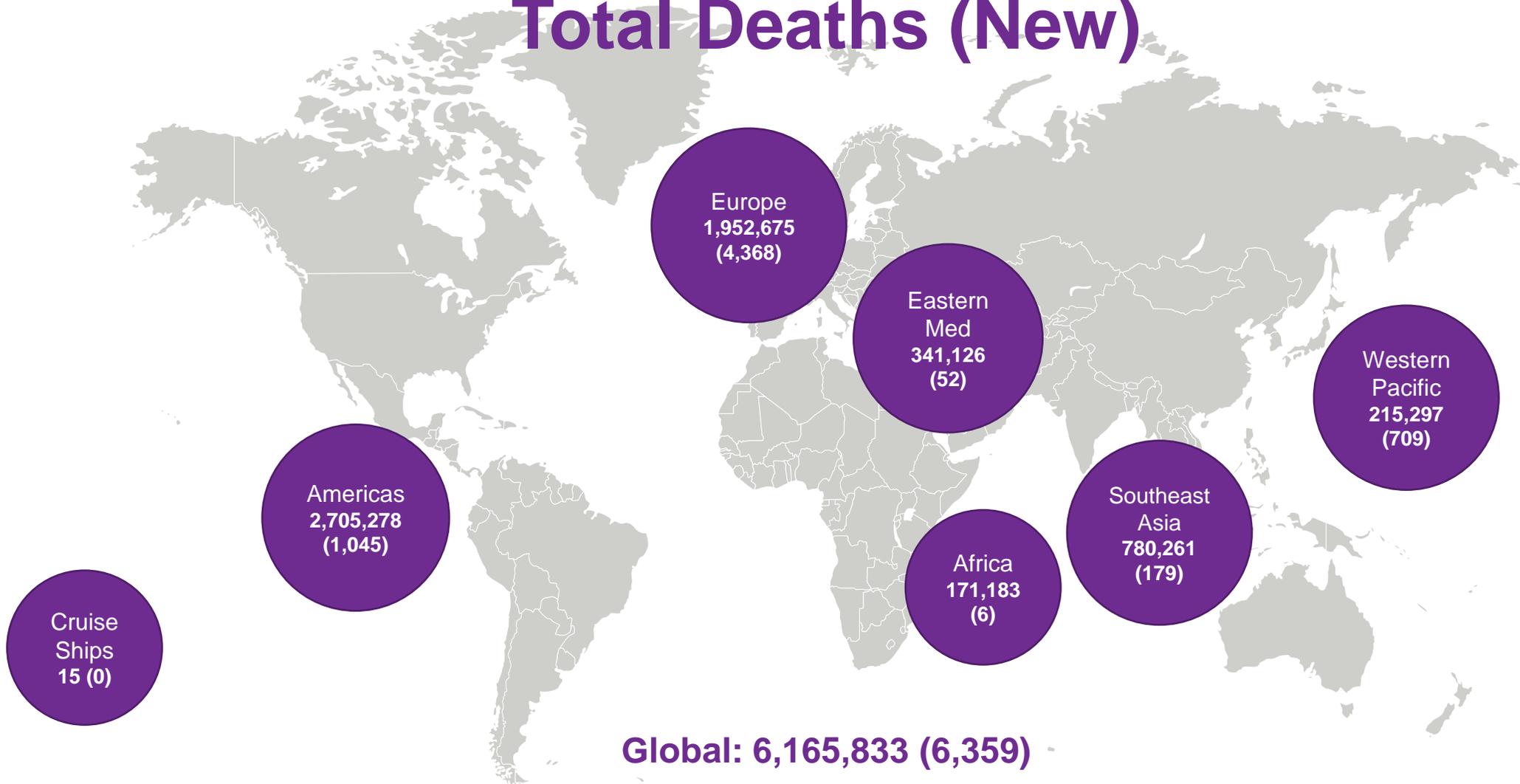
Confirmed Cases (New)



Reflects data as of 4:07 pm CEST on April 7, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 4:07 pm CEST on April 7, 2022.
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.

To read additional analysis, visit the [Dentons Flashpoint portal](#) for insights into geopolitics and governance; industry and markets; cyber and security; science, health and culture; and economic and regulatory issues.

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