

Dentons Flashpoint

Daily Global Situation Report

August 15, 2022

Global Situation Update: August 15, 2022

KEY TAKEAWAYS

China's central bank cuts key lending rates in a surprise move, shaking markets.

Second US Congressional delegation visit to Taiwan fans ire of China.

The Moscow Exchange resumed trading in debt securities for investors from countries not participating in Ukraine war-related sanctions.

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

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WHAT WE'RE WATCHING

Today marks one year since the Taliban took control of Kabul and effectively re-established its rule across Afghanistan. Governance challenges for the Taliban will compound as the group continues to struggle to administer at the federal level and fails to deliver basic services, revealing limited governance prowess.

Afghanistan's economy will remain isolated due to frozen reserves, persisting sanctions and the suspension of foreign aid, while revenues that the Taliban accrues will remain insufficient sustaining the economic crisis. Meanwhile, the heightened capabilities of multiple militant groups, infighting within the Taliban and a growing Islamic State-Khorasan (IS-K) presence will lead to complex security threats and sustain a volatile operating environment.



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Global

Oil prices dropped for a second session on Monday as weak China economic data triggered concerns about demand at the world's largest crude importer.

- Acclaimed author Salman Rushdie remained hospitalized with serious injuries after he was repeatedly stabbed at a public appearance in New York state. In 1989, Iranian Ayatollah Ruhollah Khomeini, pronounced a fatwa, or religious edict, calling on Muslims to kill the Rushdie and anyone involved in the publication his book, *Satanic Verses*, for blasphemy. The stabbing was condemned by writers and politicians around the world as an assault on **freedom of expression**, while several hardline Iranian newspapers praised the attack.
- Public health authorities in wealthy economies are racing to head off a **return of polio**, after the virus has turned up in several countries where it had been all but eliminated.

Markets & Business

The Moscow Exchange resumed trading in debt securities for investors from countries that have not joined sanctions imposed by the US and its allies, ending a nearly six-month freeze implemented after the invasion of Ukraine.

- Scandinavian airline **SAS** has entered into an agreement with **Apollo Global Management** to raise \$700 million of fresh financing for restructuring under bankruptcy.
- **Global insurers** are selling more travel policies and at higher prices as travel rebounds from the pandemic, with take-up among young people particularly strong, with some insurers expanding coverage to include epidemics and pandemics.
- Indian ride-hailing firm **Ola Electric** plans to start producing electric cars in India in 2024 with a range of up to 500 km (310 miles), per its CEO. Ola, which is backed by Japan's **Softbank Group** and currently makes e-scooters.
- Five US-listed Chinese state-owned companies whose audits are under scrutiny by the US -- oil giant **Sinopec**, **China Life Insurance**, **Aluminium Corporation of China (Chalco)**, **PetroChina** and **Sinopec Shanghai Petrochemical Co** -- announced plans to voluntarily delist from the **New York Stock Exchange**.

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Environment, Sustainability & Governance

The British Office for National Statistics said 5.5 percent of companies employing more than 250 staff had offered one time cost of living payments in the three months leading up to mid-July.

- Polish and German officials investigating the cause of a **mass die-off of fish** in the Oder River say tests so far have not proven toxic substances were to blame, but **poisoning** cannot be ruled out yet.
- Agricultural seeds and chemicals maker Bayer AG launched a digital farming platform to help US growers enact environmentally friendly practices and connect them with companies seeking more **sustainable food, feed and biofuel ingredients**.
- South Korea's SK Inc and an affiliate invested \$250 million in TerraPower, a venture founded by American billionaire Bill Gates that develops small-sized nuclear power reactors, called **small modular reactors**.
- The northern Canadian city of Iqaluit declared a state of emergency after **scarce rain** this year left water levels in the local Apex River at a four-decade low.

Africa

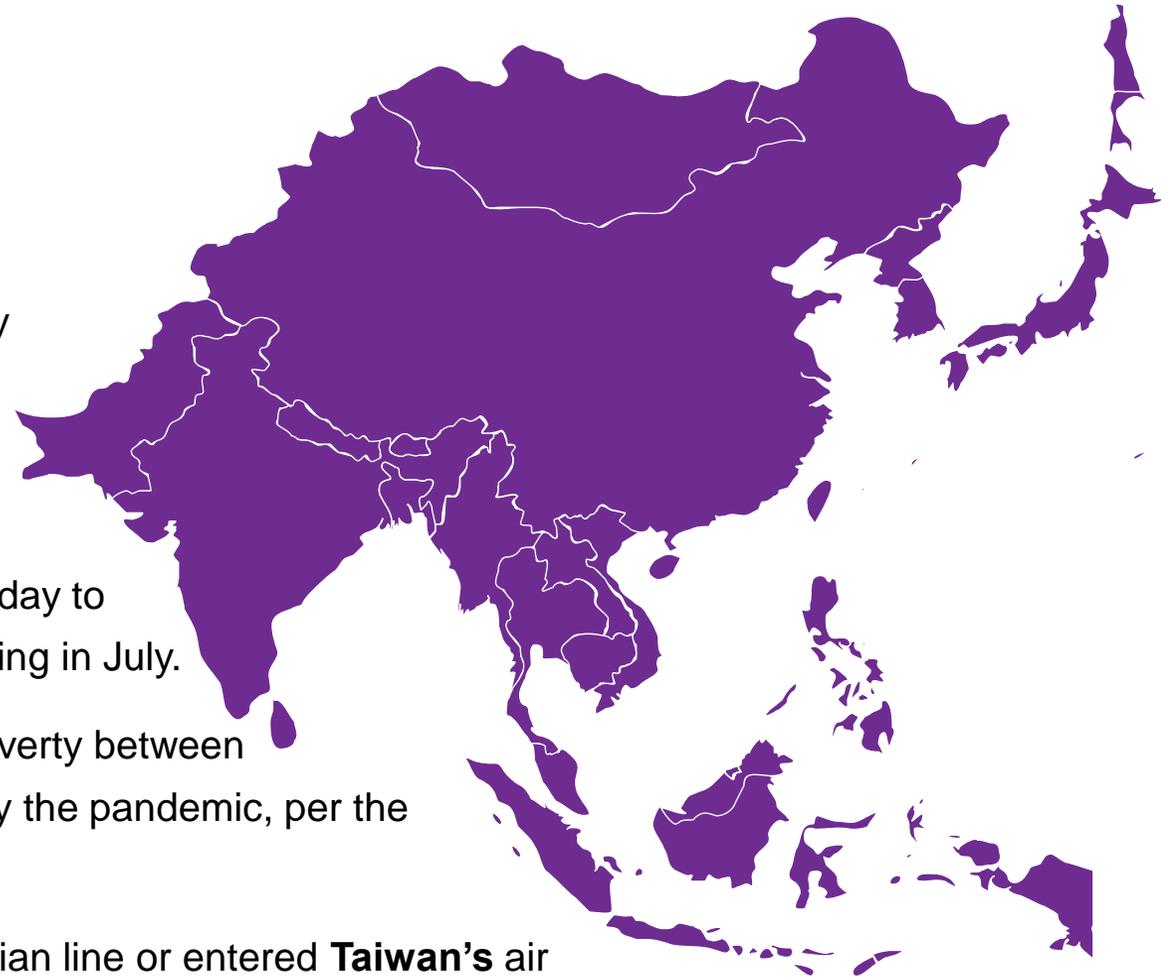
- **Kenya's** Deputy President Ruto is ahead in a tight presidential race against opposition leader Odinga, with an announcement from electoral authorities on the winner appearing imminent. Confusion over vote tallying in the media and the slow pace of progress by the electoral commission have fed anxiety in Kenya, as party agents scuffled with each other, with police and election officials at the tallying center.
- **Sierra Leone** President Julius Maada Bio said this week's anti-government protests, which led to the deaths of six police officers and at least 21 civilians, were an attempt to overthrow the government.
- The UN peacekeeping mission in **Mali** will resume troop rotations today, one month after Malian authorities suspended them and accused foreign soldiers of entering the country without permission.



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Asia

- **Sri Lanka**, reversing positions, agreed to permit **Chinese** survey vessel Yuan Wang 5 to dock at its southernmost port, the Chinese-run Hambantota, despite security concerns raised by **India and the US**.
- **China's** central bank cut key lending rates in a surprise move today to revive demand as data showed the economy unexpectedly slowing in July.
- About 2.3 million people in the **Philippines** were pushed into poverty between 2018 and 2021, largely due to the economic downturn caused by the pandemic, per the government's the statistics agency.
- Eleven **Chinese** military aircraft crossed the Taiwan Strait's median line or entered **Taiwan's** air defense zone on Sunday, per Taiwan's Defense Ministry, with Beijing protesting again over a second visit to Taiwan by **US** congressional officials. China imposed sanctions on **Lithuanian** Deputy Transport and Communications Minister Vaiciukeviciute for visiting Taiwan, the latest escalation in Beijing's diplomatic row over Taiwan's status.



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How do You Manage Incident Response?

2022 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:

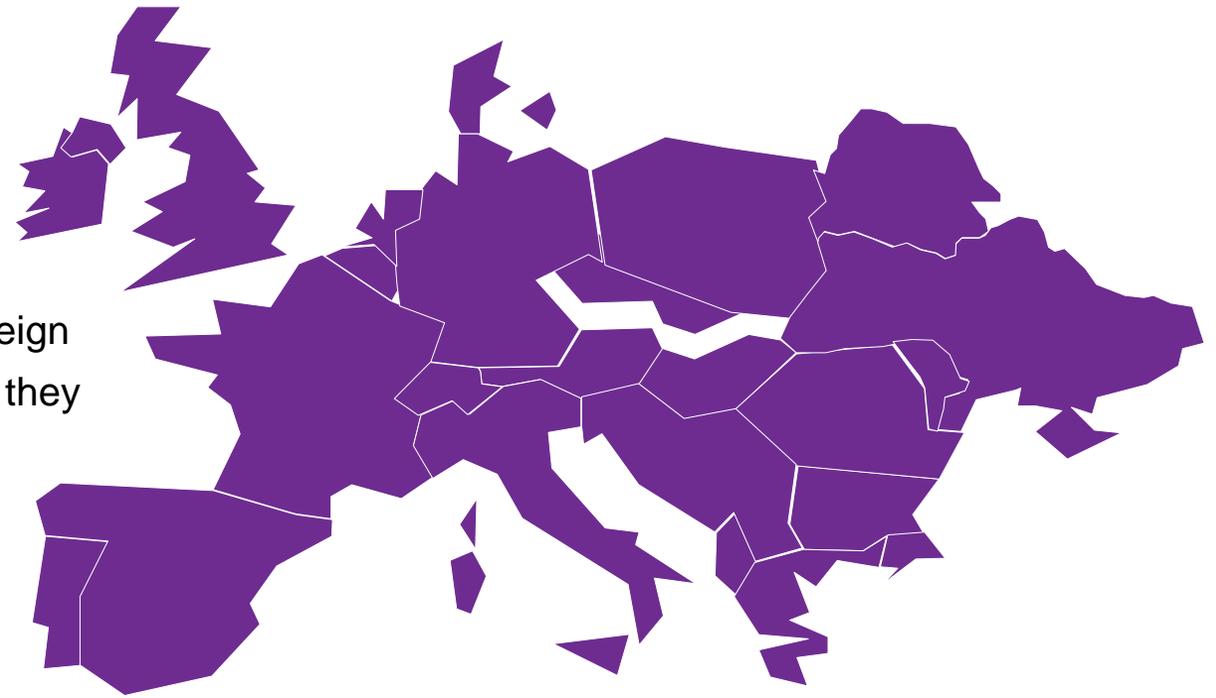
- ❖ Ransomware tabletop exercises
- ❖ Post-tabletop action reports
- ❖ Maturity assessments for preparedness
- ❖ Supply-chain attack simulation
- ❖ Comprehensive incident response plan
- ❖ Threat analysis and monitoring

All interaction with Dentons is attorney-client privileged

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

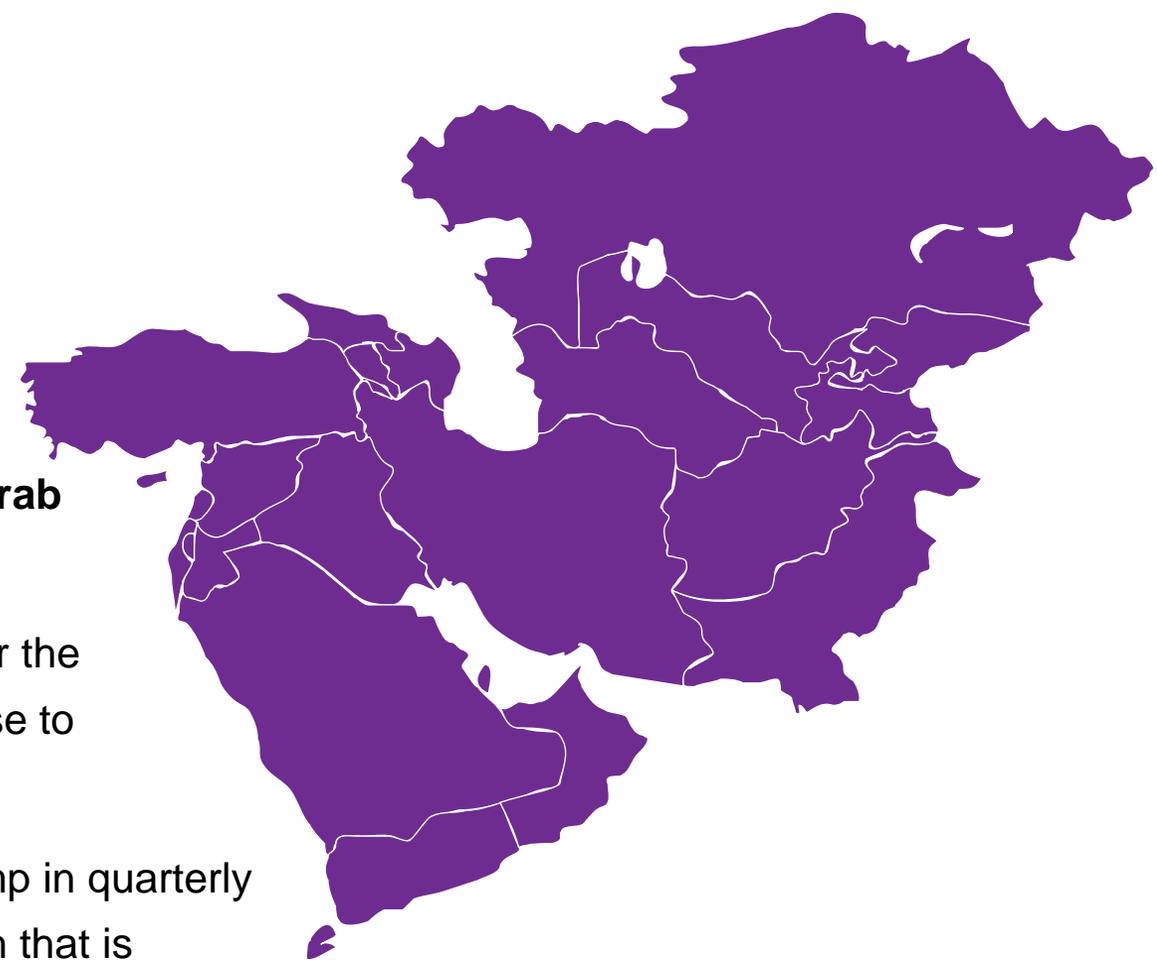
Europe

- Global rating agencies S&P and Fitch lowered **Ukraine's** foreign currency ratings to selective default and restricted default as they consider the country's debt restructuring as distressed.
- The **EU** formally adopted the bloc's emergency plan to curb gas use by 15 percent in a bid to save fuel for a winter of uncertain **Russian** supplies.
- **Kosovo's** energy distribution company, KEDS announced rolling blackouts starting today because of a lack of domestic production and high import prices.
- A **Russian** foreign ministry official warned that seizure of Russian assets by the **US** will completely destroy Moscow's bilateral relations with Washington. US and **European** allies have frozen \$30 billion of assets held by wealthy individuals with ties to Russian President Putin.
- The **UK** economy contracted in Q2 as households facing soaring inflation cut back on spending and programs to contain the spread of COVID-19 wound down, with economists expecting the country to enter a lengthy recession.



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Middle East



- **Kuwait** appointed an ambassador to **Iran**, more than six years after recalling its top envoy to Tehran, in an additional sign of careful resetting of diplomatic relations between the **Arab Gulf states** and Iran.
- **Israel** hit **Iranian** targets in a series of strikes on Sunday near the ancestral home region of **Syrian** President al Assad, and close to **Russia's** main Syrian bases on the Mediterranean coast
- **Saudi Arabia's** national oil company posted a 90 percent jump in quarterly profit from high oil prices, generating billions of dollars in cash that is underwriting the kingdom's ambitious economic makeover and strengthening its geopolitical power.
- A gunman wounded at least eight people aboard a bus carrying Jewish worshippers in the Old City of **Jerusalem** on Sunday, as violence continues to escalate tensions in occupied Palestinian territories and the sensitive religious center of Jerusalem.

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Americas

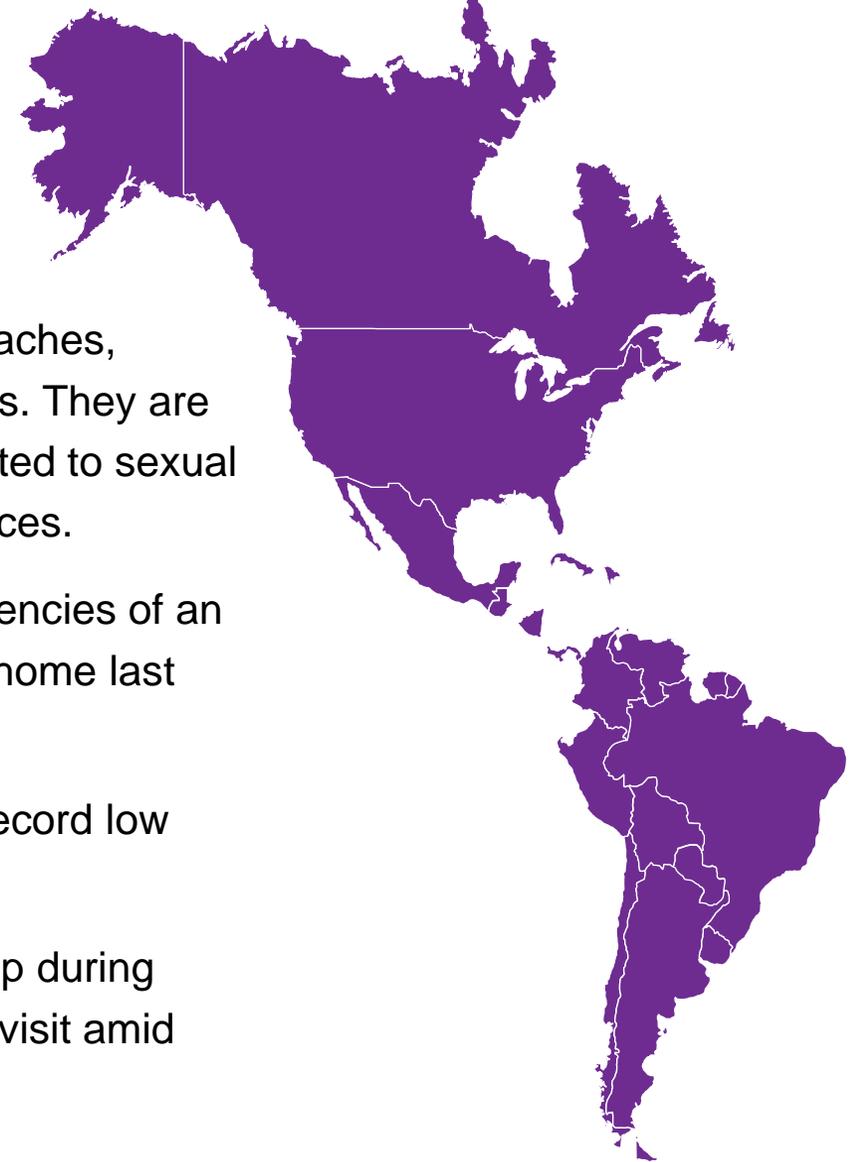
- The **Nicaraguan** government ordered the closure of one of the last opposition radio stations known for critical reporting on President Ortega.
- **Venezuela** suspended new crude shipments to **Europe** under an oil-for-debt deal and has asked Italy's Eni and Spain's Repsol to provide it with fuel in exchange for future cargoes. Venezuelan oil shipments, particularly those sent to refineries in **Spain**, have helped Europe reduce purchases of **Russian** oil since the invasion of **Ukraine**. But the deal's terms have not provided needed cash or fuel to PDVSA.
- **Colombia** will focus on combating deforestation, exerting greater control over the cattle industry and will also propose cancelling external debt in exchange for conserving the environment, per its environment minister.
- **Paraguayan** Vice President Hugo Velazquez plans to resign and withdraw his candidacy for the presidency, after being blacklisted by the US for alleged "*significant*" acts of corruption.



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Americas: US

- US colleges are warning students about **monkeypox** risk as fall term approaches, struggling with how to raise awareness without stigmatizing infected students. They are focusing on risks of intimate contact, often skin to skin, including but not limited to sexual encounters, such as contact at dorms, on dance floors or other campus spaces.
- The FBI and Department of Homeland Security warned law enforcement agencies of an **increase in threats** following a search of former President Trump's Florida home last week.
- US **consumer sentiment** rose in early August, continuing its climb from a record low earlier this summer as inflation expectations improved.
- A delegation of US lawmakers arrived in **Taiwan** on Sunday for a two-day trip during which they will meet President Tsai Ing-wen, the second high-level group to visit amid high tensions with China.



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Enhanced Risks to Americans Abroad from Extremist Attacks

By Matt Skros

The death of Ayman al-Zawahiri in a US drone strike in Kabul, Afghanistan was heralded as a victory in the US' over-the-horizon counterterrorism efforts. The State Department, though, has warned of potential retaliatory attacks on Americans. Business leaders should consider taking steps to protect personnel and operations abroad from such retaliatory attacks.

On July 31, the United States carried out a successful missile strike in Kabul, Afghanistan that targeted al-Qaida leader Ayman al-Zawahiri. While the killing was heralded as a victory in the decades-long hunt for the group's leader, the US government has also warned that retaliatory attacks on Americans abroad is a significant possibility in multiple regions across the globe. In fact, prior to the strike that killed al-Zawahiri, the State Department ordered the evacuation of all non-essential personnel from Mali amid heightened risk of attacks from terrorist organizations. The US government has recommended that Americans practice extra vigilance and maintain good situational awareness when abroad, and business leaders should also take steps to protect their people and assets in foreign countries where the threat of terrorist activity is high.

As with the 2011 raid that killed Osama bin Laden, the strike that killed al-Zawahiri generated similar chatter about seeking revenge on the United States and American citizens. A report from ExTrac, a conflict analysis firm that analyzes extremist content using open-source information, indicates that some al-Qaida members saw al-Zawahiri's death as a "good" thing, as it was sure to reinvigorate the group's war against the "Crusaders," referring to Americans and Westerners. Others said that the group should pursue "an eye for an eye and a tooth for a tooth" strategy while claiming that "dark days await America." While the ExTrac report did not detail any specific threats, it is likely that attack plots against Americans abroad will materialize as group affiliates recover from the death of al-Zawahiri and swear a bay'ah, or oath of allegiance, to their new leader.

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Enhanced Risks to Americans Abroad from Extremist Attacks

While the State Department's August 2, 2022 "Worldwide Caution" warning noted that *"terrorist organizations continue to plan terrorist attacks against U.S. interests in multiple regions across the globe,"* al-Qaida has several specific regional affiliates that have been conducting attacks in recent months and years. Al-Shabaab in Somalia has significantly destabilized that country, with a US defense official describing al-Shabaab as *"the largest, wealthiest, and most lethal al-Qaida affiliate in the world today."* Al-Shabaab recently expanded their area of operations with an attack in Ethiopia, showing both an ability and a desire to negatively affect the wider Horn of Africa. In West Africa, JNIM is heavily active in Mali and Burkina Faso, with a Nigeria-based group called Ansaru also pledging allegiance to JNIM. JNIM has also begun to expand into other West African coastal states, including Ivory Coast. Apart from Africa, al-Qaida in the Arabian Peninsula has indicated a desire to conduct or inspire attacks in the US and Europe, more so than any other al-Qaida branch. This list of affiliates is by no means exhaustive, and it shows that al-Qaida remains a potent threat to American interests globally.

There are several steps that business leaders can take to protect their assets and personnel abroad given this new threat environment.

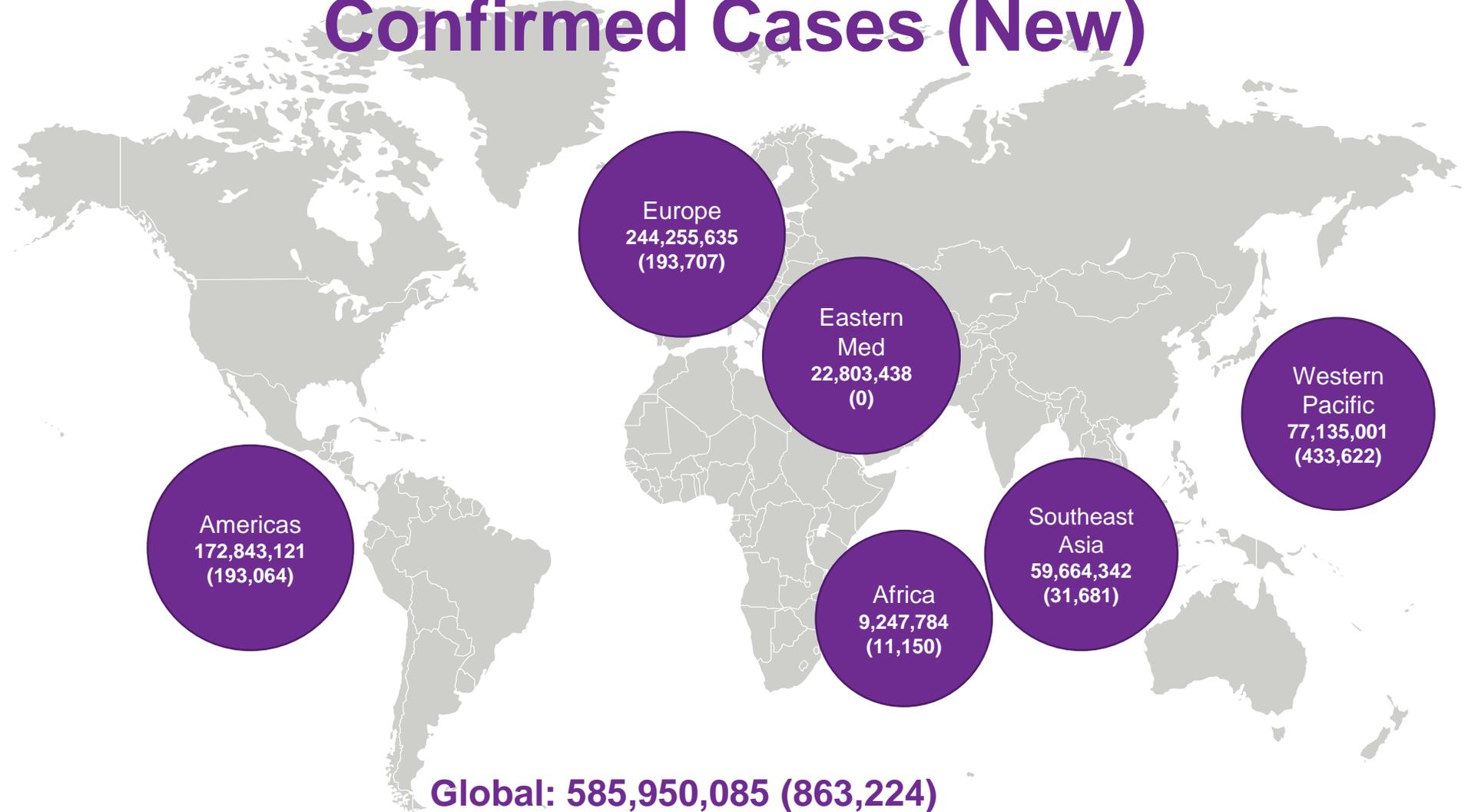
While the State Department August 2 bulletin acknowledges that extremist attacks can often take place with little or no warning, maintaining a high level of situational awareness among personnel is key. Consulting State Department travel advisories can also be helpful, as can enrolling staff in the Smart Traveler Enrollment Program (STEP), which allows State to disseminate security messages to Americans abroad as well as locate them in the event of an emergency. Firms and businesses should also carefully consider the conditions in countries they are travelling to and take appropriate steps to analyze the risk of extremist violence. Finally, careful monitoring of local and international news can provide information about potential violence, helping firms react in an appropriate manner.

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Coronavirus Condition Updates

As of 6:36 pm CEST on August 12, 2022

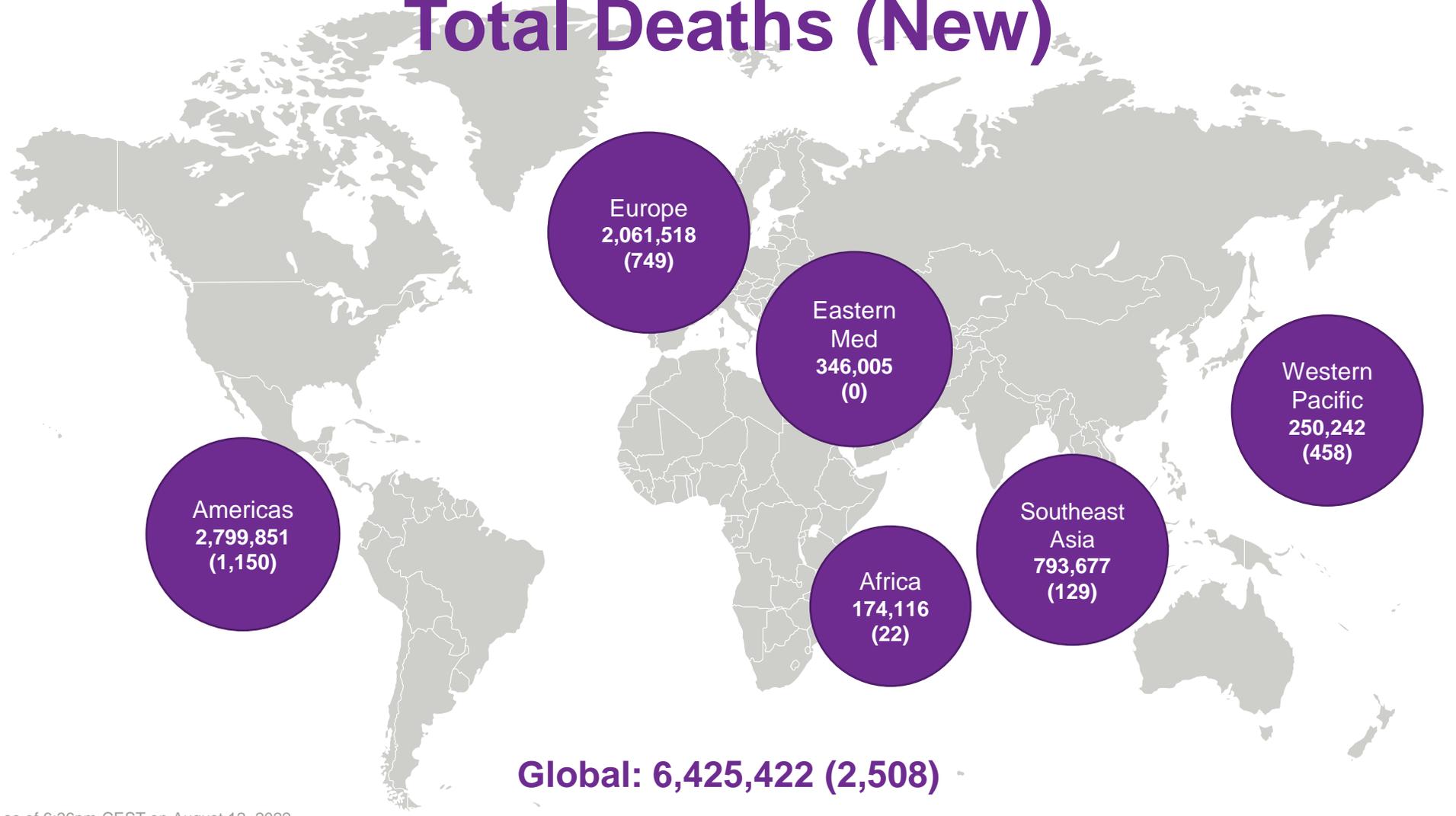
Confirmed Cases (New)



Reflects data as of 6:36pm CEST on August 12, 2022.
Data Source: World Health Organization

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

Total Deaths (New)



Global: 6,425,422 (2,508)

Reflects data as of 6:36pm CEST on August 12, 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.

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