

Dentons Flashpoint

Daily Global Situation Report

August 16, 2022

Global Situation Update: August 16, 2022

KEY TAKEAWAYS

William Ruto is declared winner of Kenyan presidential election despite electoral commissioners' protests.

The UK becomes first to approve a COVID-19 vaccine that targets both the original and Omicron version of the virus.

Russian President Putin said that Western countries seek a "NATO-like system" in the Asia-Pacific region.

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WHAT WE'RE WATCHING

A pledge by Indian President Narendra Modi to turn his country into a 'developed country' over the next 25 years and lift millions out of poverty presents international businesses with a multitude of opportunities. Modi's declaration, timed with India's 75th independence anniversary this week, calls for global partnerships in science and technology and food and energy security.

As part of the I2U2 alliance, alongside Israel, the US and UAE, India will incrementally improve its food security and expand renewable energy capacity through private investment and enhanced technology use. There is little risk of Western sanctions against India for its position on Russia because of its importance to the US as a potential strategic bulwark against China.



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

Global

Russian President Putin said that Western countries were seeking to extend a "NATO-like system" into the Asia-Pacific region.

- Despite international calls for a demilitarized zone, shelling near the **Zaporizhzhia nuclear plant** in southern Ukraine continued on Monday, with both sides blaming each other. While telling citizens not to panic, Moldova announced it has imported one million iodine pills as a precaution.
- Five more ships have left Ukrainian ports carrying corn and wheat, three from Chornomorsk and two from Pivdennyi, under the **UN-brokered grain export deal**. Wheat is now less expensive than when the Ukraine war began.
- Britain, the first country to approve a **coronavirus vaccine** in late 2020, has now also given the first green light to a variant-adapted shot that targets both the original and Omicron version of the virus.
- Grenada's former Climate Resilience Minister Simon Stiell will become the **new UN climate chief**, UN Secretary General António Guterres announced yesterday.

Markets & Business

Barclays lowered its Brent price forecasts on Tuesday by \$8 per barrel for 2022 and 2023, as it expects a large surplus of crude oil over the near-term due to "resilient" Russian supplies.

- Hong Kong's audit regulator has initiated an enquiry into the financial statements of **China Evergrande Group's** property services unit and its former auditor **PwC** over a \$2 billion loan scheme that led to an executive clear-out last month.
- China's **Tencent Holdings** plans to sell the bulk of its \$24 billion stake in food delivery firm **Meituan** to address domestic regulators' concerns and monetize an eight-year-old investment.
- **Apple** told its employees they must return to the office in September for at least three days a week, to preserve the "*in-person collaboration that is so essential to our culture.*"
- Europe's **commercial real estate** market faces the tough conditions, as rising interest rates and a surge in building costs threaten to choke off its recovery from the pandemic.
- London's **Heathrow airport** has extended a cap on passenger numbers until the end of October, seeking to avoid more last-minute disruption and delays because of staff shortages.

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Environment, Sustainability & Governance

Water levels in China's largest river, Yangtze River, and its two biggest freshwater lakes are at record lows as parts of the country's south endure historic heatwaves and drought.

- Starbucks accused the federal labor board overseeing **union elections** at its US cafes of misconduct and asked for elections to be suspended nationwide pending the outcome of an investigation.
- Norway will have to phase out some of its old oil and gas fields prematurely to achieve its 2030 climate goals, unless it can use **carbon-free power** on more offshore platforms to cut their emissions.
- Investors deposited \$120 million into **US sustainable funds** last month, a "tepid" amount of inflows that coincided with a broader retreat from mutual funds and ETFs, per a new report by researcher Morningstar.
- HSBC introduced the launch of a **biodiversity ETF**, a new fund aimed at enabling investors to build biodiversity considerations into their portfolios.

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Africa

- **Sudanese** authorities reported that over 50 people have died, and several hundred been displaced, by severe rainstorms throughout the country.
- **Kenya's** electoral commission chairman declared Deputy President William Ruto the winner of the close presidential election over five-time contender Raila Odinga. Kenya is bracing for a protracted legal battle after more than half of the electoral commission objected and protests in the streets turned violent.
- The last **French** soldiers deployed in France's Barkhane anti-jihadist force left **Mali** on Monday after nine years of presence; President Macron announced that the mission would leave Mali earlier in the year amid deteriorating relations with the military junta. At its peak, Barkhane had 5,100 personnel in the Sahel. Around 2,500 French personnel will now remain in the Sahel, more than a thousand of them in **Niger**, mainly providing air support.
- **Nigeria's** annual inflation quickened in July to its highest level since 2005.



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Asia

- **China** reduced holdings of **US** Treasuries for a seventh consecutive month in June, dropping to \$967.8 billion in June, the lowest since May 2010 when it held \$843.7 billion.
- **China's** military responded to the surprise arrival in **Taiwan** of a new delegation of **US** lawmakers by announcing a resumption of military drills around the island.
- A senior UN official is visiting **Myanmar** this week, on a rare visit that comes amid domestic political turmoil and fraying ties between Myanmar and its Southeast Asian neighbors. Yesterday, a Myanmar junta court jailed Aung San Suu Kyi for six years for corruption, taking the ousted leader's prison time to 17 years.
- S&P Global has downgraded its rating on **Sri Lankan** bonds to default, after the country missed interest and principal payments amid a political and economic crisis.



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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:

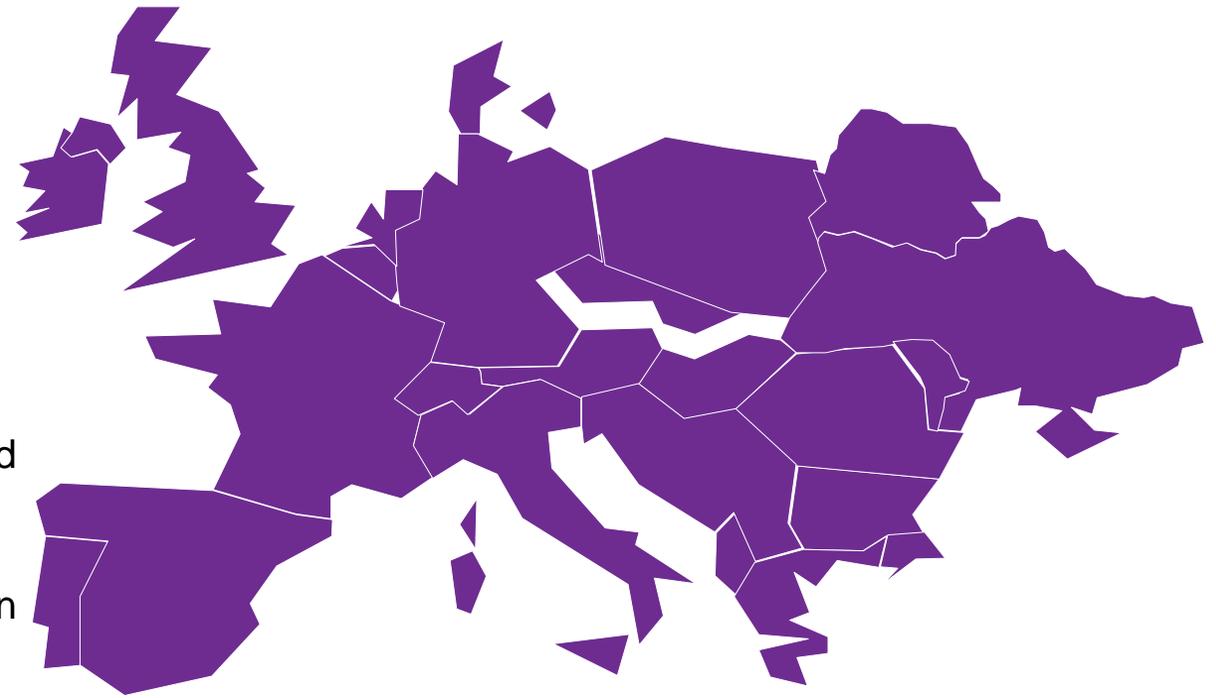
- ❖ Ransomware tabletop exercises
- ❖ Post-tabletop action reports
- ❖ Maturity assessments for preparedness
- ❖ Supply-chain attack simulation
- ❖ Comprehensive incident response plan
- ❖ Threat analysis and monitoring

All interaction with Dentons is attorney-client privileged

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

Europe

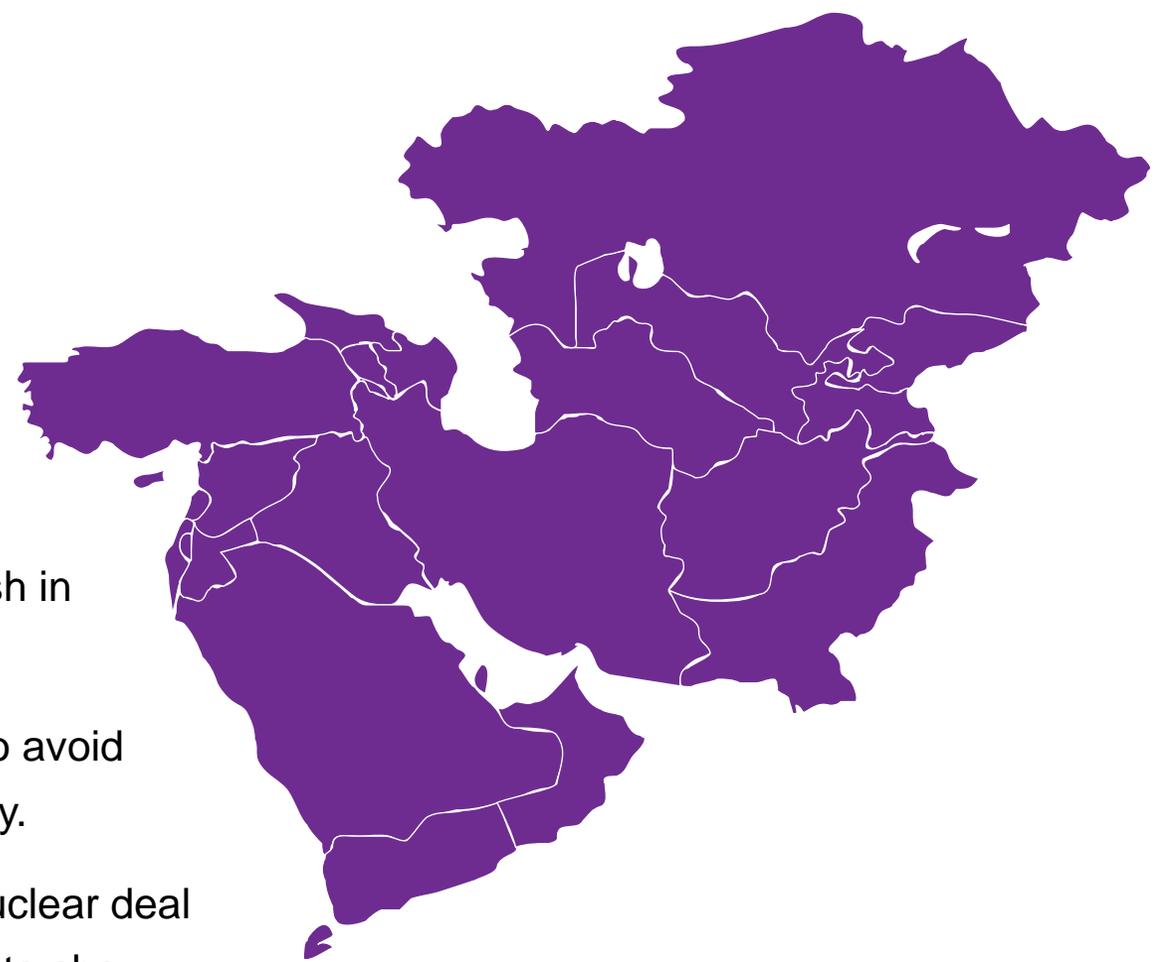
- **Germany** is sending 13 military aircraft to joint exercises in **Australia**, the air force's largest peacetime deployment, underlining Berlin's increased focus on the **Indo-Pacific** amid rising tensions with **China** in the region.
- Five **Europeans** captured in eastern **Ukraine** went on trial on Monday in a court run by Kremlin-backed separatists in the **Russian**-proclaimed Donetsk People's Republic, accused of fighting with the Ukrainian army as mercenaries. At least some of the charges could bring the death penalty.
- Explosion of a **Russian** ammunition depot in Crimea demonstrates **Ukraine's** ability to strike deep behind enemy lines six months into the war.
- **Finland** has cancelled plans to overhaul equality legislation aimed at narrowing the pay gap between men and women, citing unbridgeable gaps between parties in the ruling coalition.



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Middle East

- The **US** military reported that a drone attack hit a compound run by American troops and US-backed **Syrian** opposition fighters in eastern Syria, a rare attack on the US-run base.
- A **Saudi** study found that electronic payments outstripped cash in the country for the first time in 2021.
- The **UAE** advised residents throughout much of the country to avoid driving as dust storms reduced visibility throughout the country.
- **Iran** responded to the **EU's** "final" draft text to save a 2015 nuclear deal yesterday, amid the Iranian foreign minister calling on the **US** to show flexibility to resolve three remaining issues.



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Americas

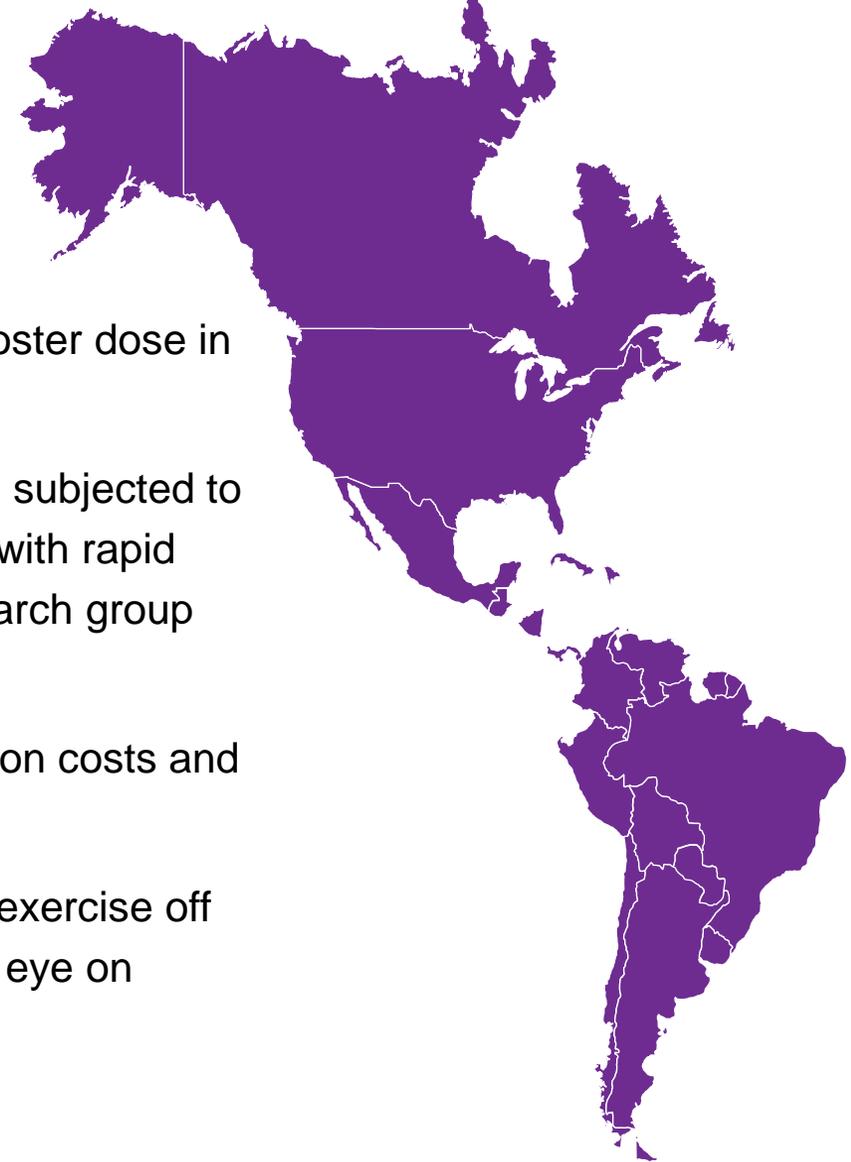
- The government of **Ecuador** authorized security forces in Guayaquil to carry out inspections of houses as part of a new state of emergency after an explosives attack killed five people over the weekend. The interior ministry said the explosions were likely tied to gang activity.
- A **Nicaraguan** Catholic priest from a northern parish was detained after celebrating Mass, the Church said, amid rising tensions between the church and the government of President Ortega.
- The **Venezuelan** central bank's gold reserves dropped by six tons as of June 2022, the lowest in 50 years.
- In **Canada**, a heat wave is building across Alberta, British Columbia and Saskatchewan this week, with temperatures forecasted to exceed 30 C (86 F), triggering heat warnings as far north as the Mackenzie Valley in the Northwest Territories.



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Americas: US

- Novavax filed for US authorization for use of its **COVID-19 vaccine** as a booster dose in people who had either received its shots or a different vaccine.
- A quarter of the US land area, home to more than 100 million people, will be subjected to **temperatures of more than 125F (52C)** in three decades, including states with rapid population growth such as Texas, according to a new report by climate research group First Street Foundation.
- US **homebuilder confidence** fell in August, as high home prices, construction costs and interest rates threatened housing affordability and drove down demand.
- The US, **South Korea and Japan** participated in a ballistic missile defense exercise off Hawaii's coast last week, per the Pentagon, reviving combined drills with an eye on **North Korea** as well as **China**.



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COVID Is Here to Stay: CDC Loosens Quarantine Guidelines

Last week, the CDC announced updated COVID-19 exposure and quarantine guidelines, significantly loosening quarantine and isolation guidelines for those who test positive or are exposed to the coronavirus. The announcement comes just ahead of a new school year, which many hope will be the first “normal” school year after years that have severely stressed working parents, educators and the childcare industry, and acknowledge that the US has moved into a new stage of living with COVID-19.

Updated Guidelines

On Thursday of last week, the CDC and FDA released new guidelines to COVID-19 exposure infection, announcing that the updates are designed to acknowledge the reality that “COVID-19 is here to stay.” The updated guidelines reflect the reality of how many fatigued Americans have been navigating the pandemic for some time, dispensing with social distancing entirely and eliminating mandatory quarantine for people exposed to a person with a confirmed COVID-19 case. The guidelines no longer require a quarantine for someone exposed to the virus by a close contact, instead recommending that the person wear high quality masks for 5-10 days and test on day 5. Notably, the guidelines also eliminate previous distinctions between those with vaccines and those without, which a CDC spokesperson attributed to the fact that, including

antibodies from prior infection, some 95% of the US possesses some level of immunity.

The guidelines still, however, recommend vaccination for all and that those with a confirmed case of COVID-19 quarantine for 5-10 days, leaving quarantine upon the cessation of symptoms. Guidelines around masking are also unchanged, recommending that everyone wear them indoors in areas with high levels of COVID-19 community transmission. While the guidelines mostly discourage broad surveillance of the kind that was in place in the early days of the pandemic, they do note that some high-risk situations could call for a round of surveillance testing, such as when students return to school following a break or when a large number of employees converge in one area for an on-site meeting or retreat.

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Implications for Businesses and Individuals

The primary beneficiary of these updated regulations will likely be schools, who will start a new school year with far fewer interruptions than in the previous two. Teachers will no longer be required to quarantine after a known exposure, hopefully putting less pressure on a workforce that is already stretched extremely thin, and students will also be able to remain in school following an exposure, easing the burden on working parents to find emergency childcare. The guidelines will also likely create fewer disruptions to businesses, potentially helping ease the severe labor crunch in the service industry. More broadly, experts assess that the updates are meant to more closely align with the way that most Americans are already behaving, making quarantine and testing requirements easier to follow.

At the same time, however, there will still be workers with higher COVID-19 risk originating from a variety of factors, such as underlying health conditions or children too young to be vaccinated, for example, who may need to retain stricter COVID-19 precautions than updated national guidance. The new guidance shifts a significant amount of the decision-making and risk analysis to the

individual, and those who continue to operate more cautiously may find less institutional support for increased caution. Immune compromised parents and employees, for example, who may want to keep children out of school, or stay home from work themselves, after an exposure, could find less flexible sick time or school absence policies as a result of the changed guidelines.

Finally, the relaxed guidelines may be part of a strategy to refocus public health efforts on new emerging concerns, such as the spread of monkeypox and the identification of polio in New York. Reduced COVID-19-related caution may be replaced, at least in part, by precautionary steps guarding against other infections.

COVID-19 Abroad

The changed guidelines come as governments throughout the world are continuing to grapple with how to respond to the changing COVID-19 pandemic. Earlier this month, Hong Kong also reduced COVID-19 restrictions, shortening its mandatory hotel quarantine for incoming travelers from seven days to three. The move is a rare loosening of restrictions for China, which still mostly adheres to the stringent COVID-zero strategy that has been in place to some extent

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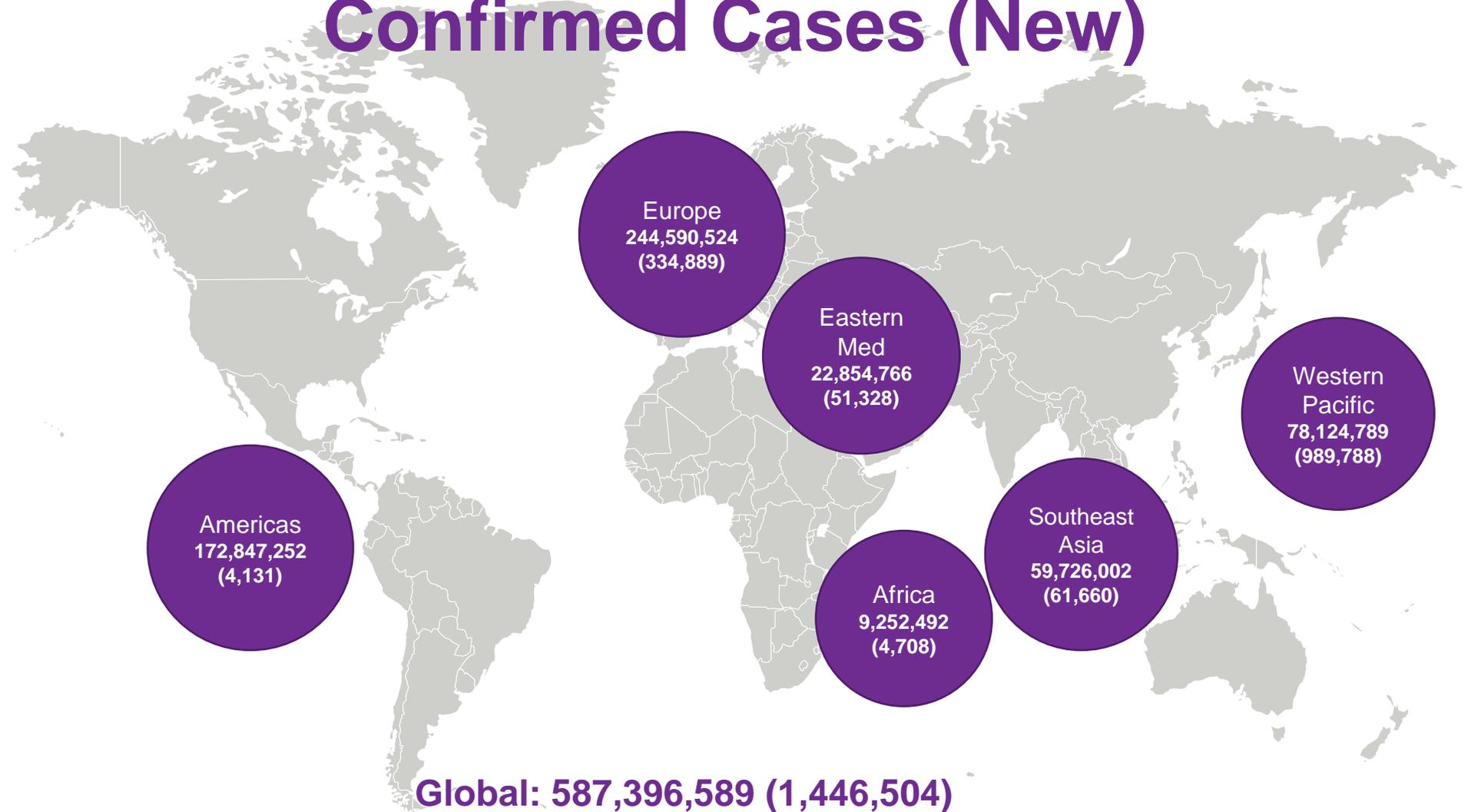
from the beginning of the pandemic. The relaxation of rules in Hong Kong, likely meant to boost flagging international business, could hint at further winding down of the strategy, which some international analysts blame for uneven economic growth in the country; however, entry requirements for mainland China still call for a full two-week quarantine. On the other hand, India's New Delhi state recently reinstated a full mandatory mask mandate in a bid to counteract a recent spike in cases likely caused by the more transmissible BA.5 variant, demonstrating that it is far too soon to close the book entirely on COVID-19-related restrictions, despite popular fatigue as the pandemic approaches its third year.

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Coronavirus Condition Updates

As of 4:42 pm CEST on August 15, 2022

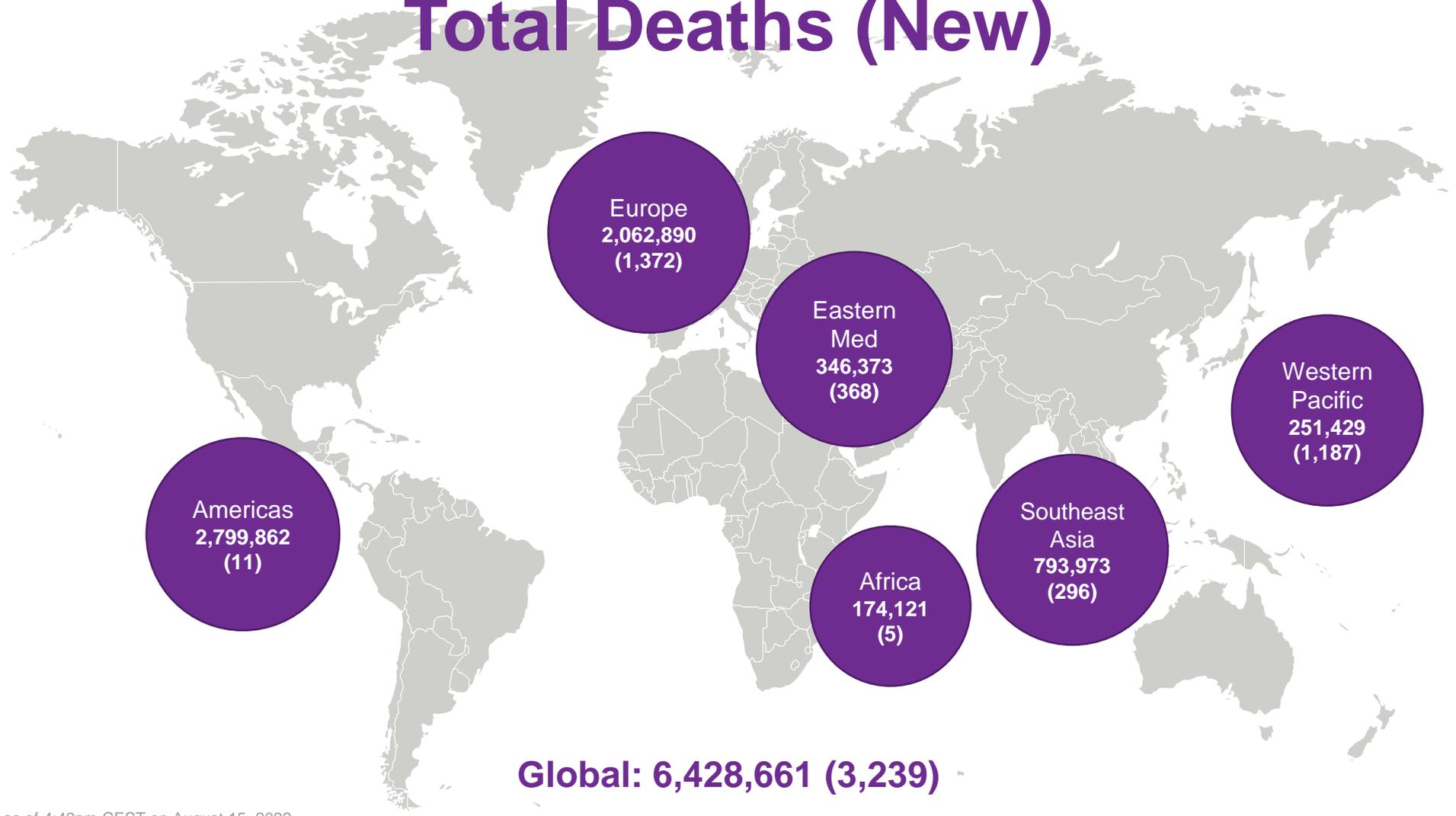
Confirmed Cases (New)



Reflects data as of 4:42pm CEST on August 15, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 4:42pm CEST on August 15, 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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