

Dentons Flashpoint

Daily Global Situation Report

August 26, 2022

Global Situation Update: August 26, 2022

KEY TAKEAWAYS

Fires and electricity cut at Ukrainian nuclear power plant spark fears of radiation disaster.

President Putin signs decree to increase size of the Russian military, seen as doubling down on war.

Central bankers' annual meeting is keenly watched for future monetary tightening to beat inflation.

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WHAT WE'RE WATCHING

Low river levels across parts of North America, Europe and Asia due to extremely high temperatures and low rainfall could disrupt supply chains, agriculture, and energy operations in coming months. Supply chain disruption is likely to particularly affect business operations reliant on inland waterways, especially with rivers like the Danube, Rhine, Colorado and Yangtze at historically low levels.

Although measures such as adapting barges and desalinization techniques can mitigate some disruption, these are unlikely to have a substantial impact and also require significant investment. Businesses and industries that rely on inland water transport will likely face growing disruption. Agriculture and other sectors that depend on hydropower will also increasingly face challenges to operational continuity.



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Global

The world narrowly escaped a radiation disaster when electricity to Europe's largest nuclear power plant was cut for hours, after fires caused by shelling near the Russian-occupied Zaporizhzhia nuclear power plant temporarily disconnected it from Ukraine's power grid. Electricity is used for cooling and safety systems at the nuclear plant.

- The number of **monkeypox** cases reported globally declined by 21 percent last week, after a month-long trend of rising infections, per the WHO. So far, more than 41,000 cases of monkeypox and 12 deaths have been reported from 96 countries, with the majority of cases from the US.
- An Israeli study on treating **at-risk COVID-19** patients with the anti-viral drug Paxlovid has shown an 81 percent reduction in the risk of death from complications of the virus and a 73 percent decrease in hospitalizations among those aged 65 and older.
- Artemis I will launch an **uncrewed space flight** on August 29, the first mission in a program looking to construct a moon village. The upcoming launch is the first of six Artemis moon missions planned until 2028. It is carried out by NASA in partnership with European Space Agency and space agencies of several other nations.

Markets & Business

China International Marine Containers abandoned plans to acquire Maersk's \$1 billion refrigerated container manufacturer after the US Department of Justice signaled intention to sue to block the deal.

- The US Federal Communications Commission is investigating **mobile carriers' compliance** with rules requiring them to disclose to consumers how they are using and sharing location data.
- The US and China are close to an agreement to allow US regulators access to **audits of Chinese companies** that are listed on US exchanges, a potential breakthrough in talks as the delisting deadline looms.
- The US Securities and Exchange Commission adopted a measure requiring that US-listed companies disclose how the **pay of their top executives** measures against overall company performance over the past five years.
- **Citigroup** has decided to wind down its consumer and local commercial banking operations in Russia after failing to find a buyer for the businesses.

Environment, Sustainability & Governance

California has enacted rules that halt sales of new gasoline-powered vehicles by 2035, setting an ambitious standard on environmental policy taking aim at its largest source of carbon emissions.

- Indian Oil Corp, the country's top refiner, plans to invest more than \$25 billion to achieve **net-zero emissions** from its operations by 2046.
- Amazon announced an agreement with **hydrogen and fuel cell solutions** company Plug Power for the supply of nearly 11,000 tons per year of green hydrogen starting in 2025, sufficient to power 30,000 forklifts or 800 heavy-duty trucks for long-haul transport annually.
- International energy company Occidental announced plans to begin construction on the world's largest **direct carbon air capture plant** in Texas.
- **Historic monsoon rains** and flooding in Pakistan have affected more than 30 million people over the last few weeks, in a "*climate-induced humanitarian disaster of epic proportions.*"

Africa

- A provisional UN assessment found that 340,000 people have been affected by floods in **Chad** since the end of June.
- The ICC said **Sudan** had promised its "*full cooperation*" in the war crimes probe of Darfur atrocities committed under ousted dictator Bashir.
- The worst drought in the **Horn of Africa** in more than 40 years looks almost certain to persist, per the World Meteorological Organization, citing forecasts for October-December showing high chances of drier-than-average conditions.
- **Angola's** ruling party has a solid majority after nearly all votes were counted in a national election, although the main opposition party cast doubt on the results.



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Asia

- **US** Senator Marsha Blackburn, who sits on the Senate Commerce and Armed Services committees, arrived in **Taiwan** on Thursday on the third visit by a US elected official this month, defying pressure from **China** to halt the trips.
- The UN human rights chief seeks to release the report on **China's** treatment of its Uyghur minority in Xinjiang by the end of her four-year mandate next week, citing "*tremendous pressure*" from all sides.
- The **US** approved the potential sale of military helicopters and related equipment to **Australia** for an estimated cost of \$1.95 billion, as Australia seeks to boost its military presence in the Indo-Pacific region.
- A **US** Coast Guard vessel was unable to enter **Solomon Islands** for a routine port call because the Solomon Islands government did not respond to a request for it to refuel and provision. The Solomon Islands has a tense relationship with the US and its allies since striking a security pact with **China** in May.



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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:

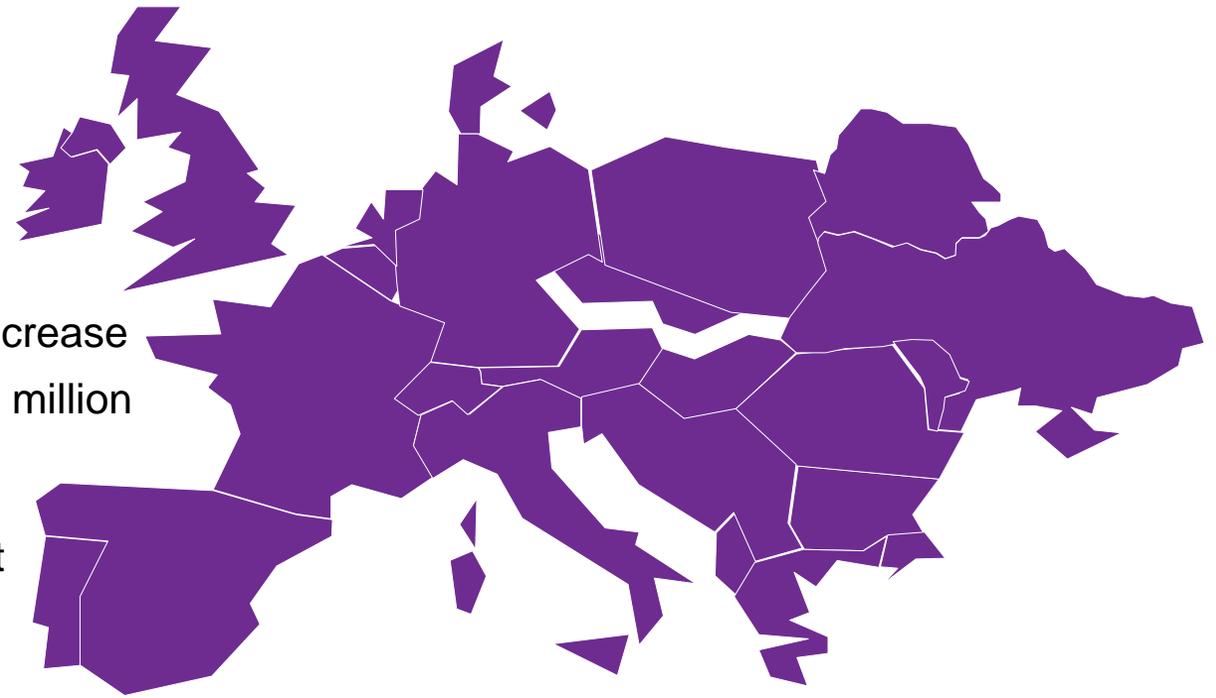
- ❖ Ransomware tabletop exercises
- ❖ Post-tabletop action reports
- ❖ Maturity assessments for preparedness
- ❖ Supply-chain attack simulation
- ❖ Comprehensive incident response plan
- ❖ Threat analysis and monitoring

All interaction with Dentons is attorney-client privileged

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

Europe

- **Russian** President Putin signed a decree yesterday to increase the size of Russia's armed forces from 1.9 million to 2.04 million as the war in **Ukraine** enters its seventh month.
- **Finland** will host talks with **Sweden and Turkey**, the first three-way meeting on the countries' NATO membership bids since Ankara demanded dozens of extraditions from Stockholm in exchange for support.
- The **US** announced additional funding of \$9 million for the Conflict Observatory through the European Democratic Resilience Initiative, for documentation, verification, and dissemination of information regarding the actions of the **Russian** Government in **Ukraine** for future civil and criminal legal processes.
- Mediated talks on Friday between **Kosovo** and **Serbia** over the status of ethnic Serbs in Kosovo have failed to ease tensions, fueled by a dispute over state authority to regulate car number plates.



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Middle East



- **Iran** demanded that the IAEA drop the investigation into three undeclared sites, a condition that Tehran has laid out for returning to the nuclear deal but that had seemed to have possibly been overcome amid recent reporting on talks.
- The **US** said it had killed four “*enemy fighters*” over the last 24 hours and destroyed rocket launchers after exchanging fire with **Iran**-backed militants in **Syria**. Three US soldiers were injured as well.
- A new UNICEF report found that 84 percent of **Lebanese** households are struggling to afford necessities amid the country’s economic crisis.
- **Iraq's** state-owned oil marketer threatened fresh legal action against buyers of crude oil originating from the semi-autonomous Kurdistan region.

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Americas

- The Bank of **Canada** is changing its fourth deputy governor role to a part-time, contract position, as it seeks out an external candidate to bring *"fresh and diverse perspectives"* to its governing council.
- **Colombia** will suspend aerial bombings targeting illegal armed groups in a bid to avoid collateral damage to civilians and deaths of minors who have been forcibly recruited.
- A new web-based poll predicted a narrowing presidential race in **Brazil**, where leftist former President Lula has mostly been predicted to have a solid lead.
- Since November 2020 **China** Aerospace Science and Industry Corp (CASIC) has been transporting millions of barrels of **Venezuelan** crude, despite **US** sanctions, part of a deal to offset Caracas' billions of dollars of debt to Beijing. The crude has been processed through Chinese customs without declaring point of origin.



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Americas: US

- **Monkeypox** cases in some large US cities appear to be declining, matching trends seen in Europe, and experts are cautiously optimistic the outbreak may have peaked in the cities hardest hit by the virus.
- The **US economy** shrank less than previously reported in 2Q and the labor market remained in robust shape, dispelling fears that a **recession** was underway. The improved reading is attributed to upward revisions to consumer spending and private inventory investment.
- Federal Reserve Chairman Powell will make a much-anticipated speech today on the direction the central bank will take to battle the worst **inflation** in four decades without tipping the US into recession. Fed officials are debating whether a third 0.75 percentage point rate rise will be necessary at its meeting in September, or if a half-point adjustment is more appropriate.
- The People's Mojahedin Organization of **Iran**, known as the MEK, have filed a New York lawsuit against Iranian President Raisi, calling on US authorities to take action against him as he is expected to arrive next month for the UN General Assembly, accusing him of torture and arguing he does not enjoy sovereign immunity.



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Ukraine War Update: Russia-Israel: A Chill in a Once-Warm Relationship

By Dan Arbell, Special Adviser to Dentons

In recent weeks, tensions between Russia and Israel have risen dramatically, in what is seen as a chill in a once-warm bilateral relationship. Last month, the Russian Ministry of Justice moved to abolish the Russian branch of the Jewish Agency for Israel in Moscow, which handles all aspects of immigration of Russian Jews to Israel. Earlier this week, Russia strongly condemned Israel for launching missile attacks into Syrian territory, demanding Israel respect UN Security Council resolutions, as well as Syria's sovereignty and territorial integrity. These two events are not occurring in a vacuum.

They are the result of growing Russian anger and frustration over Israel's position toward the Russia-Ukraine crisis, which in Moscow sees as having changed from a neutral to a more pro-Ukraine stance. The increased tensions between Israel and Russia are yet another example of the global spillover of the Ukraine war.

Background: Israel's Early Efforts as a Mediator

From the day the Russia-Ukraine crisis began, Israel maintained its neutrality keeping open channels with both Russia and Ukraine, conveying to both sides the need to deescalate tensions, and offering its mediation. Israeli Prime Minister Naftali Bennett spoke on

the phone several times with Russian President Vladimir Putin and Ukrainian President Volodymyr Zelensky and in early March secretly traveled to Moscow to try and broker a ceasefire agreement between the warring parties, as they both also raised the possibility of holding peace talks in Jerusalem. At the same time, Israel was attempting to walk a thin line between the West and Russia, with Israeli leaders explaining the importance of “*not burning bridges with Moscow*” and not upsetting Putin, as Russia is now Israel's “*next door neighbor*” in Syria, is a member of the P5+1 which is negotiating with Iran in Vienna, and finally is the home of millions of Russian Jews.

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By April it was clear however that Bennett's efforts did not lead to a breakthrough, and as the war continued, other mediators became more relevant, most notably Turkey. Israel found itself in the position of being strongly criticized by friends in the US Congress (Republicans and Democrats alike), some officials in the Biden Administration and the US and European media for maintaining neutrality and not stepping in to help Ukraine in a more forceful way, providing it with greater political and military support. Israel's focus was on providing humanitarian aid to Ukraine, vote with the US and the West on UN resolutions denouncing Russian aggression, including the suspension of Russia from the UN Human Rights Council, and seeking ways of bringing as many Ukrainian Jews as possible out of the country. In the spring, the Russian Foreign Ministry summoned Israel's ambassador in Moscow several times for a reprimand over Israeli actions and statements, which were viewed by the ministry as *"anti-Russian,"* although senior Russian officials emphasized there are no problems in the bilateral relationship.

Israeli Neutrality Questioned

With Bennett stepping down as prime minister in June and Yair Lapid taking over of the caretaker government, Israeli statements regarding

Russian aggression vis-a-vis Ukraine became harsher and more critical toward Russia's handling of the war. In July, Israel admitted it is no longer taking part in the mediation efforts between Russia and Ukraine, citing *"deep divisions"* with Russia over the war. In response, Russian Foreign Minister Sergey Lavrov stated that Israel is using the crisis and criticizing Russia in order to divert international attention away from *"what it is doing to the Palestinians."* While adopting a tougher stance in statements, Israel did not change its policy of not providing Ukraine military support and continued in the same path of providing Kyiv humanitarian assistance and defensive equipment. Against this backdrop, the Russian Ministry of Justice issued in June a warning to the Jewish Agency of Israel that it intends to shut down its operations in Russia, claiming that the quasi-governmental organization which handles Jewish immigration to Israel is violating Russian privacy laws by improperly keeping records of Russian citizens. The agency has been operating in Russia since 1989, has overseen the immigration of more than a million residents of countries in the former Soviet Union to Israel and has also been a pillar of Jewish life in Russia, organizing Jewish communal activities throughout the country.

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The Case Against the Jewish Agency

In July, the Russian Ministry of Justice officially filed a petition with the Moscow district court and a first hearing was held on July 28, setting a date for a hearing in August. The Lapid government viewed the Russian move as a diplomatic maneuver aimed at putting pressure on Israel to recalibrate its position regarding the Russia-Ukraine war.

Recognizing that the Russian Judicial system is not entirely independent and may be a tool for President Putin, Israel decided to send a senior level delegation to Moscow to hold meetings with Russian government officials, in an attempt to resolve the crisis before the court rules on the matter, which will make things much more complicated. Prime Minister Lapid warned that a Russian decision to close the Jewish Agency's operation in Russia would be a "serious event" impacting bilateral ties.

Russia took its time in giving a "green light" to the arrival of the Israeli delegation and when it finally did Israeli officials have worked to broker a compromise with Russia that would allow the Jewish Agency to continue its operations, at least to some extent. While the Russians did not reject Israel's offer of compromise, they have not been forthcoming either. The second court hearing was technical in nature

and a third hearing is now scheduled for September, as both sides are continuing their discussions. Some notable Israeli analysts have suggested that Russia's position may not be entirely the result of Lapid's changed approach on Ukraine, but also part of Putin's crackdown on civil society organizations in the wake of the war. In such a case, it may be more difficult to convince Russia to accept a compromise. Last week, Israeli President Isaac Herzog spoke on the phone with President Putin on the subject, and their offices announced the two leaders agreed to continue discussing the matter in the future.

Spillover in Syria

While the Jewish Agency issue may not be all about Russia-Ukraine, it seems that recent tensions between Russia and Israel over Syria are certainly tied to Ukraine. After Russia's entry into Syria in 2015, Israel and Russia established a deconfliction mechanism between the Russian and Israeli militaries to avoid accidental clashes and exchanges of fire between their forces on the ground. The mechanism proved to be successful and the dialogue between Moscow and Jerusalem on Syria was mostly pragmatic and constructive and did not undermine the advancement of cooperation

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between the two countries on trade, technology and tourism. On Iran they agreed to disagree, yet senior Israeli security and intelligence officials would often visit Moscow and brief their Russian counterparts on the advancement of Iran's nuclear program and the Islamic Republic's malign activities in the region.

Russia had no qualms with Israel under Bennett and Lapid, as it continued with surgical strikes in Syria against Iranian Revolutionary Guards Corp (IRGC) and Iranian-backed targets, as well as Assad regime forces and Syrian groups cooperating with Iran or posing a threat to Israeli security. In July, Russian anti-aircraft missiles were fired at Israeli air force jets over Syrian territory as they targeted Iranian military targets in Northwestern Syria. Israeli Defense Minister Benny Gantz played down the event stating it was a "one-off incident." Earlier this week however, in response to an Israeli missile strike in Syria, Russian Foreign Minister Lavrov issued a strong condemnation against what he called "*the dangerous practice of Israeli strikes on Syrian territory.*" This unusual harsh Russian response has raised concerns in Jerusalem, as senior defense officials worry Israel's hands may be tied in the future when operating in Syria. Security experts have pointed to increased Russian-Iranian

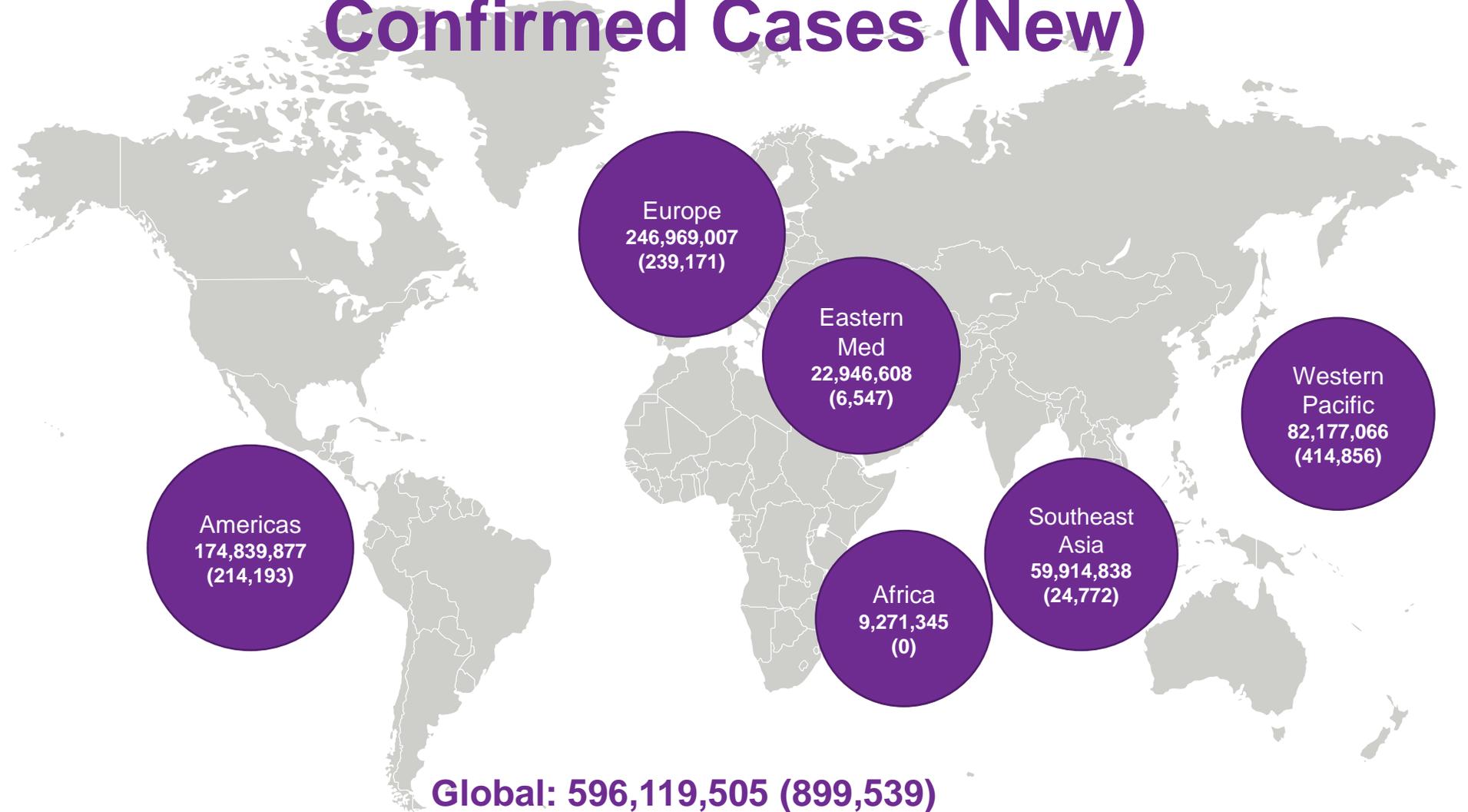
cooperation in Syria and beyond, which is contributing to greater Russian sensitivity toward Israeli actions against Iran in Syria.

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Coronavirus Condition Updates

As of 5:51 pm CEST on August 25, 2022

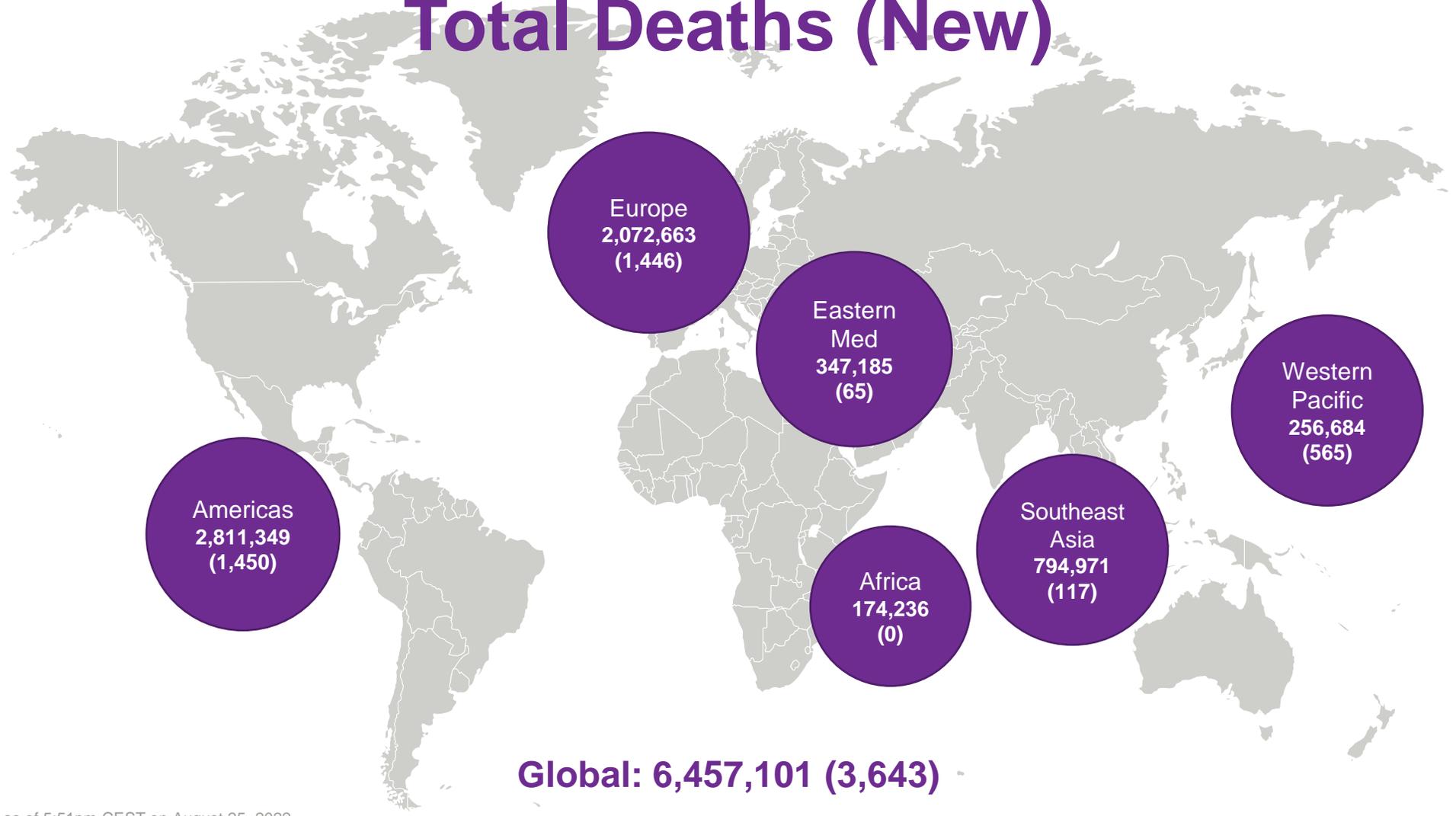
Confirmed Cases (New)



Reflects data as of 5:51pm CEST on August 25, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Global: 6,457,101 (3,643)

Reflects data as of 5:51pm CEST on August 25, 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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