

Dentons Flashpoint

Daily Global Situation Report

January 11, 2022

Global Situation Update: January 11, 2022

KEY TAKEAWAYS

Russia and the US agreed to extend talks after failing to narrow their differences on Ukraine and wider European security

Inflation in the nearly 40 OECD countries rose to a 25-year high in November.

The past seven years have been the warmest on record and 2021 was the fifth-hottest ever.

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

US and Russian diplomats are holding bilateral talks in Geneva this week to address a range of security concerns, as Moscow has amassed over 100,000 troops on its border with Ukraine.

Washington's lead negotiator, Deputy Secretary of State Wendy Sherman, stated that many of Moscow's security proposals are "simply non-starters," including demands that Ukraine not be admitted into NATO. However, both sides sounded optimistic about the potential for progress on other issues, such as reviving certain arms control agreements. President Putin has said that the Kremlin is prepared to resort to military means to achieve its aims, which include reestablishing a Cold War-era "sphere of influence" in eastern Europe.



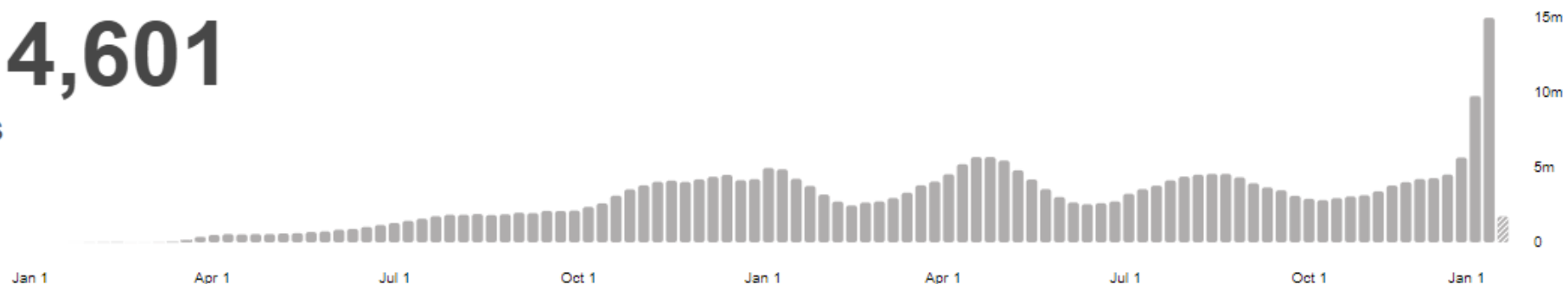
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Global

Global Situation

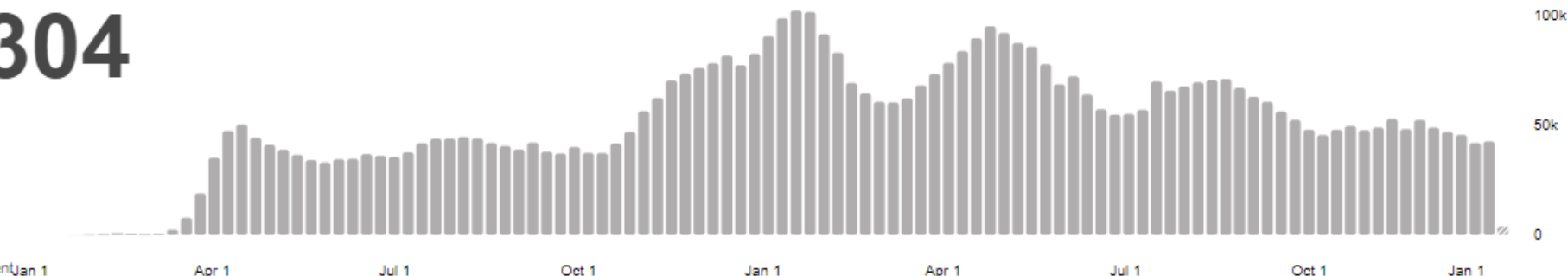
305,914,601

confirmed cases



5,486,304

deaths



Source: World Health Organization

▨ Data may be incomplete for the current day or week.

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Global

Globally, confirmed coronavirus cases topped 305.9 million with 5.4 million deaths; almost 9.1 billion vaccine doses have been administered.

- Russia and the US agreed to extend talks after failing to narrow their differences on Ukraine and wider **European security**, as Moscow repeated demands that Washington says it cannot accept.
- **Inflation** in the nearly 40 OECD countries rose to a 25-year high in November, fueling concerns for household finances and adding pressure on central banks to raise interest rates.
- Pfizer plans to launch a newly developed **COVID-19 vaccine** that offers better protection against the **Omicron variant** by March.
- Singapore has released new figures suggesting shots produced by Moderna and Pfizer-BioNTech are much **more effective at preventing deaths** than the Chinese-developed Sinopharm and Sinovac doses.
- Pope Francis on Monday called for widespread vaccination in all countries and suggested the **global coronavirus response** was being complicated by *“baseless information or poorly documented facts.”*

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Markets & Business

Companies raised more than \$100 billion on the bond market in the first week of this year as seek to lock in low borrowing costs before benchmark interest rates start to climb.

- EU competition officials are preparing to block a \$2 billion merger between two of the world's biggest shipbuilders in South Korea, **Daewoo Shipbuilding & Marine Engineering** and **Hyundai Heavy Industries**, the first time since 2019 that Brussels has decided to veto a corporate merger. The EU believes the merger would drive up prices for LNG.
- A second **Starbucks** store in Buffalo, New York, has unionized, strengthening a wave of labor organizing throughout the coffee chain.
- **Meta Platforms Inc.** (Facebook) will require COVID-19 booster shots for employees to work from its US campuses and that it would delay fully opening those offices until late March.
- **Apollo Global Management Inc.** is investing in **CAIS**, a platform that gives independent financial advisers access to alternative investment products, the latest in a string of moves by the private-equity giant aimed at reaching wealthy individuals.

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Environment, Sustainability & Governance

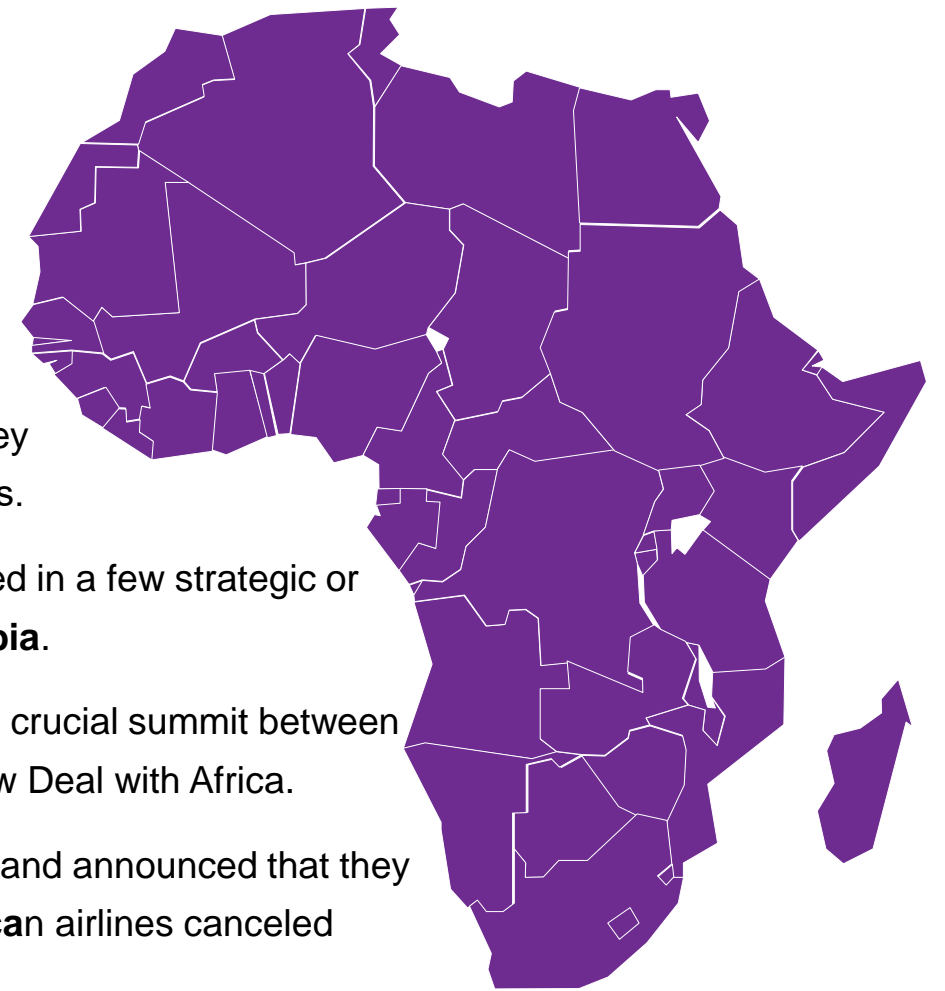
Blackstone announced a \$3 billion investment into private renewable energy company Invenergy Renewables Holdings, marking one of the largest-ever private renewables investments in North America.

- The past seven years have been the warmest on record and 2021 was the fifth-hottest ever, according to new findings from the European Union's Copernicus **Climate Change** Service.
- Thermo King, the transport and refrigeration unit of Trane Technologies, announced that it will transition its truck and trailer products to come standard with lower **global warming potential refrigerant**.
- Investment company Wahed announced the launch of the Wahed Dow Jones Islamic World ETF, the first **Shariah-compliant ESG fund** to be traded on the Nasdaq.
- The US plans to block **oil and gas leasing** on about 11 million acres on Alaska's North Slope, or roughly half of a 23-million-acre reserve set aside for energy development decades ago, reversing a Trump Administration effort to expand oil production in the National Petroleum Reserve in Alaska.

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Africa

- US officials reported optimism for a ceasefire in **Ethiopia** following a call with Prime Minister Ahmed and called for an end to further incursions into Tigray but said it would not choose a side in negotiations. Aid agencies announced that they would suspend activities in Ethiopia's Tigray following an airstrike against camps.
- **Chinese** banks now make up about one-fifth of all lending to Africa, concentrated in a few strategic or resource-rich countries including **Angola, Djibouti, Ethiopia, Kenya and Zambia**.
- **France** wants to renew the partnership between **Europe and Africa** ahead of a crucial summit between the two in February, calling for the bloc to rebuild an economic and financial New Deal with Africa.
- **Malian** military junta leaders condemned ECOWAS sanctions against the junta and announced that they would recall their ambassadors from ECOWAS nations. **French and west African** airlines canceled flights to Mali.
- **Uganda** reopened schools for the first time since the onset of the pandemic in March 2020; a third of former students are expected to not return.
- **Kenya** is experiencing a nationwide power outage after a high voltage transmission line connecting the capital broke.



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How do You Manage Risks?

The coronavirus pandemic has not just added a new layer of risk for business leaders to navigate, but has accelerated drivers of change, including disruptive technologies, political and economic realignments and cultural priorities on equality, justice and conservation, while increasing vulnerabilities that bad actors seek to exploit.

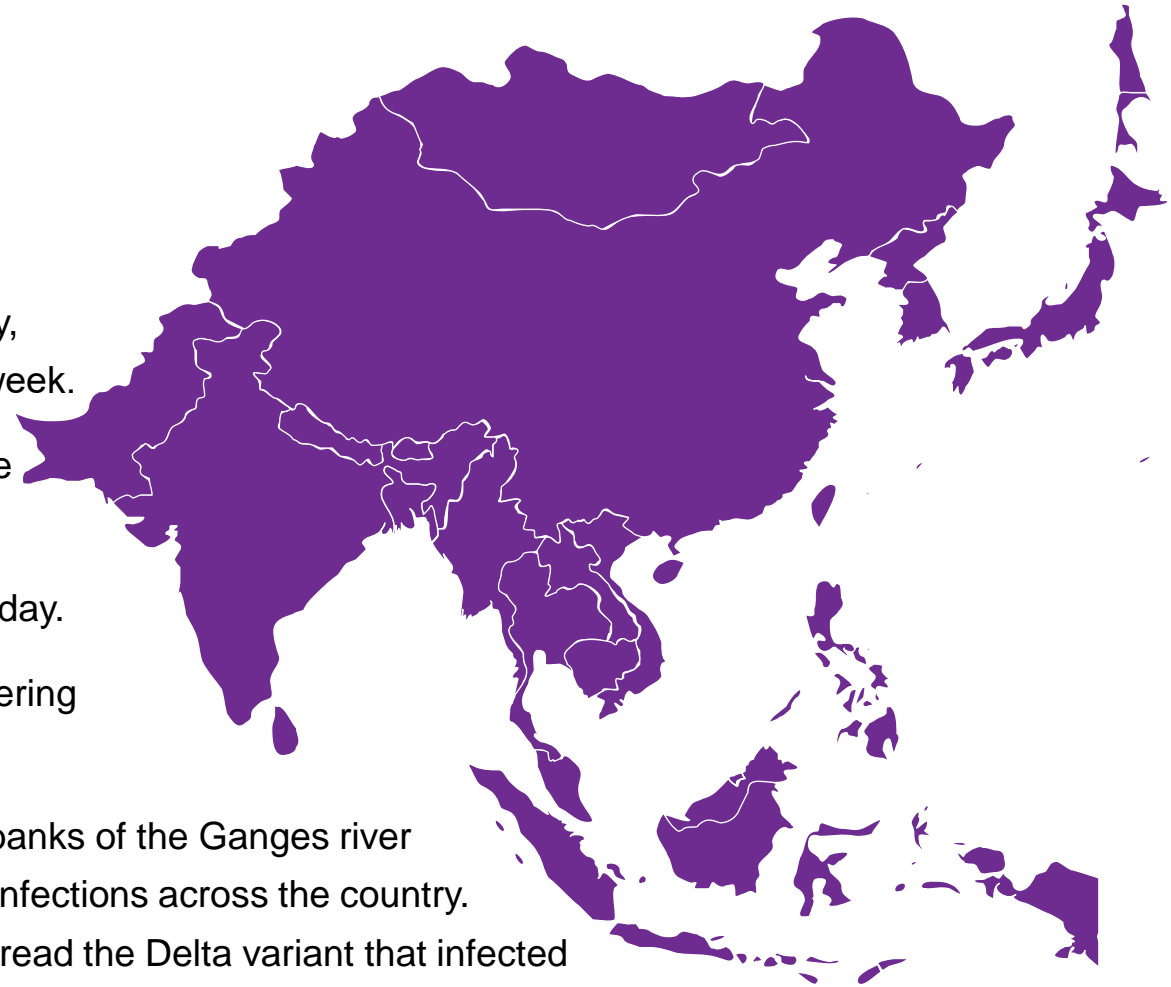
Dentons Intelligence and Security Services Group offers bespoke services to provide business leaders with the intelligence they need to understand and thrive in complex operating environments.

- ❖ due diligence and compliance investigations
- ❖ physical and cyber security assessments
- ❖ country and political risk assessments
- ❖ enterprise risk management and organizational resiliency advice
- ❖ crisis and incident response (physical security breaches and cyber incidents, insider threats and reputational impacts)

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

Asia

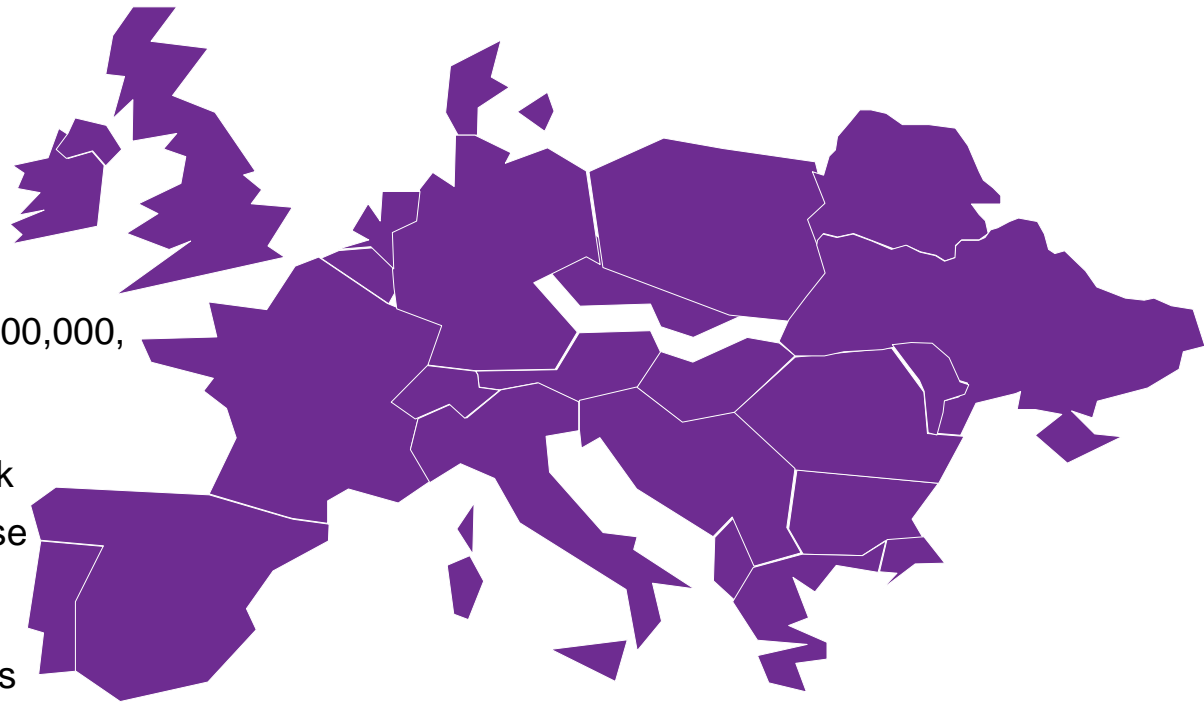
- **North Korea** launched a ballistic missile off its east coast on Tuesday, marking the Kim Jong Un regime's second weapons test in under a week.
- **Japan** extended its tight entry restrictions to prevent the spread of the Omicron variant of the coronavirus until the end of February.
- **Australia's** COVID-19 infections hovered near record levels on Tuesday.
- **Hong Kong** will shut kindergartens and primary schools and start offering COVID-19 vaccines for children from the age of five.
- Nearly one million Hindu worshippers are expected to gather on the banks of the Ganges river this Friday and Saturday for a holy bathe despite surging COVID-19 infections across the country. A similar big religious festival in the north of **India** last year helped spread the Delta variant that infected millions of people and killed tens of thousands.
- **China** has locked down another city for about 5.5 million residents, Anyang, in central China's Henan province, as it seeks to stamp out the spread of the highly infectious Omicron variant. China has ordered the cancellation of more than two dozen scheduled flights from the **US** in recent weeks after numerous passengers tested positive for COVID-19.



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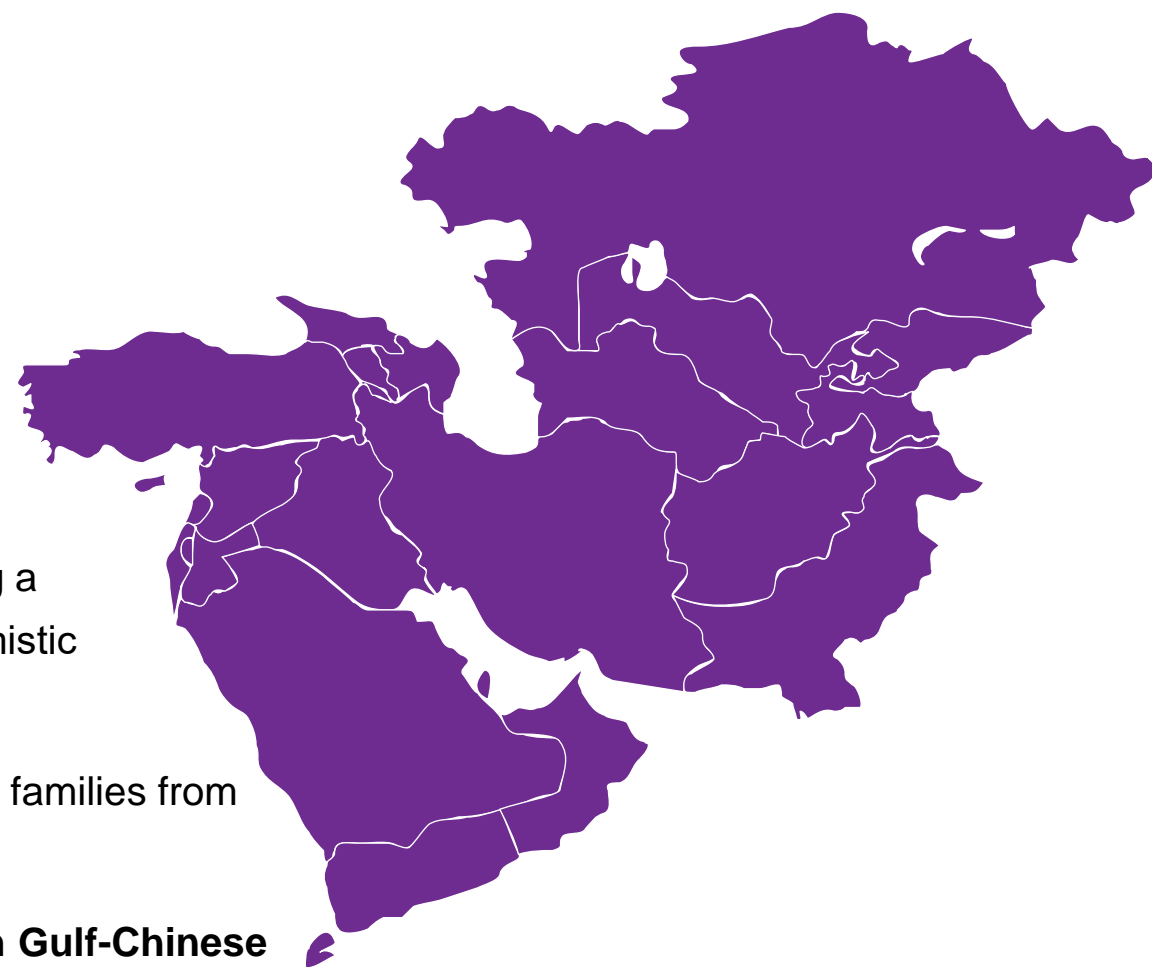
Europe

- **Poland's** total number of coronavirus-related deaths surpassed 100,000, with only 55 percent of the population fully vaccinated.
- The **Czech Republic** will allow doctors and teachers to go to work after a positive COVID-19 test, the latest European country to ease restrictions to keep services running as cases surge.
- The **UK** is considering cutting the isolation period from seven days to five days.
- More than half of the population in the **Europe** could be infected by Omicron within the next two months, WHO warned. The **Spanish** government is considering changing how it tracks the pandemic's evolution to instead use a method similar to how it follows the flu, without recording every case and without testing all people presenting symptoms, given its widespread nature.
- **Kazakhstan's** president Tokayev said the **Russia**-led military mission in Kazakhstan is complete and the contingent should leave the country within 10 days. Russia deployed 2,030 troops and 250 units of military equipment last week at the request of Kazakhstan.



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Middle East



- **Yemeni** pro-government forces reported that they had retaken control of the oil-rich Shabwa province from the Houthis following several weeks of gains by Houthis near the crucial city of Marib.
- **Iranian** representatives said that Vienna nuclear talks are nearing a “good agreement” contingent on the other parties, an outlier optimistic sentiment on ongoing discussion.
- **Iraqi** authorities reported that they had repatriated 111 ISIL-linked families from a camp in Syria.
- Gulf Cooperation Council leaders are in Beijing for discussions on **Gulf-Chinese** relations and economic cooperation.
- New coronavirus infection rates surpassed previous peaks in **Kuwait and Qatar**, where the positivity rate neared 10 percent.
- **Tunisian** Islamist party Ennahda, ousted by controversial President Saied, called on its supporters to take part in January 14 anti-Saied protests.

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Americas

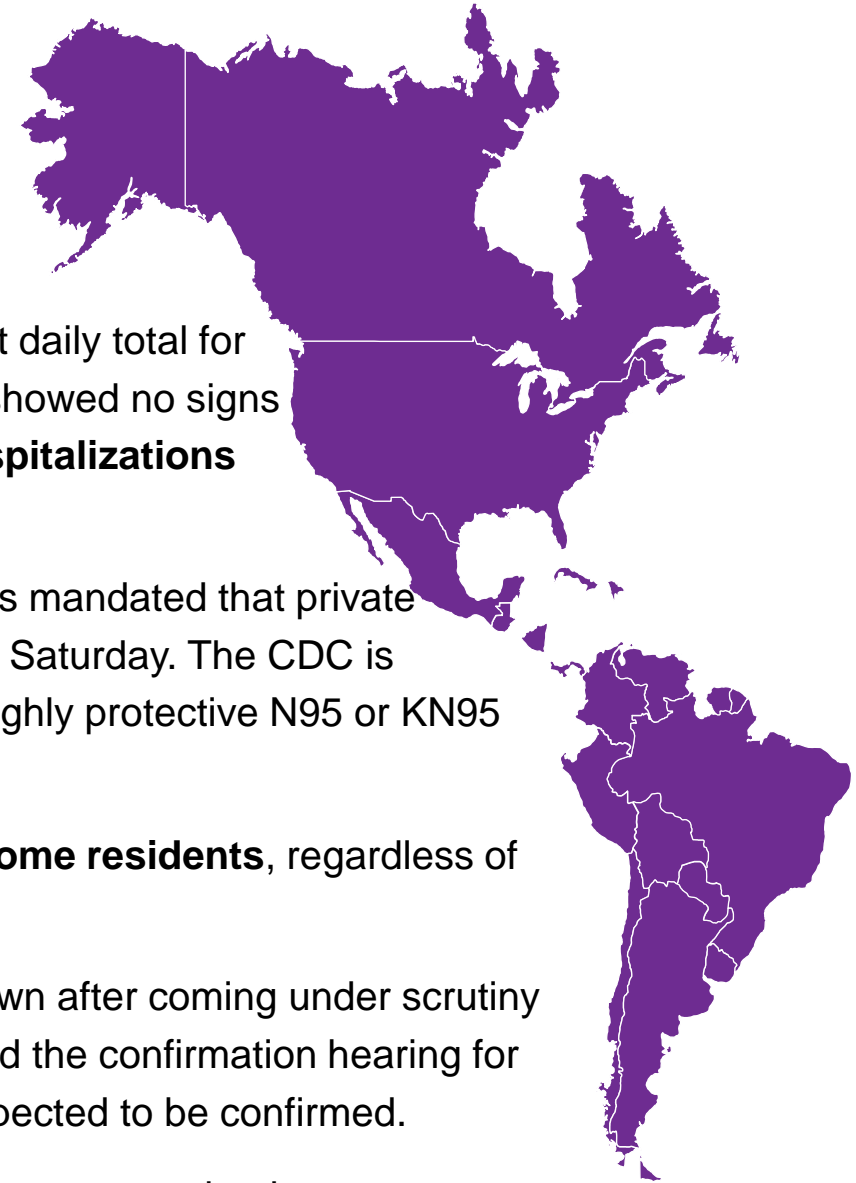
- The **US** and **EU** imposed sanctions on **Nicaraguan** officials, including the defense minister, in a coordinate action on the day of Ortega's disputed inauguration. **Mexico** opted to send a representative to the ceremony, reversing an earlier decision.
- **Taiwan and Canada** agreed to begin talks on an investment protection agreement.
- **Canada's** Ontario province will reopen schools for in-person learning on January 17.
- **Mexico's** President Andrés Manuel López Obrador has contracted COVID-19 a second time, making him one of the first major world leaders to contract the virus twice.



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Americas: US

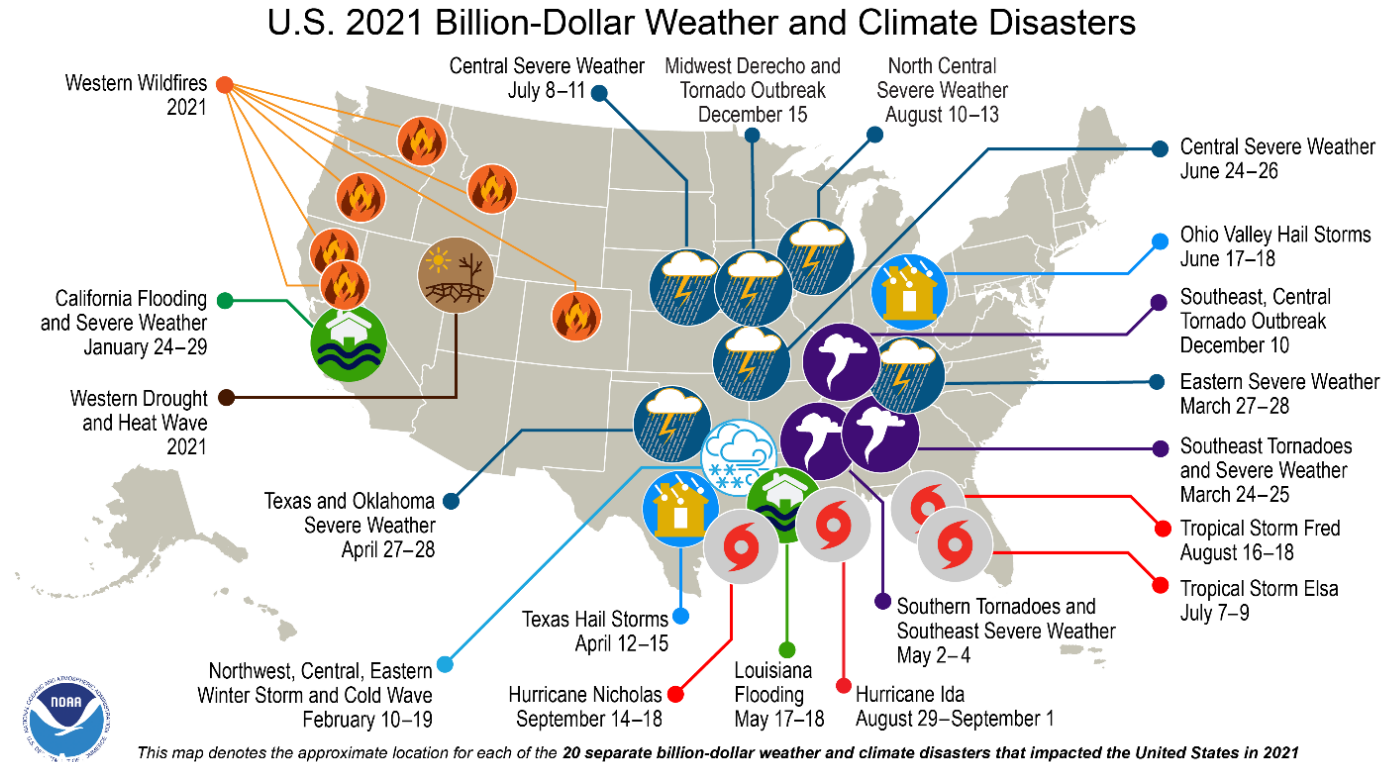
- The US reported 1.35 million **new coronavirus infections** yesterday, the highest daily total for any country in the world as the spread of the highly contagious Omicron variant showed no signs of slowing. The seven-day average for new cases has tripled in two weeks. **Hospitalizations** are at an all time high.
- The CDC added Canada to the advisory list against **travel**. The White House has mandated that private insurers will have to cover the cost of **over-the-counter COVID-19 tests** starting Saturday. The CDC is considering updating its **mask guidance** to recommend that people opt for the highly protective N95 or KN95 masks.
- California is proposing to provide access to its **Medicaid program to all low-income residents**, regardless of immigration status, under a proposal unveiled Monday by Gov. Gavin Newsom.
- Richard Clarida, the embattled vice-chair of the **Federal Reserve**, is stepping down after coming under scrutiny for trades he made at the onset of the coronavirus pandemic. The Senate will hold the confirmation hearing for a second term for Federal Reserve Chairman Jerome Powell today; Powell is expected to be confirmed.
- President Biden is expected to support changing **filibuster rules** that require 60 senators to back most legislation, arguing democracy is in peril unless new voting-rights legislation passes.



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Americas: US

The National Oceanic and Atmospheric Administration reported that at least 20 individual billion-dollar disasters occurred in the US in 2021, the second-most on record, racking up a price tag of more than \$145 billion for recovery.



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Politically Motivated Cyber-Attacks in 2022 Threaten to Entangle Business, People

By Scott Muir

At the outset of 2022, politically motivated disruptive cyber-attacks by nation-states and hackers pose a high threat to businesses and citizens, in addition to political targets.

There are already several incidents of cyber warfare between countries and political activists online with easy access to sophisticated tools to prove points against adversaries. With no international agreements or frameworks in place to curb them, malicious actors of all sorts are continuing to test the limits of their troublesome actions in the cyber sphere with dangerous potential consequences for targets and the unintended. Thus, in the new year, it is imperative that business leaders understand how geopolitical and economic developments are shaping cyber threats and affecting the exposure of their organization to them.

Private sector stakeholders were once again caught in the crossfire of the ongoing cyber war between Iran and Israel last week. On the second anniversary of the assassination of Iran's General Soleimani,

the websites and Twitter accounts of Israeli newspapers Jerusalem Post and Maariv Online were temporarily taken over by either Tehran-backed cyber forces or pro-Iranian hackers. The outlets suffered website downtime, confused and frustrated news readers, and unknown costs to remediate the breach. This latest hack comes just a couple months after 4,000 gas stations across Iran were shut down due to a cyber-attack and after Israeli medical institutions were penetrated by actors from Iran. Attacks will almost certainly continue in the months ahead and could have catastrophic consequences for business and people in Israel and Iran, and the wider Middle East, if critical national infrastructure is hit.

The Anonymous hacker collective kicked off 2022 by taking down the websites of a Nicaraguan government agency and the country's central bank over perceived restrictions on political freedoms and social security reforms. Low-level distributed denial of service (DDoS) and defacement attacks against public-facing web assets will not cause significant disruption to Nicaragua's government but could turn more dangerous going forward if Anonymous begins doxing attacks against government officials and loyalists as part of the new

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Politically Motivated Cyber-Attacks in 2022 Threaten to Entangle Business, People

phase of its campaign. Importantly, companies and individuals with ties to the regime in Managua also face a heightened threat from online hacktivist groups, particularly over environmental and human rights concerns around particular legislation and projects. It can be expected that hacktivist campaigns will support anti-government movements and street protests in other Latin American nations in the new year as well as in turbulent places like Kazakhstan in the coming weeks.

Organizations based in the US and Europe should be aware that the current Russia-Ukraine crisis presents them with cyber threats if negotiations fail. Massive economic sanctions that Western governments are likely to impose on Russia in the case of any further invasion of Ukraine could lead to devastating retaliation in cyberspace by Moscow against private and public sectors. The Biden administration is preparing for this scenario and the Treasury Department and US intelligence agencies reportedly are providing warnings on Russian cyber capabilities to key US financial institutions and clients in recent classified briefings. Of course, in the case of any further invasion by Moscow, Russia itself would be wide

open to cyberattacks from state actors and hacktivists which could cause the situation to spiral out of control.

To be sure, cyber warfare is already taking place between Kyiv and Moscow as tensions run high. Russian disruptive cyber operations against Ukraine are likely to continue over the coming weeks and ahead of any conventional invasion, cyber-attacks would cut power in Ukraine as in 2015 and 2016. There is the risk that a hack against critical infrastructure, such as life-sustaining utilities, could necessitate a strong response in the physical world if it were to seriously harm citizens or business. Kyiv, meanwhile, is releasing information to the world about specific threat actors operating from its larger neighbor and reportedly hosting cyber warfare advisors from the US and UK.

Today, the economic and political changes affecting international business are more complex than ever and the exposure and vulnerabilities of organizations will adjust as a result. Conflicts, coups and the coronavirus pandemic will continue to shape the business landscape in 2022 and nowadays it is necessary for decision-makers

Politically Motivated Cyber-Attacks in 2022 Threaten to Entangle Business, People

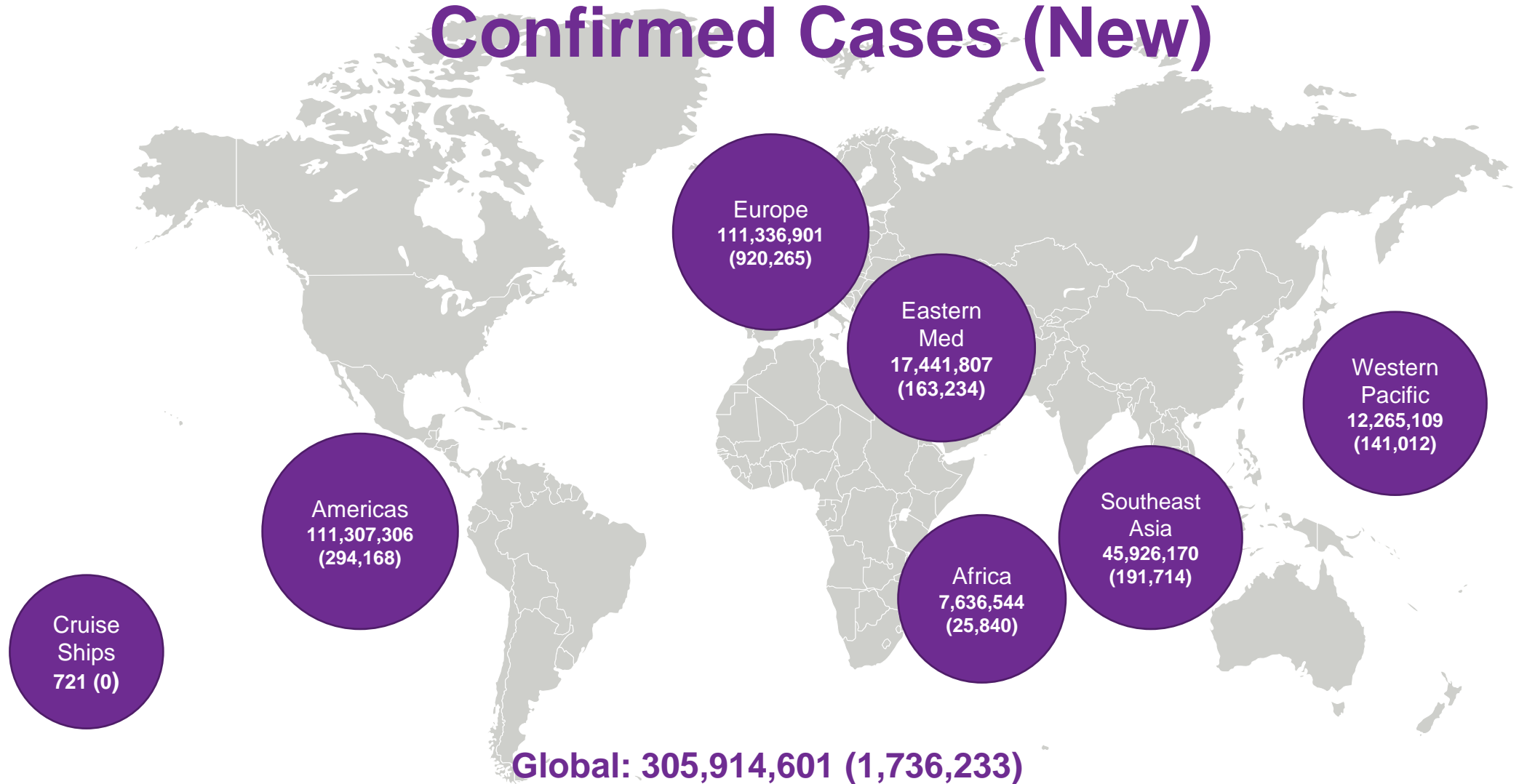
to consider how the cyber threats that accompany each will affect their organization. Dentons offers business leaders a full complement of counseling and advice, regulatory and litigation services, analysis and intelligence products for cyber risk management to help them thrive in complex operating environments. Importantly, all interaction with Dentons is attorney-client privileged. To learn more about the bespoke intelligence and risk services from Dentons please contact us today.

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Coronavirus Condition Updates

As of 5:31 pm CEST on January 10, 2022

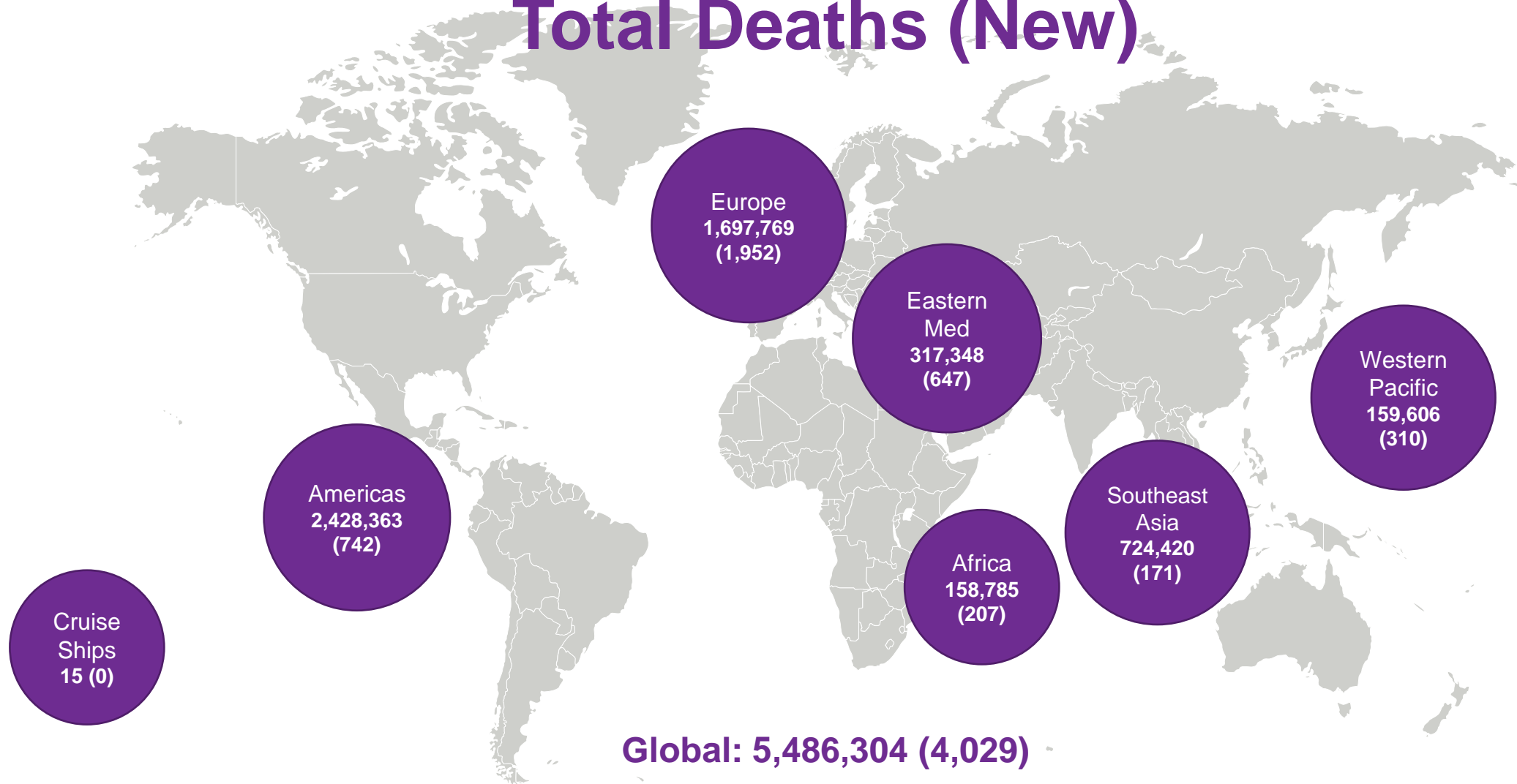
Confirmed Cases (New)



Reflects data as of 5:31 pm CEST on January 10, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 5:31 pm CEST on January 10, 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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