

# Dentons Flashpoint

## Daily Global Situation Report

January 26, 2022

# Global Situation Update: January 26, 2022

## KEY TAKEAWAYS

The US and EU are close to an agreement on Russian financial sanctions over Ukraine.

Global passenger flight traffic demand for 2021 was down by 58.4 percent compared to 2019.

Pfizer/BioNTech begin clinical trials in the US to test a new version of their vaccine targeting the COVID-19 Omicron variant.

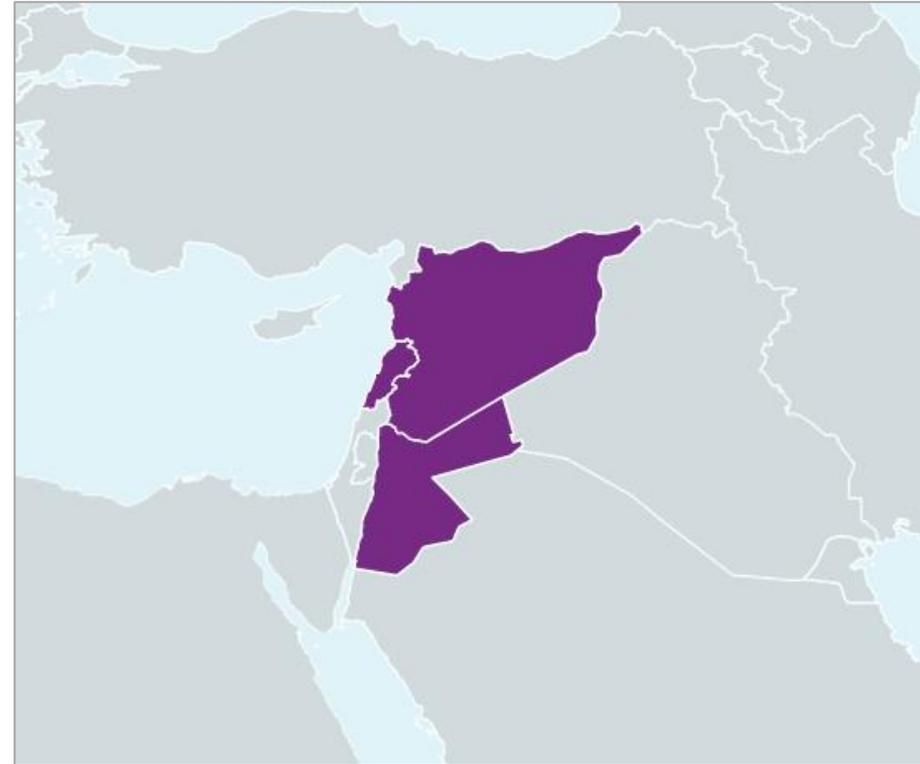
*Note: This report is based on sources and information deemed to be true and reliable, but Dentons makes no representations to same.*

# Global Situation Update: January 26, 2022

## WHAT WE'RE WATCHING

Lebanon will start importing electricity from Jordan via Syria to help ease Beirut's widespread power shortages. The arrangement is carefully structured to avoid violating US sanctions against financial dealings with the Assad regime and will enable Lebanon to provide citizens with cleaner and cheaper power as compared to private generators.

Questions remain about whether or not the deal may benefit the Syrian regime or Hizballah. Although the US is onboard with it, Washington will maintain sanctions on Hizballah over 2022 as it seeks to disrupt the group's financial networks. It will aim to reduce Hizballah's ability to securing funding by targeting individuals and organizations. Thus, foreign businesses must routinely conduct enhanced due diligence on prospective local partners in Lebanon to ensure they do not violate the broad range of US sanctions programs.



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# Global

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**Globally, confirmed coronavirus cases topped 352.7 million with 5.6 million deaths; more than 9.6 billion vaccine doses have been administered.**

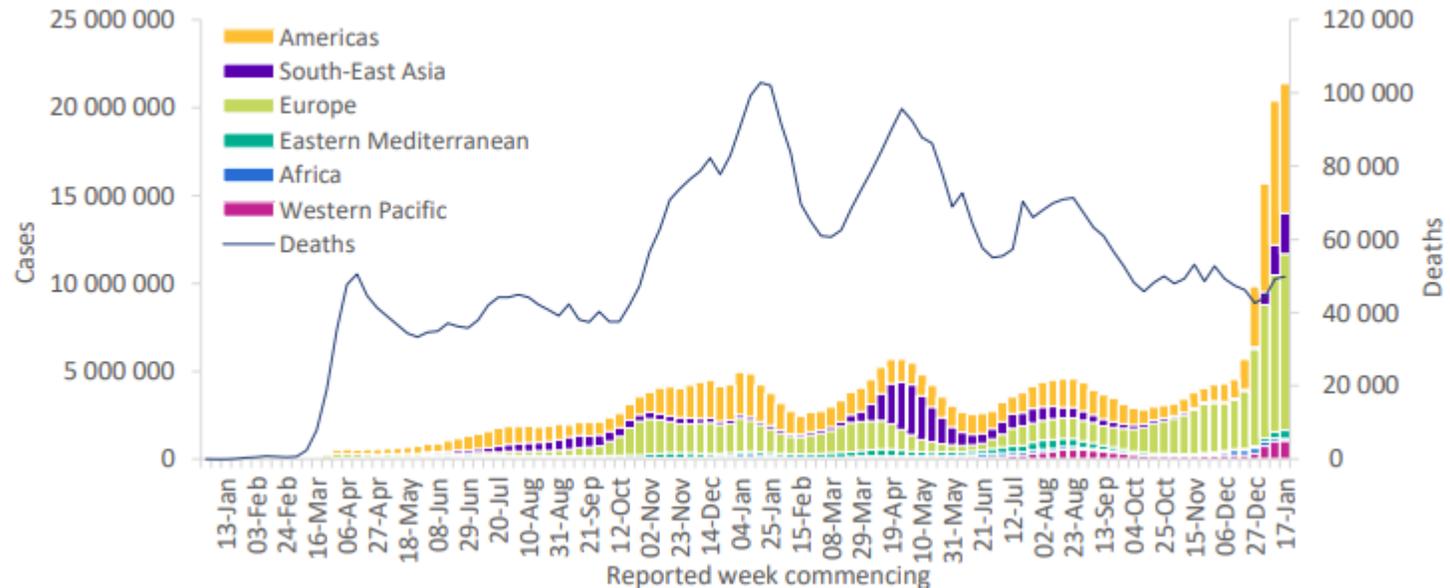
- The US and EU are close to an agreement on Russian financial sanctions over **Ukraine**, hopeful that the threat of devastating economic consequences could deter Russia's president from an invasion. US President Biden said he would consider personal sanctions on President Putin. The US and EU are also discussing export-control measures to deprive Russia of sensitive technologies and curbs on the country's energy sector.
- Pfizer and BioNTech have started a **clinical trial** in the US to test a new version of their vaccine specifically designed to target the COVID-19 Omicron variant. They are also testing a fourth dose of the current vaccine against a fourth dose of the Omicron-based vaccine. Two doses of a coronavirus vaccine cut the risk of developing long Covid by about 40 percent, the UK's Office for National Statistics has estimated.
- **Global passenger flight traffic** demand for 2021 was down by 58.4 percent compared to 2019, per the International Air Transport Association, an improvement compared to 2020, when demand was down 65.8 percent.

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# Global

Across the six WHO regions, over 21 million new cases were reported this week, representing the highest number of weekly cases recorded since the beginning of the pandemic. Nearly 50,000 new deaths were also reported.

Figure 1. COVID-19 cases reported weekly by WHO Region, and global deaths, as of 23 January 2022\*\*



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# Markets & Business

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**Amazon has reached an agreement with the National Labor Relations Board that could pave the way for its almost 1 million US employees to form a union.**

- The confrontation over Ukraine triggered a sell-off on Russian markets this week and the **rouble** was down again on Wednesday.
- Foreign investors are piling into **China** at the start of 2022, seeing it as a **haven from the inflation, growth and pandemic problems** plaguing most other markets.
- US antitrust regulators have sued to block a proposed acquisition by **Lockheed Martin**, the world's largest defense contractor, of missile propulsion supplier **Aerojet Rocketdyne** in their first litigation challenging a defense merger in decades.
- **Bank of America Corp** is bringing employees back to offices in parts of the US where new COVID-19 cases have started to decline. Bank of America has pushed employees to get fully vaccinated.
- **Intel** won its appeal against a 1.06-billion-euro (\$1.2 billion) EU antitrust fine against the US chipmaker twelve years ago for stifling a rival, in a major setback for EU antitrust regulators.
- The US Commerce Department, citing a global survey of **semiconductor chip** producers and users, assessed that a shortage will persist, sparked primarily by wafer production capacity constraints.

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# Environment, Sustainability & Governance

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**The 69 members of the Net-Zero Asset Owner Alliance, which manages \$10.4 trillion in assets, pledged to halve carbon emissions in their portfolios by 2030.**

- In a new report on the energy transition, McKinsey & Co. estimates that the extra amount necessary to create a **zero-emissions economy** is half of the profits created by companies globally.
- US Congressional Democrats filed an amicus brief in the Supreme Court supporting the EPA's right to regulate **greenhouse gas emissions** in an upcoming case.
- **Luxury clothing** group Moncler said that it will stop using fur in its products by 2024.
- More than 800 deaths may have been avoided thanks to better **air quality** during Europe's first coronavirus lockdown, per the European Union's Copernicus Climate Change Service.

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# Africa

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- About a thousand demonstrators gathered in **Burkina Faso's** capital to support the recent military coup and burn French flags. ECOWAS stated that the Burkinabe president resigned “under threat” from the military junta, countering their claims that it was voluntary.
- **Denmark** clarified that its troops are present in **Mali** by “*clear invitation*” as part of a French counterterrorism force following several demands by the military junta that they depart.
- **Malawian** President Chakwera dissolved the cabinet following claims of corruption against three sitting ministers.



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# Asia

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- The European Chamber of Commerce warned in a draft report that **Hong Kong** may only reopen in early 2024 because of its stringent COVID-19 policies, which could trigger an exodus of foreign firms and staff and jeopardize its role as a financial hub.
- Thousands rallied against the mistreatment of Indigenous people across **Australia** on Wednesday as citizenship ceremonies took place to mark the country's national day intended to celebrate the birth of modern Australia.
- **Cambodia's** leader urged **Myanmar's** military ruler to facilitate a visit by a special envoy of the Association of Southeast Asian Nations (ASEAN) and to help provide humanitarian aid to Myanmar people who needed it most.
- Human rights activists and some academics in **China** accuse Chinese authorities of restricting their WeChat messaging app accounts restricted in recent weeks, in a crackdown on dissent before the Winter Olympics.
- **Japanese** Air Self-Defense Force fighters scrambled to intercept foreign aircraft approaching Japanese airspace a record number of times between April and December last year, with the vast majority of the incidents involving **Chinese** warplanes testing Japan's air defenses around the islands of Okinawa. Interceptions of **Russian** aircraft accounted for the majority of the other cases, with 199 incidents.



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# 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

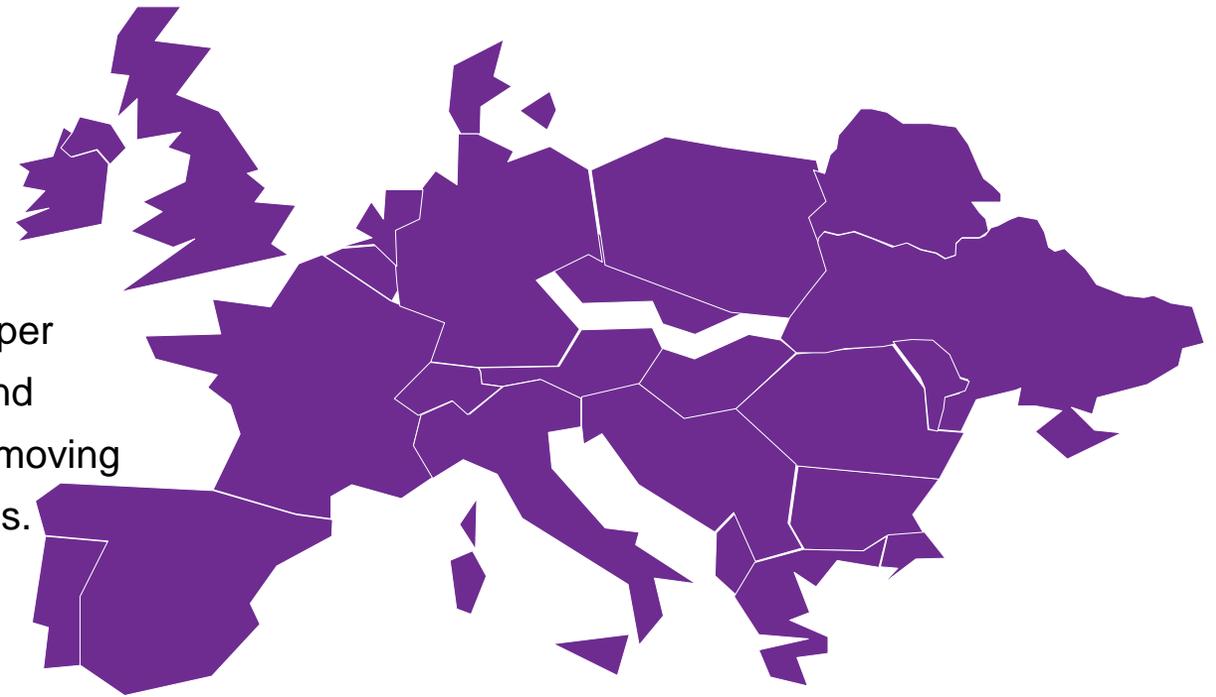
*All interaction with Dentons is attorney-client privileged*

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

# Europe

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- **Russian** defense ministry announced it deployed a paratrooper unit to **Belarus** today, a day after moving in artillery forces and marines ahead of joint exercises next month. Russia is also moving Su-35 fighter jets to Belarus for the "Allied Resolve" exercises.
- **Poland** started the construction of a fence along its border with **Belarus** to block the entry of illegal migrants. The fence will be five and a half meters high, measure 186 kilometers and cost €350 million.
- The **EU** condemned a move by **Russian** authorities to add imprisoned opposition leader Alexei Navalny and some of his top allies to the registry of terrorists and extremists.
- The **EU** will ease restrictions for travel within the bloc by EU citizens, ending quarantine and additional testing for travelers in possession of a valid EU digital COVID certificate from February 1. **Germany, Poland, Hungary, the Czech Republic, Bulgaria, Romania and Russia** all reported record highs in daily new COVID-19 infections. **Denmark** aims to drop all remaining domestic COVID-19 restrictions next week, following similar announcements in the **UK, Ireland and the Netherlands** in the past week.



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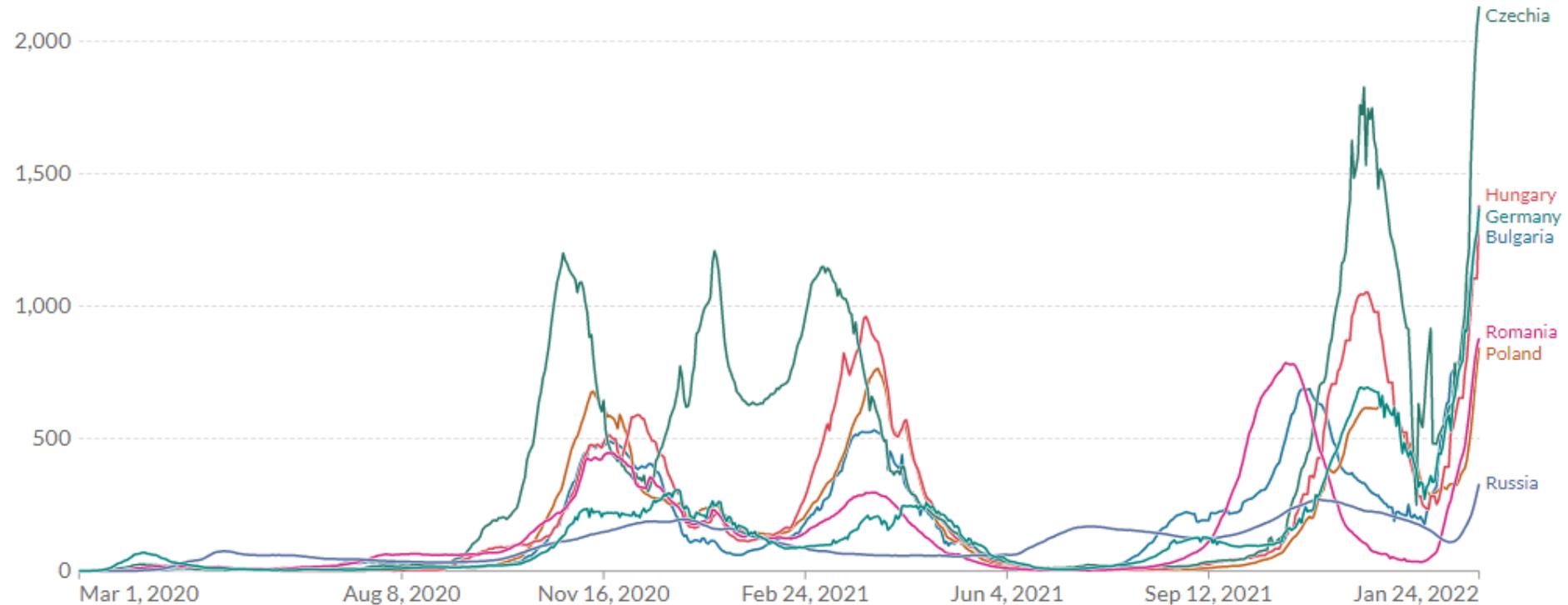
# Europe

## Daily new confirmed COVID-19 cases per million people

7-day rolling average. Due to limited testing, the number of confirmed cases is lower than the true number of infections.

Our World  
in Data

LINEAR LOG

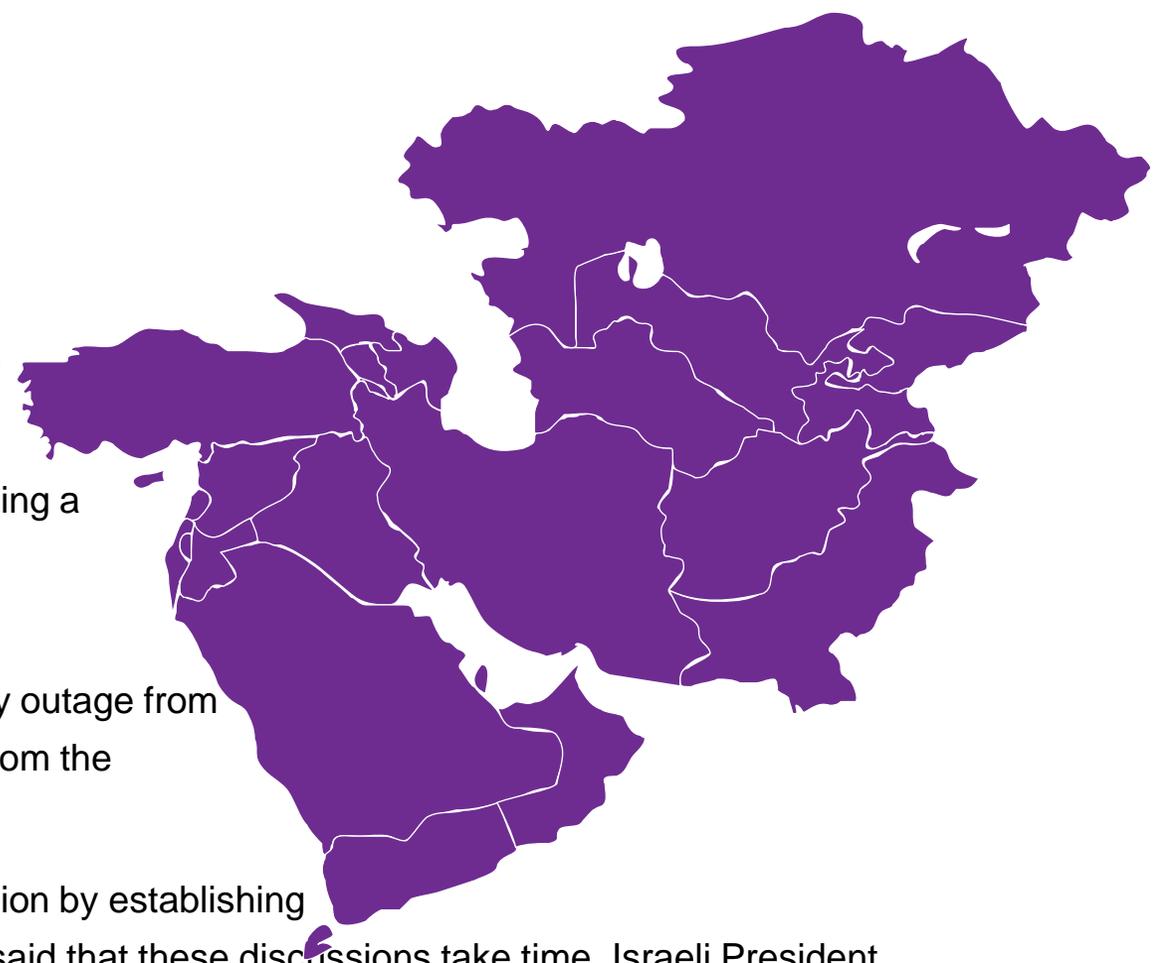


Source: Johns Hopkins University CSSE COVID-19 Data

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# Middle East



- **Iraqi** security forces reported that two were killed during rocket attacks on the prime minister's residence.
- **Saudi Arabia and Iraq** signed a memorandum of understanding outlining a plan to link Iraq's electric grid to Saudi Arabia's; linking the grids is a longstanding effort to reduce Iraq's reliance on **Iran** for energy.
- **Yemen** announced the return of its internet service following a four-day outage from a **Saudi-led** coalition airstrike. Officials announced that the death toll from the airstrike is now at 91.
- **Israel** said that the country hopes to build upon Arab-Israeli normalization by establishing ties with Muslim countries including **Saudi Arabia** and **Indonesia** but said that these discussions take time. Israeli President Herzog announced that he will make the first ever Israeli presidential visit to the **UAE** at the end of the month.
- An **Iranian** court sentenced Benjamin Brière, a **Frenchman**, to eight years in prison on spying charges on Tuesday. His Paris-based lawyer has denounced the trial as a "masquerade." The Frenchman was on an overland trip across Asia when he was arrested in May 2020 near the **Turkmenistan-Iran** border.

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# Americas

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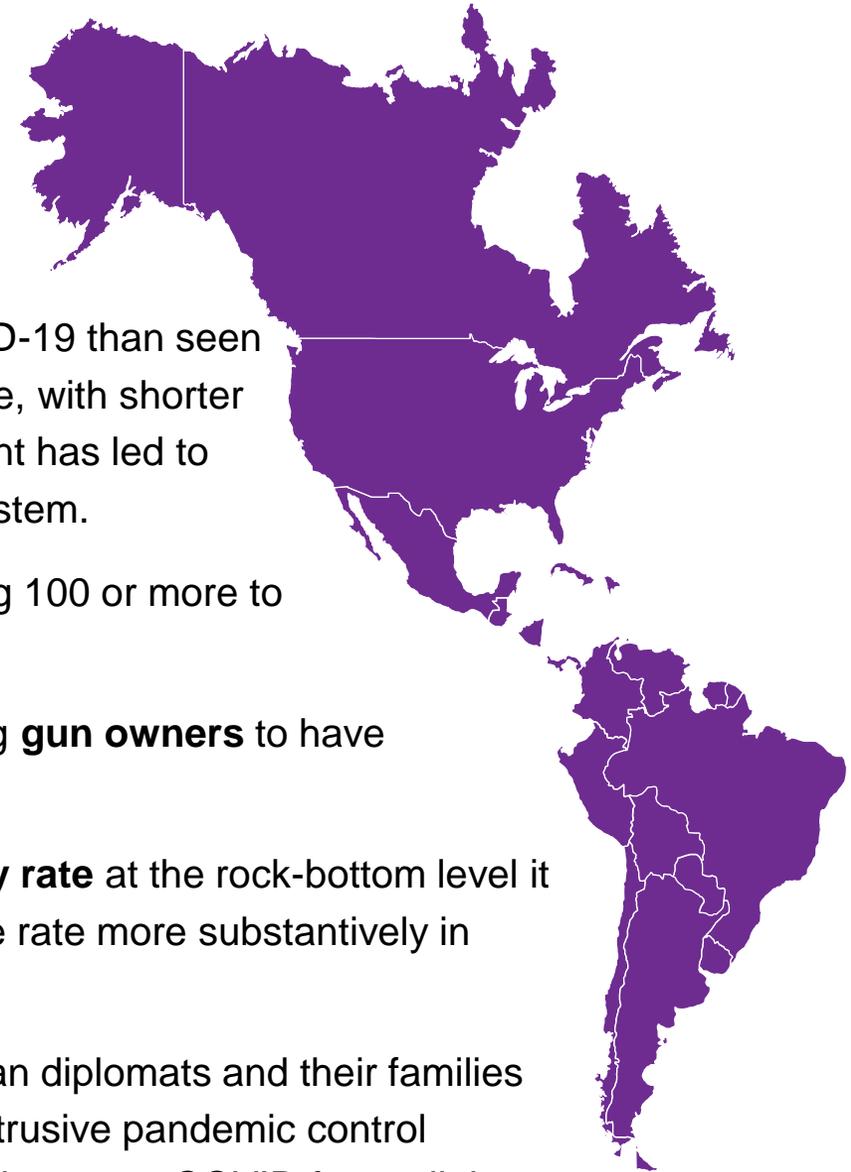
- **Canadian** farmers say they are days away from running out of feed for cattle due to supply chain disruptions and severe weather.
- **Mexican** journalists planned nationwide protests against violence against journalists following the recent murders of three high-profile journalists.
- **Ecuadorian** President Lasso announced a plan to remove the country's oil revenues from calculations of debt with **China**, part of an ongoing process to renegotiate about \$4 billion in debt.
- **Brazilian** President Bolsonaro clarified that a proposed constitutional amendment would allow the government to lower taxes on fuel, electricity and cooking gas; the effort is part of his bid to lower daily costs for Brazilians ahead of this year's election.



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# Americas: US

- Per a new US study, the **Omicron variant** appears to result in less severe COVID-19 than seen during previous periods of high coronavirus transmission including the Delta wave, with shorter hospital stays, less need for intensive care and fewer deaths. However, the variant has led to record numbers of infections and hospitalizations, straining the US healthcare system.
- The Biden Administration has withdrawn its requirement for companies employing 100 or more to ensure workers are either **vaccinated or taking regular COVID-19 tests**.
- San Jose in California has backed legislation to become the first US city requiring **gun owners** to have insurance coverage for their weapons.
- The **Federal Open Market Committee** is expected today to keep its **main policy rate** at the rock-bottom level it has been at for nearly two years, while signaling its readiness to begin raising the rate more substantively in March to cool down the US economy.
- The State Department is considering whether to authorize departures for American diplomats and their families in **China** who wish to leave due to Chinese authorities from subjecting them to intrusive pandemic control measures related to hosting the Olympics. The rules include possible forced admittance to COVID fever clinics and separation from children.



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# The Future of 5G

By Matthew Gardell

***As the fall-out over the uneven US 5G rollout continues to reverberate, many political and business leaders are beginning to think more deeply about the future of 5G. 5G adoption raises political, economic and even environmental and national security issues.***

Globally, the adoption of 5G technology continues to surge. The global market for 5G infrastructure is expected to grow from \$12.9 billion in 2021 to \$115.4 billion by 2026. Here in the US, the 5G rollout has been at the center of a contentious public debate between the telecom companies and the aviation industry/FAA. On January 18, major wireless carriers Verizon and AT& T proceeded with plans to switch on high speed 5G service nationwide, but delayed rollout near some airports and runways. Even with the delay, some major international airlines suspended flights to the US citing safety concerns. Most airlines have since resumed flights, but the possibility of sporadic 5G-related flight disruptions does remain.

## ***Competing Stakeholders***

The controversy demonstrates the tensions between policymakers, businesses and telecoms over 5G adoption. Each of these stakeholders bring their own interests and goals to the 5G debate.

For telecoms, they are eager to upgrade to the next generation of technology. This will give consumers significant upgrades on speed, reliability and service, while at the same time allowing the telecoms to monetize 5G. According to McKinsey, telecoms see an enormous market opportunity in bringing 5G to the B2B arena. For policymakers, the adoption of 5G raises a number of potentially thorny issues, such as 5G's impact on cybersecurity. The buildout of 5G networks could introduce new modes of cyberattacks. In an era of strategic competition with China, policymakers also want to ensure that Chinese telecom groups Huawei and ZTE are not included in 5G systems. There is also the issue of international competitiveness. Countries that deploy 5G technology stand to gain an edge economically. For the business community, there is eager anticipation to adopt and integrate 5G technology. Faster internet speeds, tech integration and lower latency will be a boon to operations. 5G technology will also allow businesses to prepare for

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# The Future of 5G

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the next wave of technologies, such as AI and new automation. These systems will require the technological capacity that 5G offers. However, not all industries are embracing 5G. The aviation industry has sought a 5G rollout delay due to concerns the technology could disrupt aircraft operations. The US military also has concerns that 5G could affect flight operations, but at the same time has sought to integrate 5G technology into weapons systems and missile defenses.

## *The Future of 5G*

5G is a gamechanger for many industries outside of telecommunications. For the business community, the opportunity of 5G technology lies in digital transformation. For example, 5G will revolutionize the automotive industry. Many cars are already connected to cellular networks for navigation, emergency services, etc., and in the future, 5G technology will enhance the capabilities of both connected and autonomous automobiles. 5G will make cars both “smarter” and safer through AI technology. Automotive use sectors such as agriculture, mining, construction, and transportation also stand to benefit, as well as the manufacturing industry. 5G will allow production operations to become more flexible and efficient. Industrial warehouses will be transformed into “smart factories” that

will leverage digitized systems and machinery. For the energy industry, the adoption of 5G technology will deepen innovation practices, as the faster connection speeds of 5G could lead to more efficient energy grids, smart meters and 5G-enabled drones that monitor, maintain and inspect energy infrastructure. Finally, in the healthcare sector, 5G technology also has the potential to be transformational. 5G will enable the widespread use of AI in healthcare, pandemic-accelerated trends such as telehealth will be expanded, and emerging medical innovations such as robotic surgery and remote patient monitoring will be further developed.

5G has the ability to transform so many areas of modern life, but in an era of environmental consciousness, its future impact on the climate will be watched carefully. 5G could have both positive and negative future impacts on the environment. On the one hand, 5G could increase energy efficiency and reduce greenhouse gas emissions. 5G technology could also be used to reduce food and water waste; for example, employing smart water sensors to detect water runoff and contamination. On the other hand, not much is known about 5G’s long-term effects on the environment. Radiation could have a disruptive impact on ecosystems and wildlife habitats. Another future impact of 5G technology is that it may serve to

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# The Future of 5G

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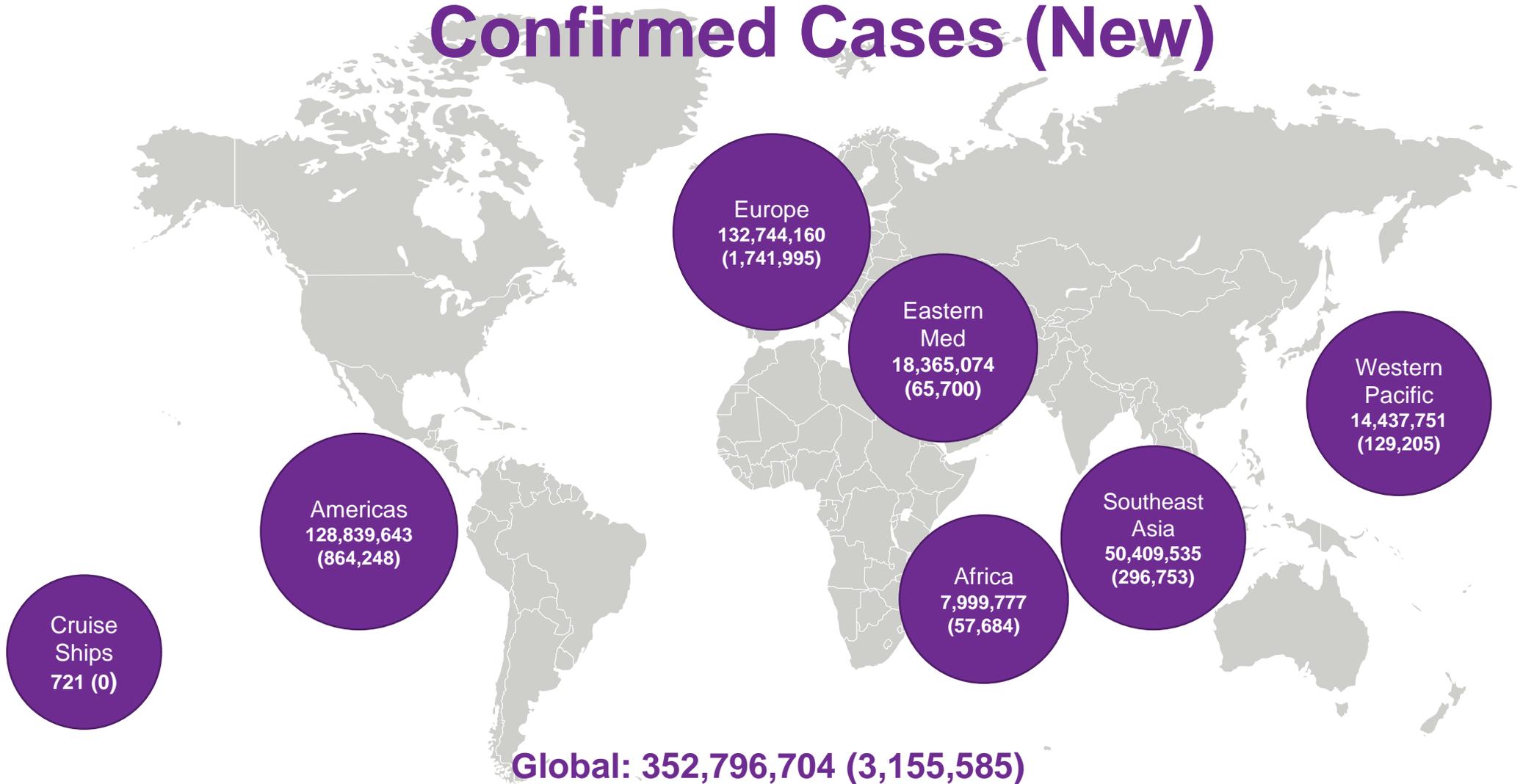
decentralize the digital economy. In the US, the future economy will be increasingly digital - by 2025, the US will have 25 million digital jobs. However, much of that digital economy is centralized in a few major cities. Increased broadband access and more digital jobs in rural/underserved areas could positively impact the lives of millions of people, meaning that a more geographically distributed tech sector could be in reach through 5G.

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# Coronavirus Condition Updates

As of 7:54 pm CEST on January 25, 2022

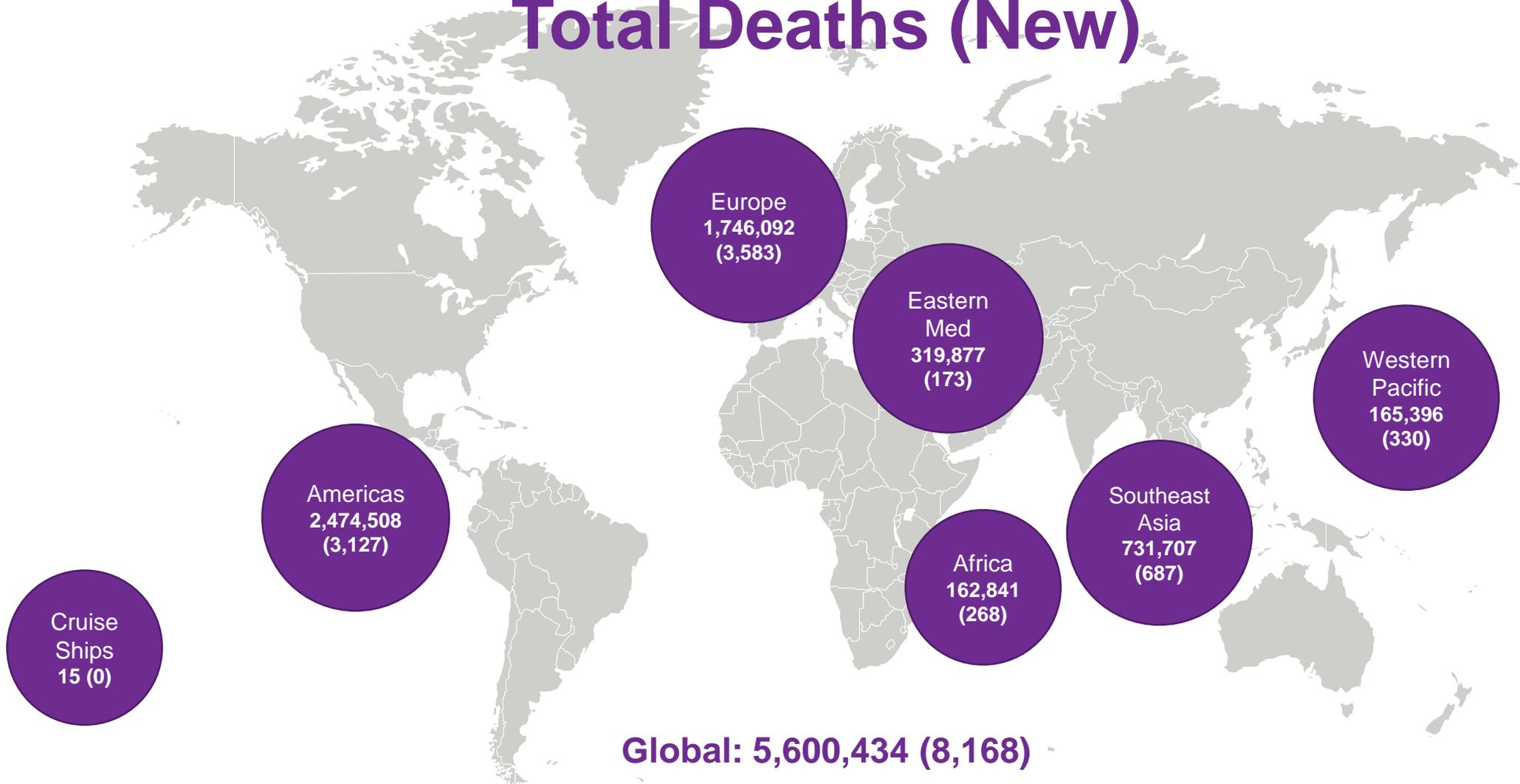
# Confirmed Cases (New)



Reflects data as of 7:54 pm CEST on January 25, 2022.  
Data Source: World Health Organization

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# Total Deaths (New)



Reflects data as of 7:54 pm CEST on January 25, 2022.  
Data Source: World Health Organization

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# Contacts

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*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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