

# Dentons Flashpoint

## Daily Global Situation Report

July 13, 2022

# Global Situation Update: July 13, 2022

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## KEY TAKEAWAYS

The worst oil-supply crisis in decades is showing tentative signs of easing.

Sri Lanka's President flees the country, state of emergency and a curfew declared.

WHO warns COVID-19 still presents public health threat.

*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, more anti-government protests will take place across Argentina as unionized farmers demonstrate against fuel and fertilizer shortages. The federal government's efforts to meet the concerns of protestors over the past month have not quelled discontent and strikes by truck drivers will heighten security dangers and disrupt transportation

Left and right-wing groups are both staging rallies opposing initiatives to reduce Argentina's fiscal deficit, protesting the deal with the IMF and pressuring the government in Buenos Aires to reverse or review it. Argentina's new economy minister said she would target cutting the country's high fiscal deficit to tackle spiraling inflation, but there are no short-term solutions to the crisis.



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# Global

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**Oil prices fell, the euro approached parity with the US dollar and government bonds rallied yesterday, as markets reacted to fears of a global recession.**

- The WHO said yesterday that **COVID-19** remains a global emergency, nearly two and a half years after it was first declared. Cases of COVID-19 reported to WHO increased by 30 percent in the last two weeks, largely driven by Omicron BA.4, BA.5 and other descendent lineages.
- Moderna and the BioNTech-Pfizer alliance are working on vaccines based on a combination of the original Wuhan virus and an **Omicron** subvariant. Referred to as **bivalent shots**, these are planned for release in the autumn vaccination campaign.

# Markets & Business

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**Britain's Trade Remedies Authority proposed dropping anti-dumping measures on Chinese reinforcement steel, saying more imports were needed to meet a fall in supply from other countries because of the war in Ukraine.**

- The **worst oil-supply crisis** in decades is showing tentative signs of easing as slowing economic growth weighs on demand for crude while sanctions on Russia are having less impact on oil production than expected, per the International Energy Agency.
- Exercise equipment maker **Peloton Interactive** will cease all in-house production of its bikes and treadmills and move manufacturing to partners in an effort to simplify its operations and reduce costs.
- Alphabet Inc.'s **Google** will slow hiring for the rest of the year, making the search giant the latest tech company to either pull back on new hires or trim staff.
- London's **Heathrow airport** has introduced a daily limit on the number of passengers for the first time and told airlines to stop selling tickets over the next two months in an attempt to avert more summer travel disruption.
- IOSCO, a global body for securities regulators, ruled that major **stablecoins** must comply with the same safeguards as traditional forms of payments, tightening controls over a battered crypto sector.

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# Environment, Sustainability & Governance

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**Activist investors waged a record 35 campaigns against European companies in the first half of the year, with more than a third targeting UK companies.**

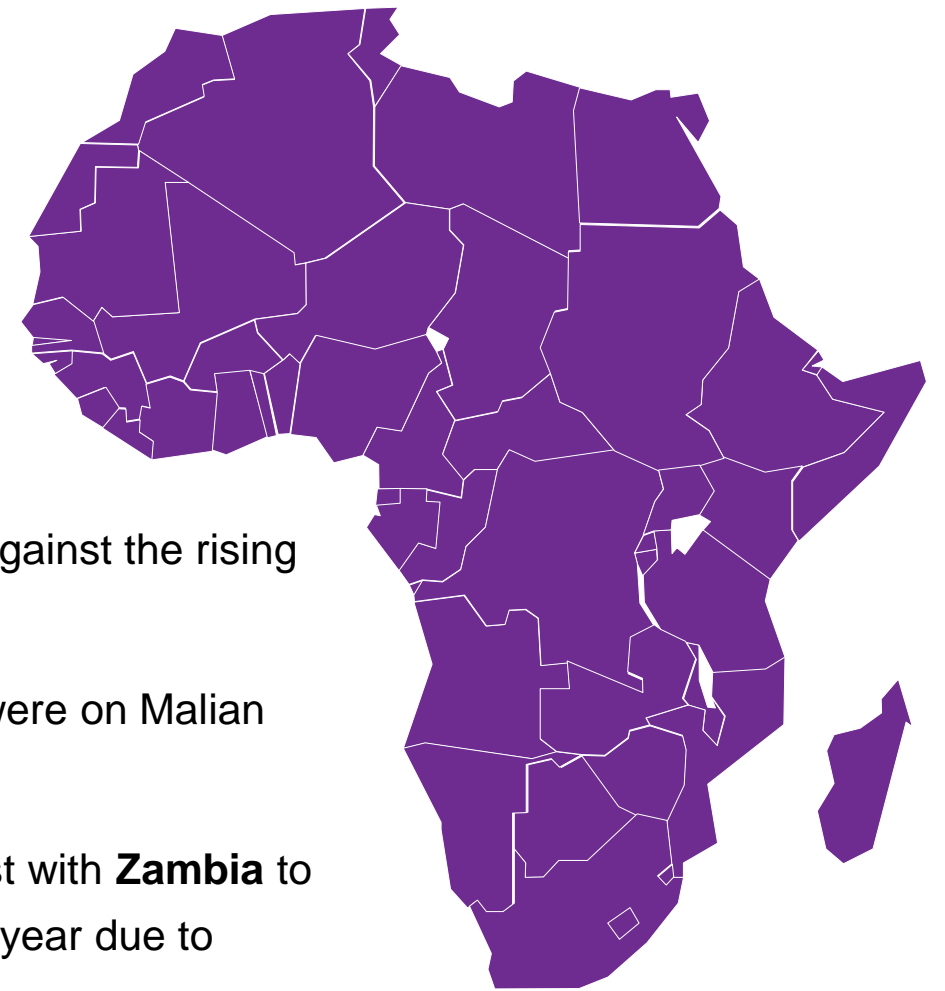
- **US power consumption** was on track to rise to record highs in 2022 and 2023 as the economy grows, the US Energy Information Administration reported.
- The 10th stage of the Tour de France was halted for 10 minutes on Tuesday after half a dozen **climate activists** tried to stop riders on the road before being pulled out by police and a senior official.
- Cathay Innovation, a global venture capital group backed by TotalEnergies, launched a 1 billion euro (\$1 billion) fund to invest in **technology start-ups with an eye on sustainability.**
- The US and China, the world's two leading **greenhouse gas emitters**, are each responsible for more than \$1.8 trillion of global income losses from 1990 to 2014, according to a new Dartmouth College study that links the emissions in individual countries to the economic impacts of climate change in others.

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# Africa

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- **Ethiopia** reached an agreement with the UN Office for Project Services to complete some infrastructure rebuilding projects in the Tigray region, using an earlier \$300 million UN grant for rebuilding.
- **Ugandan** police arrested at least a dozen protesters demonstrating against the rising cost of living in Jinja by blocking roads and burning tires.
- **Malian** authorities detained 49 soldiers from the **Ivory Coast** it said were on Malian territory with no mission, accusing them of being mercenaries.
- **Democratic Republic of Congo** plans to expand its main border post with **Zambia** to ease truck queues of up to 60 km that copper miners have faced this year due to increased production and inadequate infrastructure.



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# Asia

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- **Russia and Myanmar** are to deepen their defense cooperation after a meeting in Moscow between Myanmar's military leader, Min Aung Hlaing, and top Russian defense officials.
- **Pacific island** leaders welcomed a pledge by the **US** to triple aid to the region to combat illegal fishing, enhance maritime security and tackle climate change, after decades of stagnant US funding.
- **Sri Lanka's** President Gotabaya Rajapaksa and his wife fled the country, landing in the neighboring Maldives ahead of his expected resignation after months of protests. Prime Minister Wickremesinghe declared a state of emergency and a curfew with immediate effect.
- **China's** exports grew at their fastest pace in five months in June, as factories revved up after the lifting of strict COVID lockdowns, but a slowdown in imports and concerns for a global recession dim the outlook for the domestic economy. To help stabilize China's reeling cotton industry after **US** ban, the Chinese government will buy up to a half-million tons of Xinjiang cotton from mills starting today.



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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

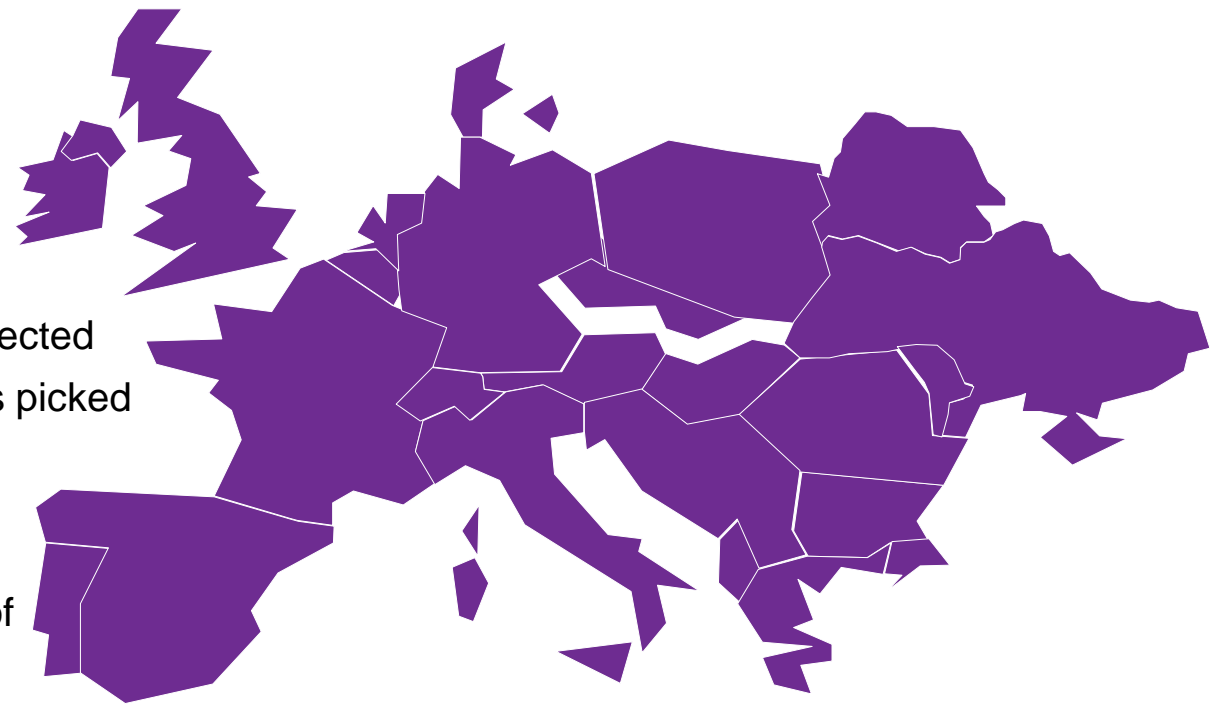
*All interaction with Dentons is attorney-client privileged*

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

# Europe

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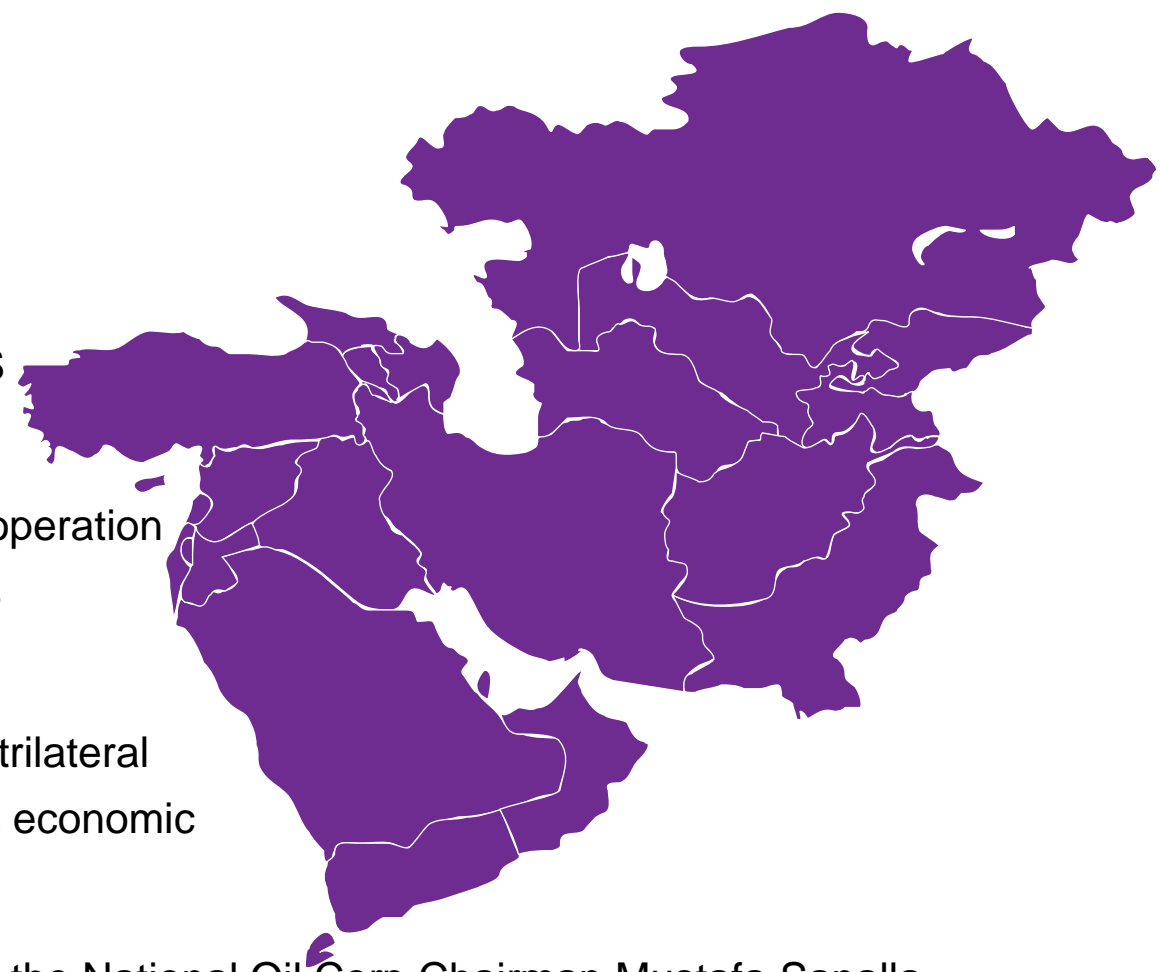
- **Euro zone** industrial production increased by more than expected in May as output of capital and non-durable consumer goods picked up sharply during the month, per Eurostat.
- Eight candidates are on the ballot paper in the contest to be the next Conservative party leader, ahead of the first round of voting among Tory MPs today in the **UK**.
- **NATO and EU** states urge better tracking of weapons supplied to **Ukraine** in response to fears that criminal groups are smuggling them out of the country and on to Europe's black market.
- **Spain** plans to impose a windfall tax on the excess profits of energy companies and a special levy on banks in a plan to raise €7 billion over the next two years to help offset the impact of soaring energy prices and rising inflation.
- **Ukrainian and Russian** negotiators will meet in **Turkey** today for their first direct talks aimed at averting a global food crisis by allowing millions of tons of grain to leave the Black Sea. Ukraine sparked hopes for an increase in grain exports despite Russia's blockade of Black Sea ports, noting that ships had started to pass through an important mouth of the Danube river.



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# Middle East

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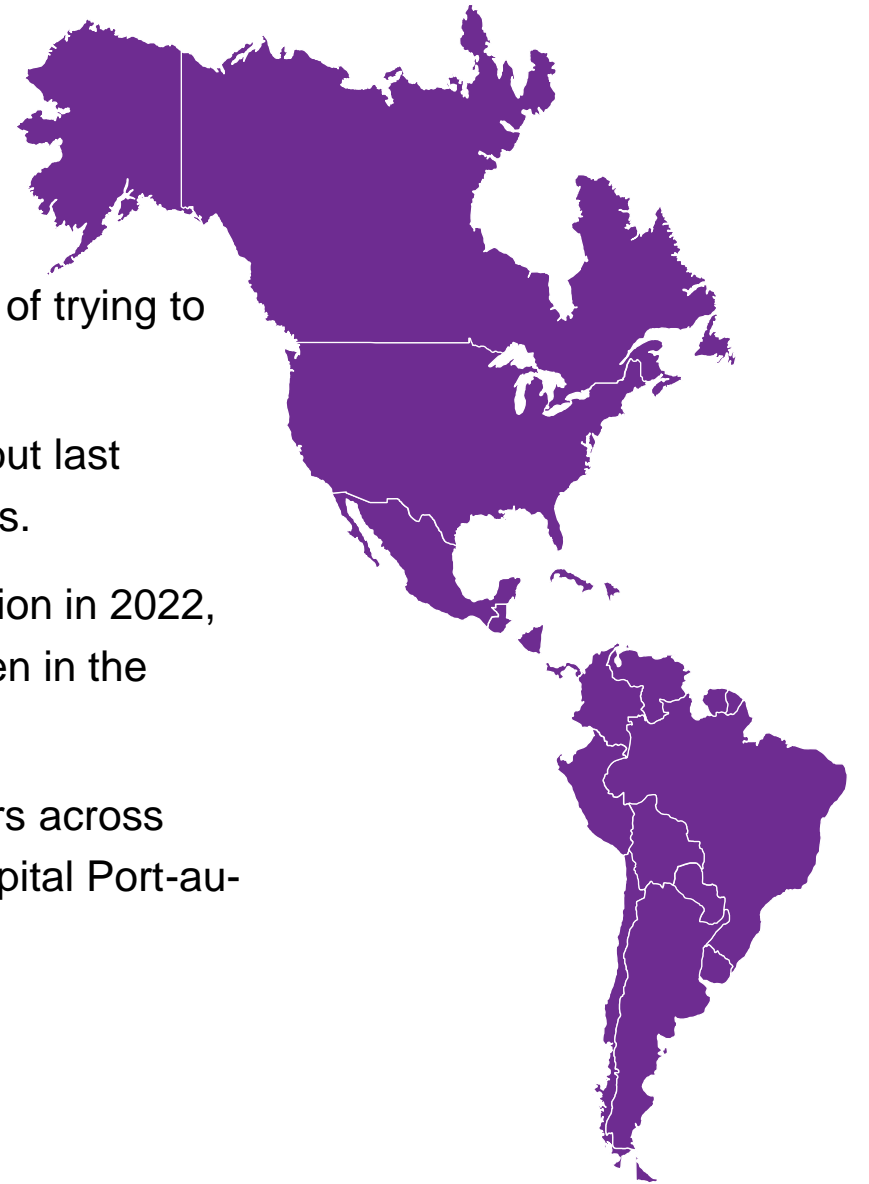
- The **US** military announced that it had killed the leader of ISIS in **Syria**, Maher al-Agal, in an air strike on Tuesday.
- Nine **European** nations announced that they will maintain cooperation with six human rights organizations that **Israel** designated as terrorists last October.
- **Russian** President Putin will travel to Tehran next week for a trilateral meeting with his **Iranian and Turkish** counterparts to discuss economic cooperation.
- **Libya's** Government of National Unity has decided to replace the National Oil Corp Chairman Mustafa Sanalla with former central bank governor Farhat Bengdara, as well as the entire NOC board, a GNU source said. The move is sure to rile the opposing government in Sirte and potentially disrupt oil production.

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# Americas

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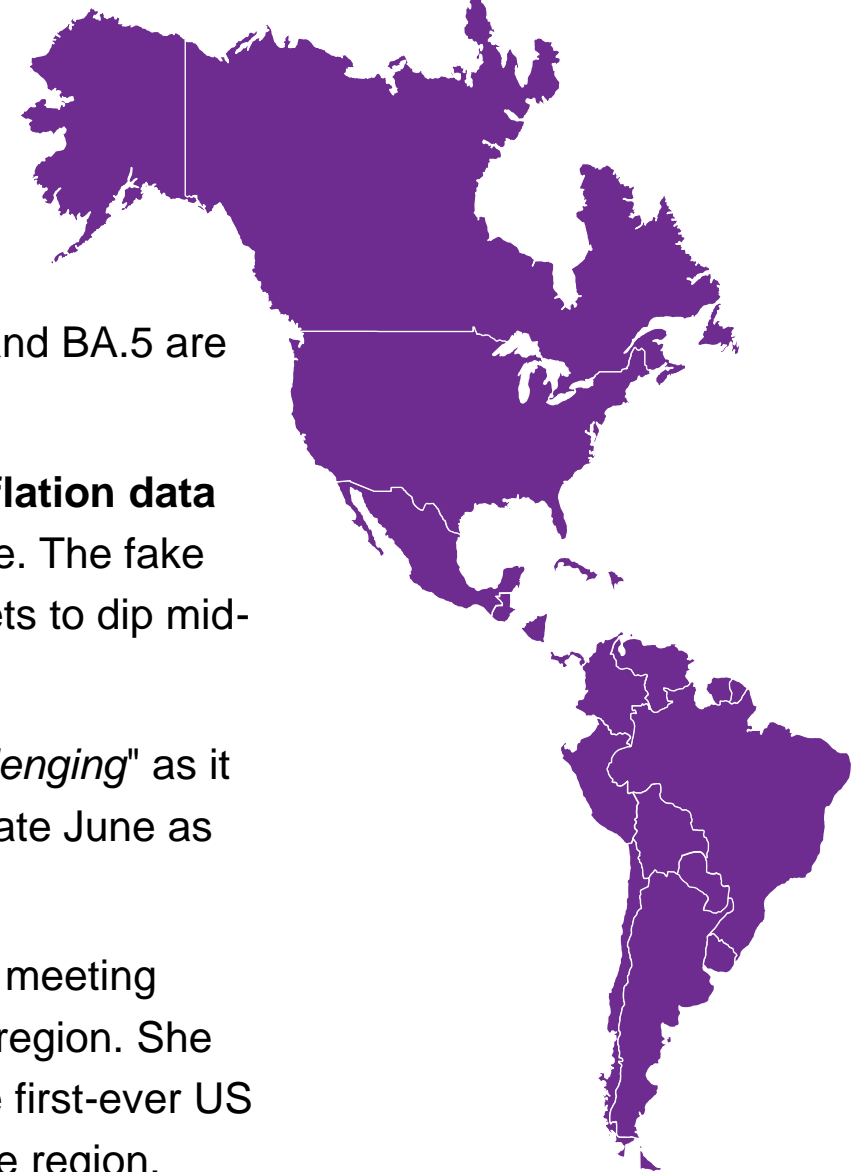
- **Venezuela** reportedly arrested three **US** citizens earlier this year accused of trying to enter the South American country illegally and is currently holding them.
- **Canada's** telecoms regulator ordered Rogers to respond to questions about last week's network outage that impacted millions of Canadians within ten days.
- **Chile's** government sharply increased its estimates for the country's inflation in 2022, saying it now expects an 11.1 percent rise, against an 8.9 percent rise seen in the previous projection.
- The United Nations has been forced to move humanitarian aid and workers across **Haiti** by air and ship because gang violence has become so bad in the capital Port-au-Prince.



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# Americas: US

- Top public health officials are warning that **Omicron sub-variants** of BA.4 and BA.5 are more transmissible and “*immune evading*” than other coronavirus strains.
- The US Bureau of Labor Statistics was forced to publicly discredit a **fake inflation data report** that circulated on Tuesday, just one day before the scheduled release. The fake report claimed annual inflation in June reached 10.2 percent, causing markets to dip mid-afternoon.
- The IMF warned that avoiding recession in the US will be “*increasingly challenging*” as it **again cut its 2022 US growth forecast** to 2.3 percent from 2.9 percent in late June as recent data showed weakening consumer spending.
- US Vice President Harris participated in the **Pacific Islands** Forum leaders' meeting yesterday, as Washington steps up its engagement to counter **China** in the region. She announced new US embassies in Kiribati and Tonga, the appointment of the first-ever US envoy to the Pacific Islands Forum and bringing the Peace Corps back to the region.



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# COVID-19 Update: New Omicron Variant Sweeps the US

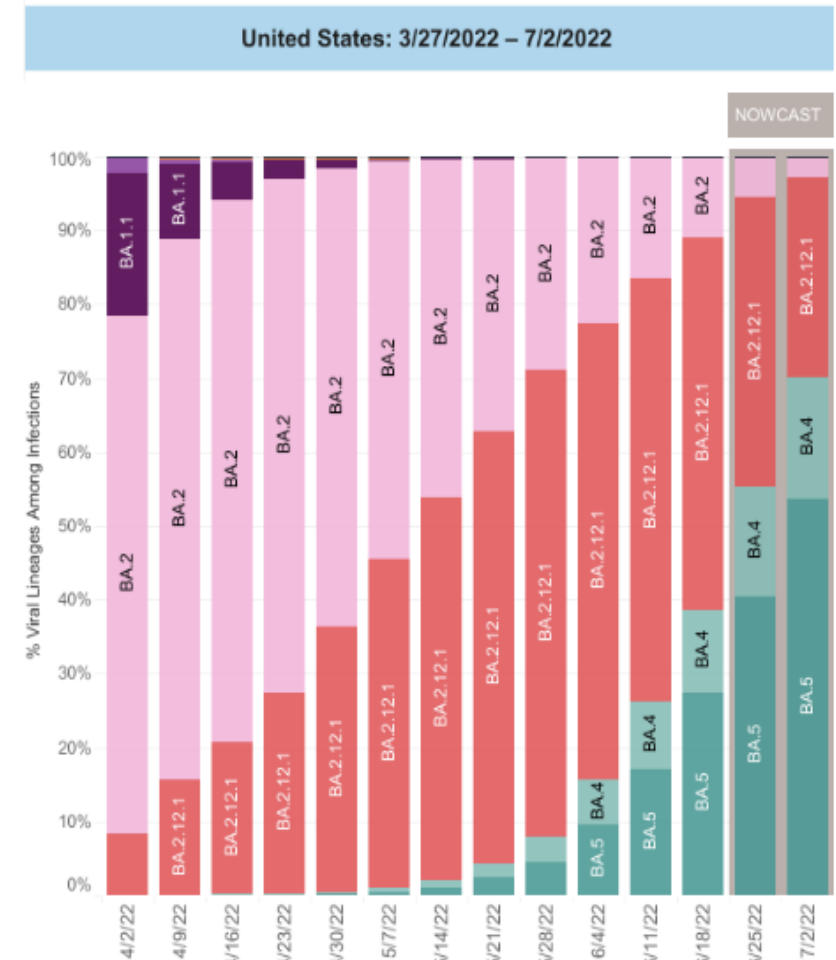
*According to federal data released last week, a new Omicron subvariant of COVID-19, dubbed BA.5, is now dominant. The variant, which scientists have found to more easily evade the protection provided by prior infection, vaccinations, and boosters, is prompting new outbreaks of cases and hospitalizations, and sparking worries of another Omicron tsunami.*

While the uptick in cases does not seem to be prompting a significant increase in deaths (the US is averaging about 300 deaths per day, compared to about 3,000 per day during the original Omicron surge), concerns remain about the transmissibility of the BA.5 variant, the viability of expected Omicron-specific boosters, and the long-term implications of continued variant mutations.

## State of the BA.5 Wave

Per data released by the Centers for Disease Control in the first week of July, BA.5 now accounts for 53.6 percent of all new COVID-19 infections, and the similar BA.4 variant another 16.5 percent. While the popularity of home testing and scaling-down of public testing programs means that it is difficult to accurately measure the impact of BA.5, a much higher share of the tests that are reported are positive. A better indicator of spread is the increase in hospitalizations and deaths – last week, 31,000 nationwide were hospitalized for COVID-19, a 4.5 percent increase over the last

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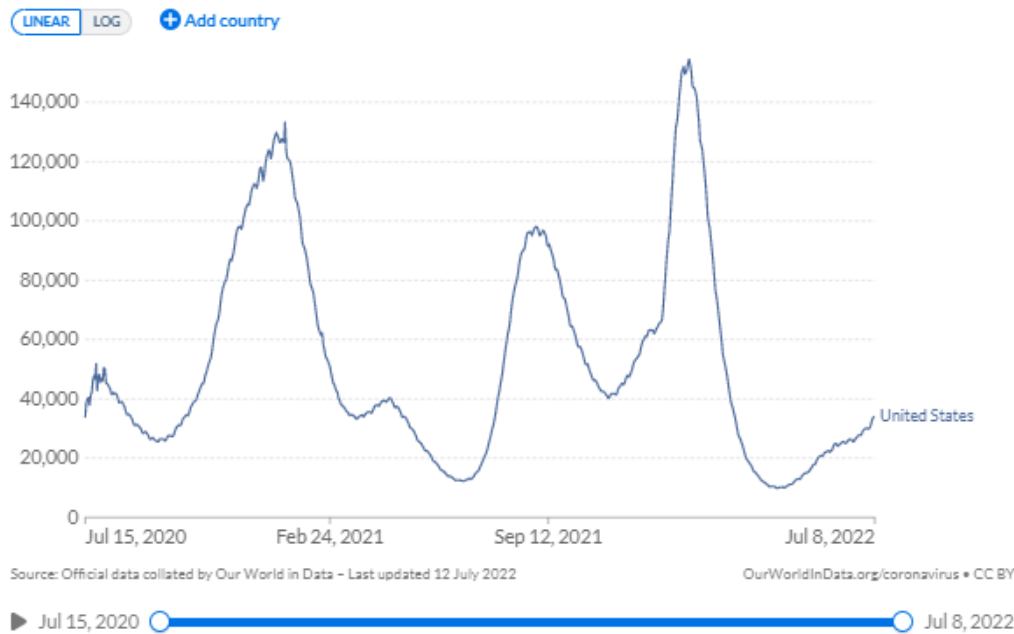


Source: Centers for Disease Control

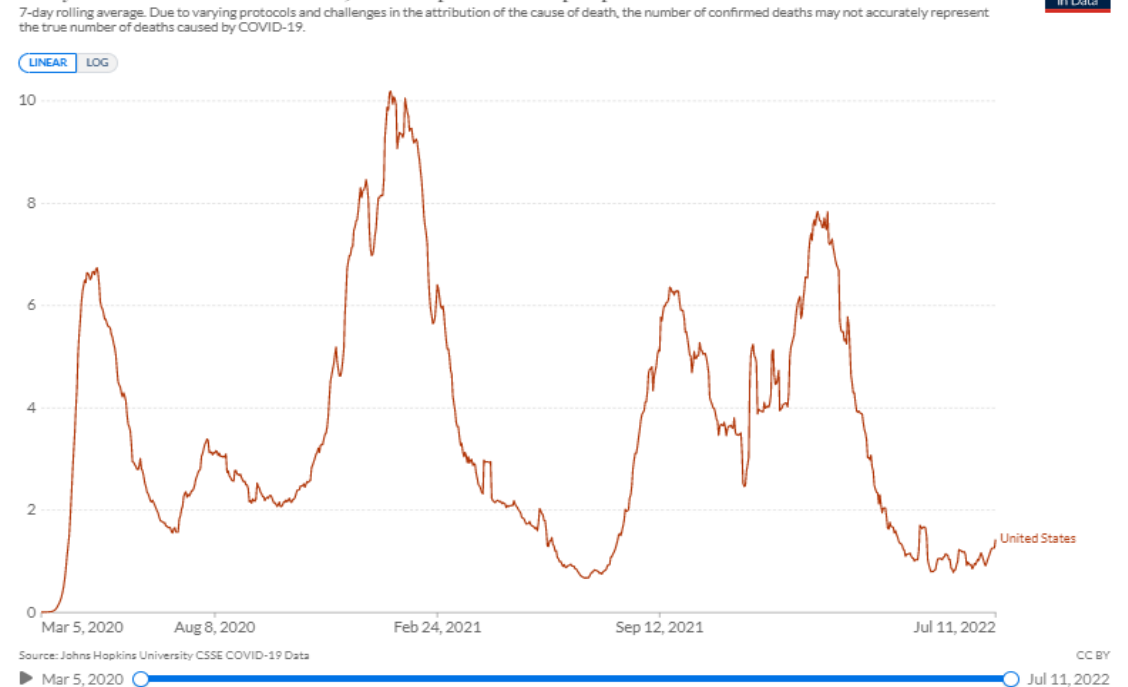
# COVID-19 Update: New Omicron Variant Sweeps the US

week, and deaths are ticking upward as well. According to preliminary studies, the BA.5 subvariant is significantly more able to evade immunity from prior infections and vaccinations than its predecessors; a study published in Nature this week found that BA.5 and BA.4 are 4.2 times more immunity-resistant than BA.2, the variant that fueled the US' winter spike. This ability to evade immunity – especially from prior infection, which was typically thought to provide fairly significant protection for at least a few weeks – is prompting concern from doctors and public health officials.

### Number of COVID-19 patients in hospital



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



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# COVID-19 Update: New Omicron Variant Sweeps the US

Despite these risks, scientists note that at the moment, the BA.5 variant appears not to prompt more severe illness than its predecessors. As in previous waves, this combination of higher transmissibility and less-severe infection could be explained by differences in the virus itself, higher levels of immunity in the population due to prior infections and vaccinations, increasingly effective treatments, or a combination of all three. Whatever the explanation, scientists agree that as it stands, the BA.5 variant does not appear to cause more severe illness or a higher incidence of death.

## **Omicron-Specific Boosters**

Even as BA.5 has prompted rising hospitalizations, public health officials are optimistic about medium-term outlook due to the impending approval of Omicron-specific, and even BA.5-specific, boosters. While existing vaccines provide some level of protection against the Omicron variants, their effectiveness appears to wane with time, with each new variant successively more able to overcome their protection. Omicron-specific boosters have been on the docket since the winter case surge, but last month, the FDA further recommended that vaccine manufacturers tweak their boosters to zero in on the BA.5 and BA.4 variants specifically. The effort already

appears to have yielded some positive results, with Moderna reporting earlier this week that its Omicron-specific booster elicits levels of neutralizing antibodies for the BA.5 and BA.4 variants that were 1.69 times higher than those elicited by the original booster, and Pfizer-BioNTech has released similar results. Regulators and the pharmaceutical companies estimate that these BA.5 and BA.4-specific boosters will likely be available starting in the fall, although the Biden Administration has encouraged people to not wait for the new doses, recently clarifying that those who choose to receive an additional booster of the base formula this summer will still be eligible for variant-specific boosters when they become available. While the exact benefit of these boosters remain unknown – scientists still do not know, for example, the exact level of antibodies needed to fend off infection, or exactly how long immunity from these boosters could last – they will certainly grant an added level of protection against the infectious subvariants.

## **Reinfections, Long COVID, and Future Variants**

The increased likelihood of reinfection presents significant health risks. A recent pre-print study found that COVID-19 reinfection within six months raises the risk of dying of COVID-19 by at least 114 percent. The same study found that repeated COVID-19 infections

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# COVID-19 Update: New Omicron Variant Sweeps the US

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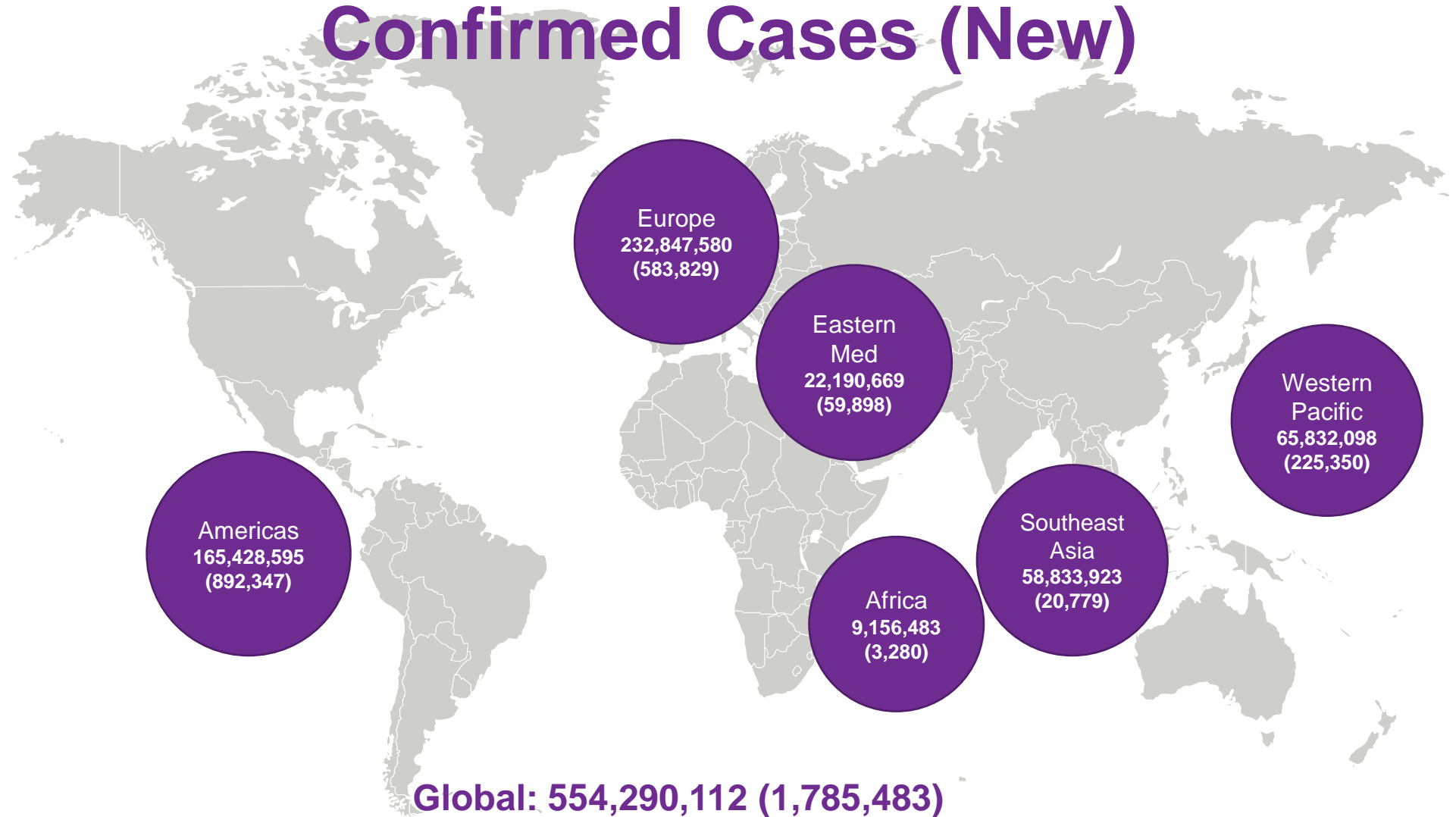
significantly increase health risks associated with long COVID - people with two or more confirmed infections also had three times the hospitalization risks, as well as a higher risk of issues from diabetes, lung, heart and neurological problems, as well as fatigue and kidney and digestive disorders. While long-COVID is still poorly understood, the condition (which it is estimated at least 20 million Americans have, in some form) can manifest as a debilitating disease, creating significant impacts on an individual (such as quality of life and financial stability) and collective level (such as workplace productivity and health insurance costs for an increasingly ill population). Another ever-present concern as new variants emerge is the potential for new variants that pair the increased infectiousness with a more severe illness. Gaps in testing continue to leave public health officials on a back foot when it comes to responding to even fairly mild waves, and worries remain that a more severe strain could seriously test the tracking and response capabilities of health departments and hospitals whose levels of alert (and funding) have dropped since COVID-19's peak. As always, each new variant is a reminder and a warning of COVID-19's continuing ability to evade and confound the public.

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# Coronavirus Condition Updates

As of 5:50 pm CEST on July 12, 2022

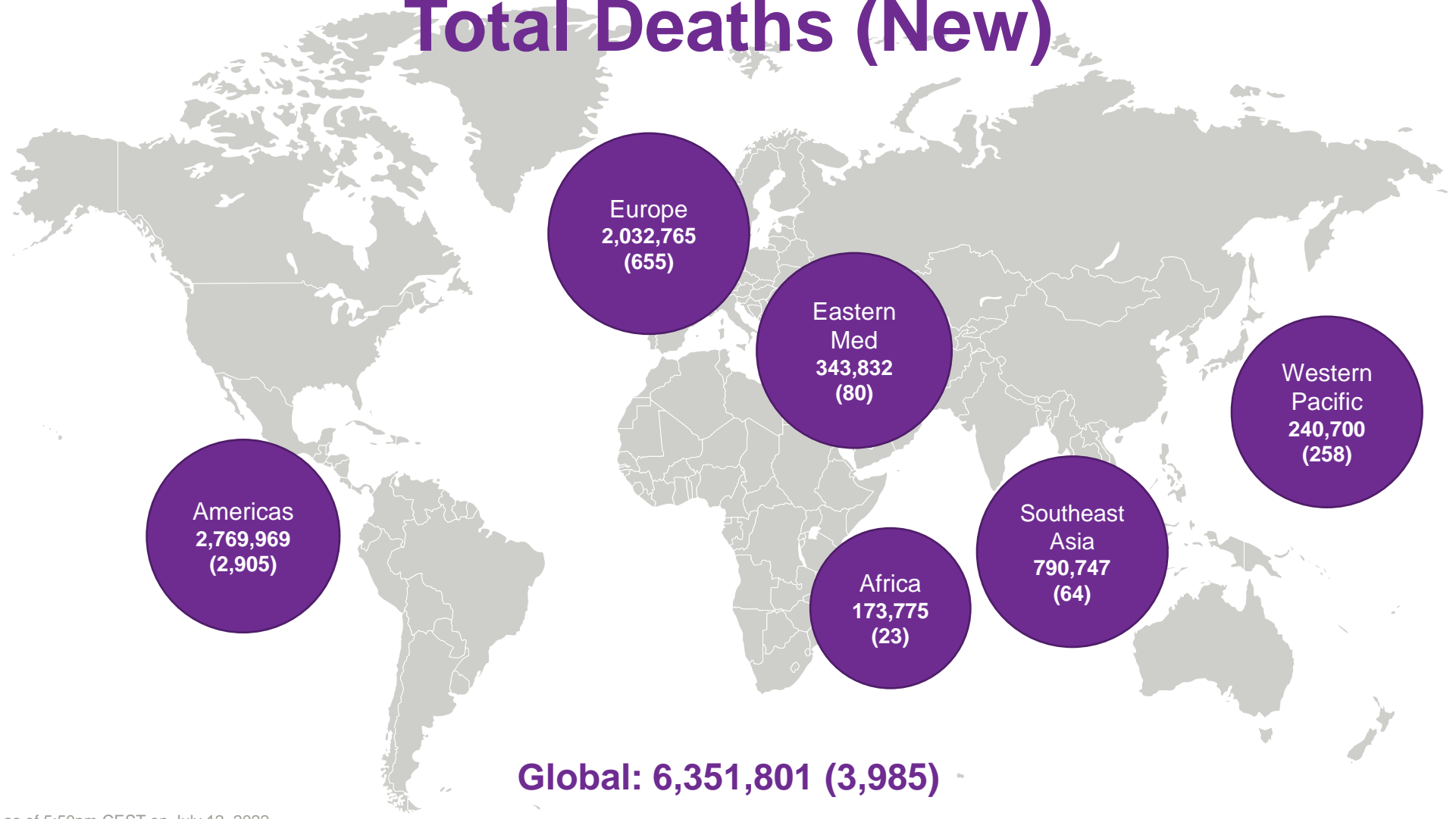
# Confirmed Cases (New)



Reflects data as of 5:50pm CEST on July 12, 2022.  
Data Source: World Health Organization

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# Total Deaths (New)



Reflects data as of 5:50pm CEST on July 12, 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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