

Dentons Flashpoint

Daily Global Situation Report

June 10, 2022

Global Situation Update: June 10, 2022

KEY TAKEAWAYS

Iran removed 27 monitoring devices from its nuclear facilities, in a “fatal blow” to IAEA monitoring regime.

Russian President Putin likens himself to Czar Peter the Great for “reclaiming” Russian territory.

China’s Shanghai locks down again with new COVID-19 cluster.

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WHAT WE'RE WATCHING

Asia's top security meeting, the Shangri-La Dialogue, kicks off today in Singapore and will provide an opportunity for the US and China to discuss issues of common concern. Both nations are bringing substantial delegations to the summit and US Sec. Defense Austin will meet in-person for the first time his counterpart from China.

Japanese Prime Minister Kishida will deliver the keynote address and explain Japan's defense buildup during a time of rising global geopolitical tensions. Climate security and the US Indo-Pacific strategy will be discussed, while Ukrainian President Zelensky will deliver a special address over the weekend.



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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Global

The WHO said its latest investigation into the origins of COVID-19 was inconclusive, largely because data from China is missing, another blow to its years-long effort to determine how the pandemic began. The missing data, especially from China, meant it was not possible to identify exactly how the virus was first transmitted to humans.

- International attention is increasingly switching focus from the war in Ukraine to its impact on countries across the globe. With the war causing significant **supply chain disruptions** causing spiking commodities prices, leaders are facing restive populations protesting the increased costs of food, fuel and other basic necessities.
- The US and allies are searching for ways to limit further surges in global oil prices, attempting to balance efforts to cut off Russia's revenue from its energy sales while shielding the global economy from a possible recession. The G7 is considering the option of imposing a buyer's cartel, by setting a **price cap on the price of Russian oil**.

Markets & Business

Protesting soaring fuel prices, South Korean truckers expanded their strike, threatening to severely curtail deliveries of raw materials for semiconductors and petrochemical products.

- **Labor actions and staffing shortages** are adding to travel disruptions in Europe. Pilots in Denmark, Norway and Sweden said they could go on strike from late June, even as workers at France's Charles de Gaulle airport walked off the job, with a quarter of flights cancelled. German airline Lufthansa has cancelled hundreds of flights because of staff shortages.
- Chinese authorities have given Jack Ma's **Ant Group** tentative approval to revive its IPO, in the clearest sign yet Beijing is easing its crackdown on the tech sector.
- Australia's largest casino operator **Crown Resorts Ltd** said regulators have cleared its \$6.3 billion buyout by private equity giant **Blackstone Inc**, subject to several strict conditions.
- As Europe moves closer to approving a legal ban on the sale of new cars with internal combustion engines, auto makers are calling for more time to make the shift to electric cars. The **auto industry** is warning that a too-quick shift could lead to big job losses at a time when the global economy is already strained.

Environment, Sustainability & Governance

US officials said four development banks will jointly facilitate up to \$50 billion over the next five years to back climate goals in the Americas.

- Research from the European Space Agency found that Mexican state oil company Pemex released thousands of tons of **methane gas** into the atmosphere from an oil and gas platform in the Gulf of Mexico last December.
- Signet Jewelers announced a \$175 million settlement of long-running **gender bias litigation**, resolving claims on behalf of 68,000 female employees.
- Canada's Public Sector Pension Investment Board said it expects to cut its exposure in **greenhouse gas emitting assets** by 20-25 percent in the next four years.
- A French judge proposed mediation in a legal dispute between Casino and indigenous groups from Brazil over Casino's links to Amazon **deforestation**.

Africa

- **Sudan's** main civilian opposition agreed to an informal meeting with the military junta, just days after boycotting UN-mediated talks.
- The **Democratic Republic of the Congo** accused **Rwanda** of dispatching disguised soldiers over its border to aid M23 rebels, an escalation of tensions between the country. On his first-ever visit to the DRC, **Belgian** King Philippe reaffirmed his regret over Belgium's colonial-era atrocities there.
- **Somalia** swore in Hassan Sheikh Mohamud as president, officially ending a political crisis that had threatened aid to the country.
- BioNTech said that construction of an mRNA vaccine production facility is set to start in **Rwanda** this month; the project is part of efforts to build up indigenous African vaccine production capacity.



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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:

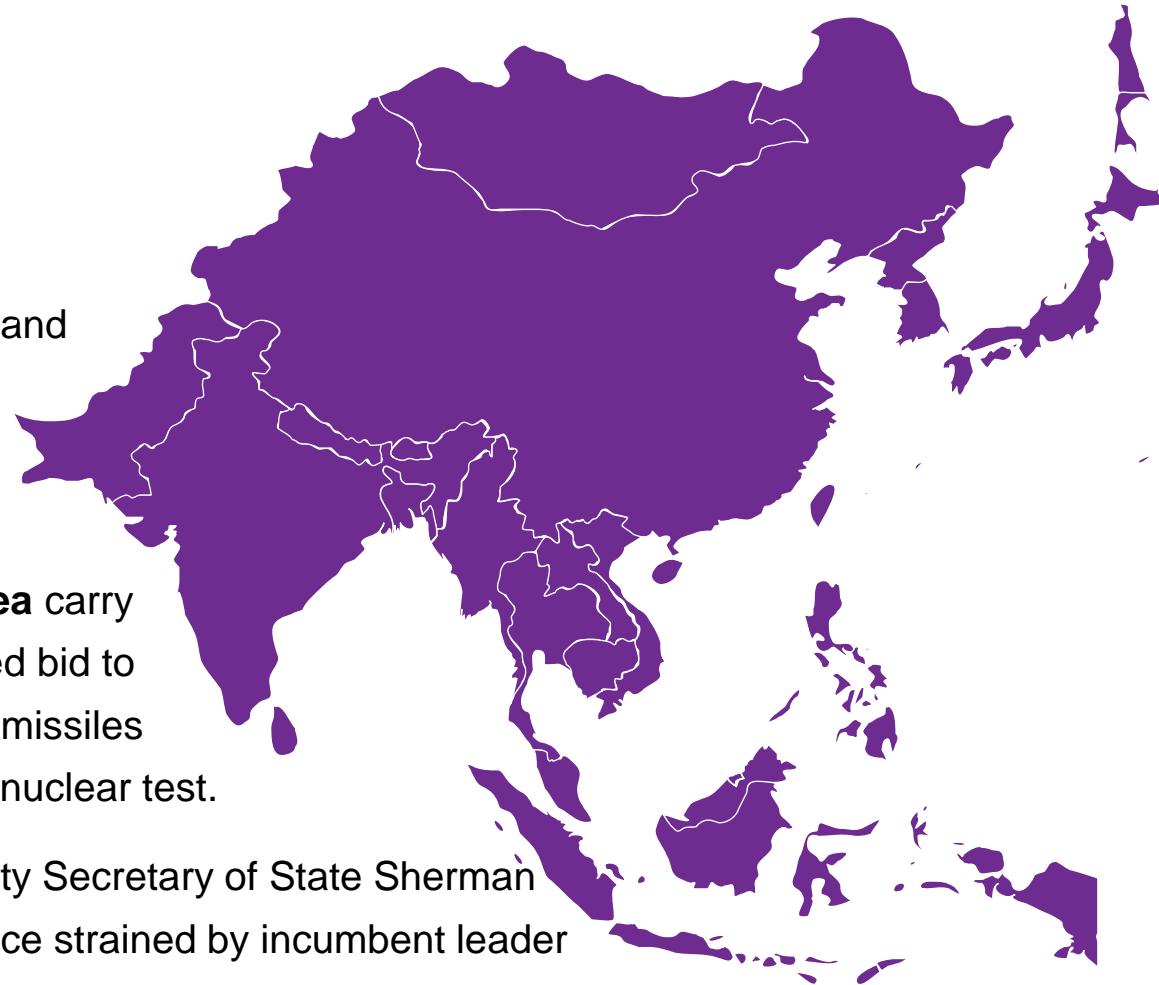
- ❖ Ransomware tabletop exercises
- ❖ Post-tabletop action reports
- ❖ Maturity assessments for preparedness
- ❖ Supply-chain attack simulation
- ❖ Comprehensive incident response plan
- ❖ Threat analysis and monitoring

All interaction with Dentons is attorney-client privileged

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

Asia

- Parts of Shanghai were placed under new lockdown restrictions and mass testing after more COVID-19 cases were reported. The most populous district in the **Chinese** capital also announced the shutdown of entertainment venues.
- **China's** UN envoy said Beijing does not want to see **North Korea** carry out a new nuclear test, which is partly why China vetoed a **US**-led bid to impose new UN sanctions on Pyongyang over renewed ballistic missiles launches. The envoy left unclear how China would respond to a nuclear test.
- **Philippine** President-elect Ferdinand Marcos met with **US** Deputy Secretary of State Sherman in Manila on Thursday, underscoring efforts to preserve an alliance strained by incumbent leader Rodrigo Duterte's animosity toward the US and his embrace of **China**.
- **New Zealand** Prime Minister Ardern met with **Australian** Prime Minister Albanese in Sydney to hold talks on growing “*strategic competition*” from **China** in the Pacific region. The two leaders called for a stronger voice for **Pacific nations** following attempts by China to sign a blanket security and economic framework in recent weeks.



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Europe

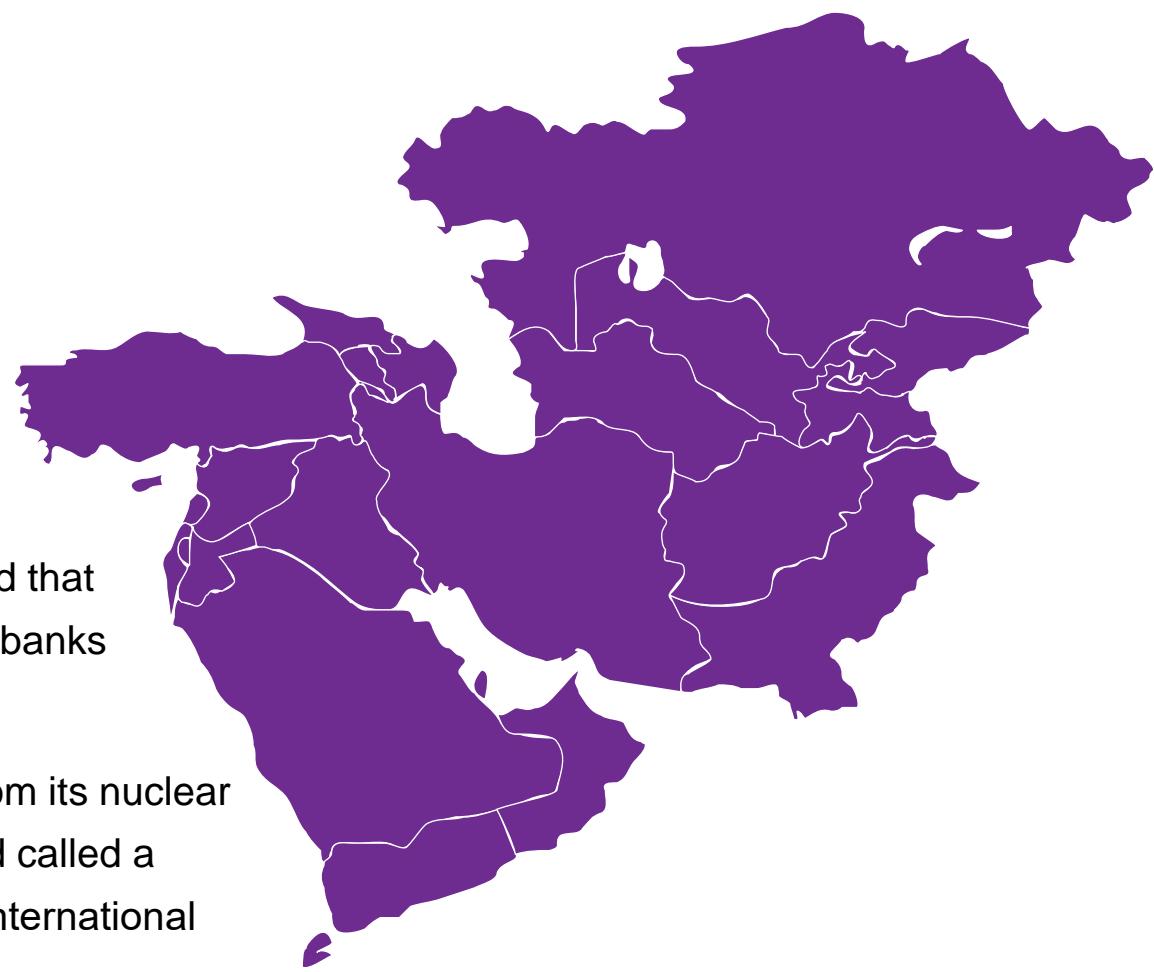


- The **European** Central Bank has said it will stop buying billions of euros of bonds in early July and, at its meeting next month, raise interest rates by a quarter of a percentage point for the first time in more than a decade.
- **Spain** said it will firmly defend its national interests following **Algeria's** decision to suspend a 20-year-old treaty of friendship and cooperation and ban all non-gas trade, a move that also alarmed **EU** officials.
- A wildfire in mountains in southern **Spain** has forced evacuation of 2,000 people from the center of the town of Benahavis. Hot summer weather and adverse winds are stoking the blaze.
- **Turkish** President Erdogan called on **Greece** to stop arming islands in the Aegean Sea that have a demilitarized status and abide by international agreements, in comments likely to further fuel long-running tensions between the two countries.

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Middle East

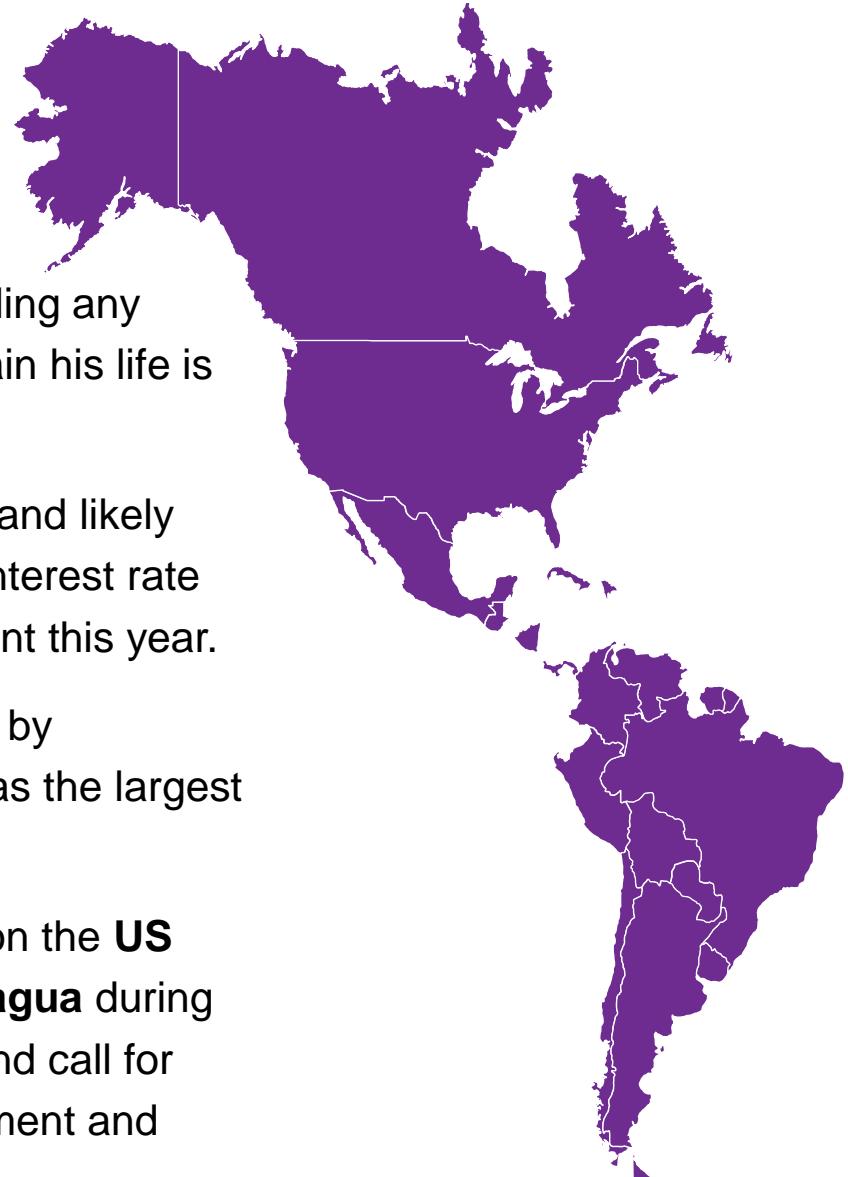
- **Qatar** will allow **Israelis** to attend 2022 World Cup games in the country, a first for the country that does not have formal relations with Israel.
- A three-year probe by a special embezzlement probe in **Iraq** found that nearly \$700 million in funds had been misappropriated from state banks due to corruption.
- The IAEA reported that **Iran** is removing 27 monitoring devices from its nuclear facilities, not the two previously reported, in what the agency head called a “*fatal blow*” to monitoring. Iran’s president dug in following rising international condemnation, saying he “*will not back off a single step*.”
- A **Lebanese** judge investigating corruption formally requested charges against central bank governor Riad Salameh for financial misconduct, formally implicating Salameh for the first time after months of investigations and arrests of his close contacts. The charges will likely complicate Lebanese efforts to secure IMF aid. Hizballah said that the group could stop **Israel** from extracting fuel from a disputed oilfield and that they are “**not afraid of war**.”



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Americas

- **Colombian** presidential candidate Rodolfo Hernandez said he was canceling any remaining in-person appearances at campaign events because he is certain his life is in danger by supporters of his opponent.
- **Mexican** inflation rose faster than expected in May, hitting a 21-year high and likely prompting a further rate increase. **Argentina** is also likely to increase its interest rate by 200 basis points as economists predict that inflation could top 70 percent this year.
- Over 90 migrants, mostly **Venezuelans and Ecuadoreans**, were detained by **Panamanian** police after trying to enter the country by boat. The group was the largest ever interdicted by Panama's National Border Service.
- At the Summit of Americas, Central American leaders continued to focus on the **US** decision to exclude authoritarian regimes of **Cuba, Venezuela and Nicaragua** during their speeches, threatening to undermine the positive agenda of the US and call for regional cooperation on strengthening democracy and economic development and mitigation of climate change and irregular migration.



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Americas: US



- While the number of Americans filing new claims for **unemployment** benefits increased to the highest level in nearly five months last week, the labor market remain extremely tight. The report from the Labor Department showed unemployment rolls remained at a more than 52-year low at the end of May,
- The heads of more than 220 American companies, under the name of CEOs For Gun Safety, released a letter Thursday urging the US Senate to take prompt action to address **gun violence** following multiple high-profile mass shootings in recent weeks.
- The Internal Revenue Service (IRS) raised the mileage rate used for calculating business tax deductions for vehicle use, making a rare midyear change in response to **increasing gasoline prices**. The average price of gas is up 50 percent since the IRS set the rate in mid-December 2021.
- In the first public Capitol Hill hearing of the committee **investigating the January 6 2021 attack** on the US Capitol, the two-hour hearing featured clips of sworn testimony by former President Trump's closest aides, which detailed how they did not believe the president's claims of electoral fraud and their attempts to stop him from pursuing them. The committee seeks to demonstrate that former President Donald Trump incited his followers to try to interrupt the peaceful transfer of power.

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Ukraine War Update: Growing Costs of Global Spillover of the Ukraine War

Russian President Putin said that it was his “destiny” to “return and fortify” territories, much like it had been for Peter I, Russia’s first emperor. Putin made the comments on the 350th anniversary of the birthday of Peter I, also known as Peter the Great.

Analysis

International attention is increasingly switching focus from the war in Ukraine to its impact on countries across the globe. With the war causing significant supply chain disruptions, spiking commodities prices, leaders are facing restive populations protesting the increased costs of food, fuel and other basic necessities.

In Latin America, Chilean students are marching in demand for higher food stipends. Argentinian farmers are protesting government controls on rising food prices. Peruvian police deployed to contain violent protests over rising food and fuel prices.

In Africa, Kenyans are demonstrating over food prices. Sudanese are protesting across the country against a military coup and steep economic downturn, with currency devaluation and spiking food and fuel costs. Lawlessness and insecurity driven by gangs, militants and terrorist groups are spreading. Somalia, which relies on Russia

and Ukraine for 90 percent of its wheat imports, is among the worst affected. The Democratic Republic Congo, the second largest African country, imports 80 percent of its wheat from Russia and Ukraine. Landlocked Chad has declared a “food emergency,” with 2.1 million Chadians facing severe food insecurity and dwindling humanitarian assistance.

In Europe and the US, workers are protesting the surge in energy and food prices. Union activity is very high, as organized labor groups are fighting for wage increases in the face of rising cost of living. Hungary has imposed price caps on fuel and some basic foods and energy, and Prime Minister Orban is warning that EU’s sanctions policies threaten to destroy Europe’s economy.

In Asia, South Korean truckers are on strike over fuel prices, further disrupting computer chip production. Indonesian farmers are protesting against a government ban on the export of palm oil put in

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Ukraine War Update: Growing Costs of Global Spillover of the Ukraine War

place to keep domestic prices for the commodity low. In Sri Lanka, the government collapsed in response to anti-government strikes over fuel and food shortages.

In the Middle East, Iranians are protesting against the end of a government subsidy leading to as much as a 300 percent increase in a variety of flour-based staples. In the Palestinian territories, Palestinians are protesting over soaring food prices.

In democratic Europe, leaders are being pressed to justify their policies and make the case for why supporting Ukraine at the expense of increasing cost of living is a national imperative. In Africa, however, the narrative is different. African countries are facing dire conditions of food insecurity with shipment of grain and sunflower oil cut off, or made unaffordable, as a consequence of the war. Many African leaders are pointing to international sanctions on Russia as the culprit, not Russia's invasion of Ukraine.

As Russia's war on Ukraine persists, now past 100 days, the global spillover will increase. Russia has made a bet that it can break the political will of Ukraine's backers as the global economic

consequences threaten economic and political security at home. Russia wants western sanctions lifted, evidenced by the Kremlin's terms from the failed talks in Turkey this week on lifting the Russian blockage on Black Sea shipments of Ukrainian agricultural products. In this high stakes confrontation, Russia has effectively weaponized control over the global breadbasket.

Political Developments

Ukrainian President Zelensky has called for Russia to be expelled from the UN's Food and Agriculture Organization, as he says Moscow is to blame for the global grain crisis.

The European Union's parliament supports Ukraine's bid to achieve candidate status to join the EU, the parliament's president Metsola told the Copenhagen Democracy Summit.

UK Prime Minister Boris Johnson is urging the West to stay resolved in its support for the Ukrainian resistance to the invading Russian military forces, amid domestic criticism and narrowly surviving a no-confidence vote in parliament.

Ukraine War Update: Growing Costs of Global Spillover of the Ukraine War

Britain is deeply concerned by the death sentences passed down to two British men by a court of the Russian-backed Donetsk People's Republic and will work to try to secure their release, a spokesman for Prime Minister Boris Johnson said.

Russia warned the West yesterday that cyber-attacks against its infrastructure risked leading to direct military confrontation, and that attempts to challenge Moscow in the cyber sphere would be met with targeted countermeasures. The websites of many state-owned companies and news organizations have suffered sporadic hacking attempts since Russia invaded Ukraine, often to show information that is at odds with Moscow's official line on the conflict.

Dozens of Russian ships on Thursday took part in military exercises in the strategic Baltic Sea, after Sweden and Finland recently announced bids to join NATO. Russia's defense ministry said that ships of its Baltic fleet, will "perform training tasks for the defense of sea lanes and fleet bases.". Taking part in the maneuvers are 60 ships and 40 aircraft as well as land maneuvers at training grounds in the Russian enclave of Kaliningrad.

Finland's government plans to amend border legislation to allow the building of barriers on its eastern frontier with Russia, in a move to strengthen preparedness against hybrid threats amid Russia's invasion of Ukraine.

Battlefield Developments

Ukrainian forces were holding their positions in intense street fighting under continuous shelling in Severodonetsk, per Ukrainian officials, as Russia pushes to control the bombed-out city, key to its objective of controlling eastern Ukraine. Ukraine's Security Council Secretary Danilov said Russian forces were focusing all of their might in the area. "*They don't spare their people, they're just sending men like cannon fodder ... they are shelling our military day and night.*" Ukraine says its only hope to turn the tide in its favor in the small industrial city is more artillery to offset Russia's massive firepower. According to the mayor, approximately 10,000 civilians remain trapped in the city, with evacuation no longer possible due to the intense fighting.

Ukraine War Update: Growing Costs of Global Spillover of the Ukraine War

Ukraine's Ministry of Defense said Ukrainian forces had fought for and won back some territory Russian forces had occupied in the Kherson region of southern Ukraine. The ministry said Russian forces "suffered losses in manpower and equipment," and had placed landmines as they retreated.

Humanitarian Developments

The UN said that nearly four months after Russia invaded Ukraine, there are almost five million Ukrainian refugees registered in Europe. The UN said women and children make up nearly 90 percent of the refugees, with males between the age of 18 and 60 unable to leave as they have been barred from doing so.

Ukraine's southern city of Mariupol is at risk of a major cholera outbreak as medical services are likely already near collapse, UK Ministry of Defense warned.

Economic Developments

The US and allies are searching for ways to limit further surges in global oil prices, attempting to balance efforts to cut off Russia's revenue from its energy sales while shielding the global economy

from a possible recession. The G7 is considering the option of imposing a buyer's cartel, by setting a price cap on the price of Russian oil, according to the *Wall Street Journal*. Shipments of oil are often insured by companies in the EU or UK, and officials are exploring the possibility of those insurers only covering shipments of Russian oil to non-European countries that fall under the price cap. Such a move would be constructed to be consistent with the EU insurance ban.

Ukraine has shipped 601,115 tons of grain to Romania's Black Sea port of Constanta since Russia's invasion of Ukraine on February 24 and another 120,294 more tons were on the way. From Constanta, over 262,000 tons have already departed for world markets aboard 15 ships. The grain is only about 3 percent of the 20 million tons Ukraine needs to export before the new harvest begins at the end of July to avoid bottlenecks in the system and stave off a global food crisis.

Ukrainian President Zelensky signed a decree imposing sanctions, including asset freezes and travel bans, on Russian President Putin and dozens of other top Russian officials.

Ukraine War Update: Growing Costs of Global Spillover of the Ukraine War

The European Commission announced a plan to provide €20 million (\$21.4 million) in funding to Ukrainian start-ups, with an allocation of €60,000 per company.

The US assessed that Russia may be getting more revenue from its fossil fuels now than shortly before its invasion of Ukraine, as global price increases offset the impact of Western efforts to restrict its sales.

The Russian government added 551.4 billion roubles (\$9.5 billion) to its emergency reserve fund on Thursday as the Kremlin steps up its stimulus package in a bid to protect the economy from the impact of Western sanctions.

Self-declared Luhansk People's Republic said it would soon start rail shipments to Russia of grain that its troops had "*liberated*."

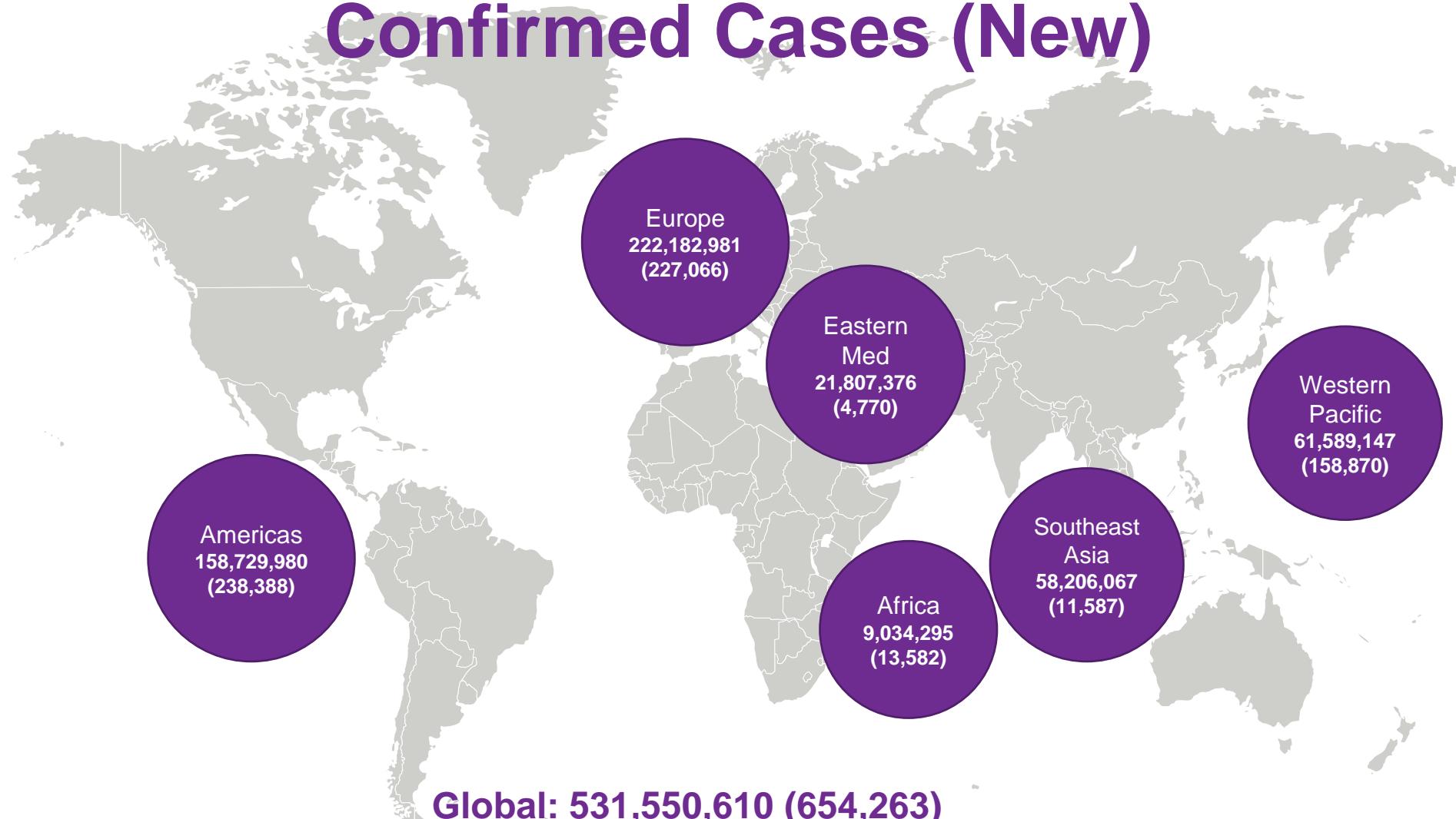
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Coronavirus Condition Updates

As of 5:10 pm CEST on June 9, 2022

Confirmed Cases (New)



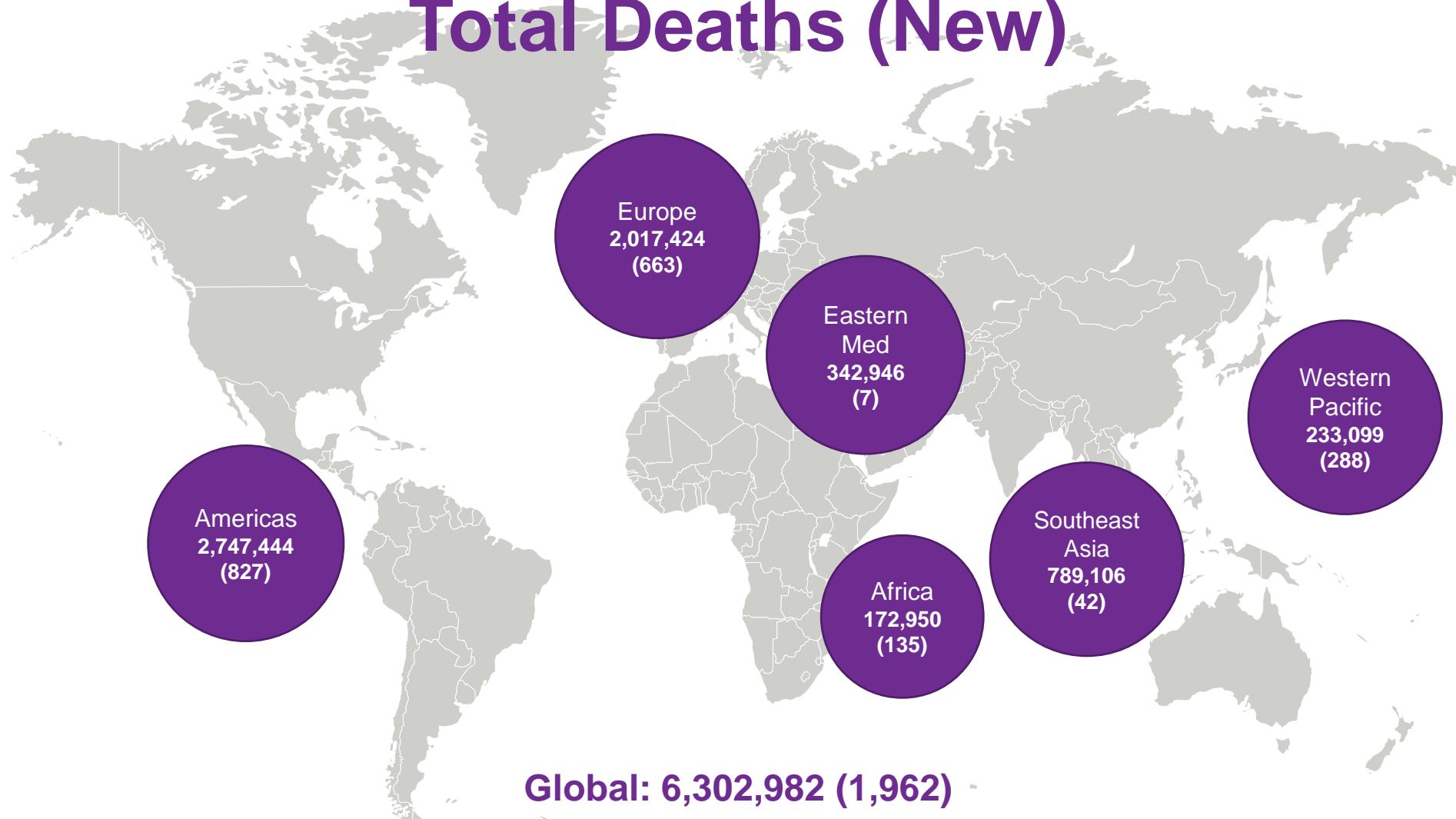
Reflects data as of 5:10 pm CEST on June 9, 2022.

Data Source: World Health Organization

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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Total Deaths (New)



Reflects data as of 5:10 pm CEST on June 9, 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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