

Dentons Flashpoint

Daily Global Situation Report

June 14, 2022

Global Situation Update: June 14, 2022

KEY TAKEAWAYS

Sri Lanka moves to a four-day work week to cope with fuel shortage and encourage workers to grow food.

New schoolbooks in Hong Kong erase the city's history as a British colony.

Russian forces cut off all routes for evacuating citizens from the eastern Ukrainian city of Severodonetsk by destroying the last bridge.

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WHAT WE'RE WATCHING

Semiconductor producers face several new challenges that will impact output and sales in the near term:

- South Korean truckers on strike for the past week are threatening to severely curtail deliveries of raw materials for semiconductors.
- Russian restrictions on exports of gasses used in semiconductor production may exacerbate the chip shortage in the global market and increase prices.
- Taiwan Semiconductor Manufacturing Co. is warning customers that it might not be able to increase production in 2023 and 2024.

In the US, Treasury Secretary Yellen said that a shortage of chips for automobiles is contributing to rampant inflation and declared semiconductors a national security priority for America.



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

Global

United Airlines reported a surge in international travel searches following a change in US policy that lifted the requirement for international air travelers to submit proof of a negative COVID-19 test to enter the country.

- The WTO's first ministerial meeting since December 2017 is wrestling with the wording of a text that would temporarily waive patents on **coronavirus vaccines**. But serious objections remain from some of the countries that host major pharmaceutical companies, like Britain and Switzerland, and any decision must be taken through consensus.
- **Cryptocurrency** markets continue to roil, with the value of the broader crypto market falling from a peak of \$3.2 trillion in November to about \$1 trillion on Monday.
- The rocket that Elon Musk hopes will one day help humans populate Mars has passed its biggest regulatory hurdle, with the US Federal Aviation Administration approval of lift-off on environmental grounds, although **SpaceX** still needs to clear a thicket red tape before its first launch.

Markets & Business

The European Commission is expected to publish the updated code of practice on disinformation on Thursday as part of its crackdown against fake news, requiring tech companies to take measures to counter deepfakes and fake accounts on their platforms or risk hefty fine.

- **Earnings by Asian companies** in March declined for the first time in seven quarters, dented by slowing demand due to lockdowns in China and diminishing margins as input costs rise, according to *Reuters* analysis.
- China's securities regulator denied that it and its securities association had asked foreign investment banks for **senior executives' pay** details or suggested they implement pay curbs.
- **Go-Ahead Group Plc**, the biggest operator of London's commuter trains and iconic double-decker buses, accepted a £648 million (\$787 million) takeover bid from an investor group backed by Australian transportation firm **Kinetic Holding Co.**
- **JPMorgan** and **Goldman Sachs** are withdrawing from handling trades of Russian debt after the Biden Administration's announcement last week banning US investors from new purchases of Russian debt.

Environment, Sustainability & Governance

Energy consultancy DNV reported that sustainable hydrogen will only account for 5 percent of the global final energy mix by 2050, falling short what is needed to meet climate goals.

- Saudi Arabia will **ban working** under the sun in the hottest hours during the **summer months** this week.
- Leading UK and US pension investors managing more than \$1 trillion have launched a campaign to stop companies using **dual-class share structures** that concentrate voting power in the hands of certain shareholders at the expense of others. Such structures make it more difficult for investors to push back as a group on issues.
- Net Zero Tracker's annual report found that roughly half of the Forbes 2000 largest companies have yet to announce plans to reach net-zero, and of the 702 companies with a **net-zero target**, two-thirds have not made it clear how they plan to achieve that goal.
- Toyota shares opened down more than 2 percent on Monday after media reports citing criticism from European pension funds of the automaker for what they said were lobbying efforts that went **against climate regulation** for the industry.

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Africa

- The UN refugee agency reported that at least 100 people have been killed and 5,000 families displaced by renewed ethnic violence in the Darfur region of **Sudan**.
- At least 30 students were injured by police amid an official crackdown on student protests against vehicle violence in **Ghana**.
- The **Democratic Republic of the Congo** reiterated its claims that **Rwanda** backed M23 rebels in taking a border city, causing thousands to flee.
- Armed men reportedly killed at least 100 civilians in a rural district of northern **Burkina Faso** close to the border with **Niger** over the weekend.



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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

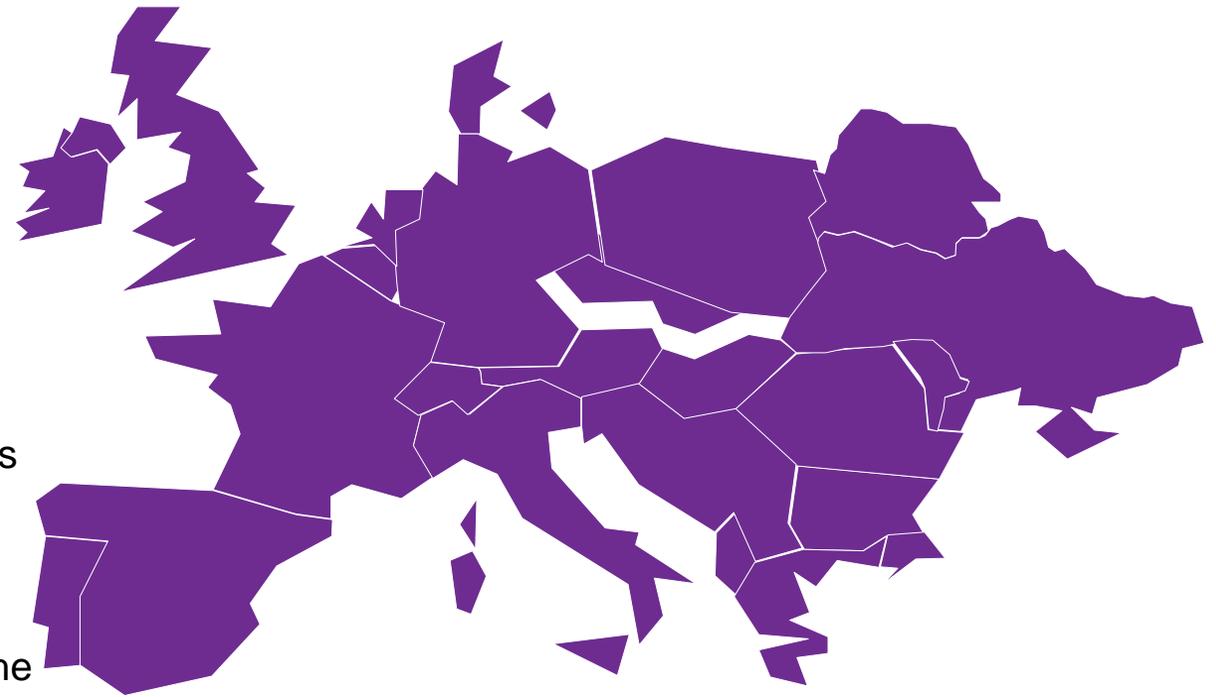
- **Taiwan's** government reiterated that the Taiwan Strait is an international waterway, supporting **US** warships transiting it, and rejecting claims from **China** to exercise sovereignty over the strategic passage.
- **Sri Lanka** has approved a four-day work week for public sector workers to help them cope with a chronic fuel shortage and encourage them to grow food, as it struggles with its worst financial crisis in decades.
- **Australia's** defense minister met with his **Chinese** counterpart, on the sidelines of a security conference in Singapore on Sunday, the first high level meeting of the two countries in almost three years. Australian Prime Minister Albanese said Beijing must lift economic sanctions to improve relations with Canberra.
- New schoolbooks will teach students in Hong Kong that it was never a **British** colony, as part of Beijing's campaign to revamp education in the city. The textbooks on citizenship say the **Chinese** government never recognized the 19th-century treaties that handed Britain control of Hong Kong.



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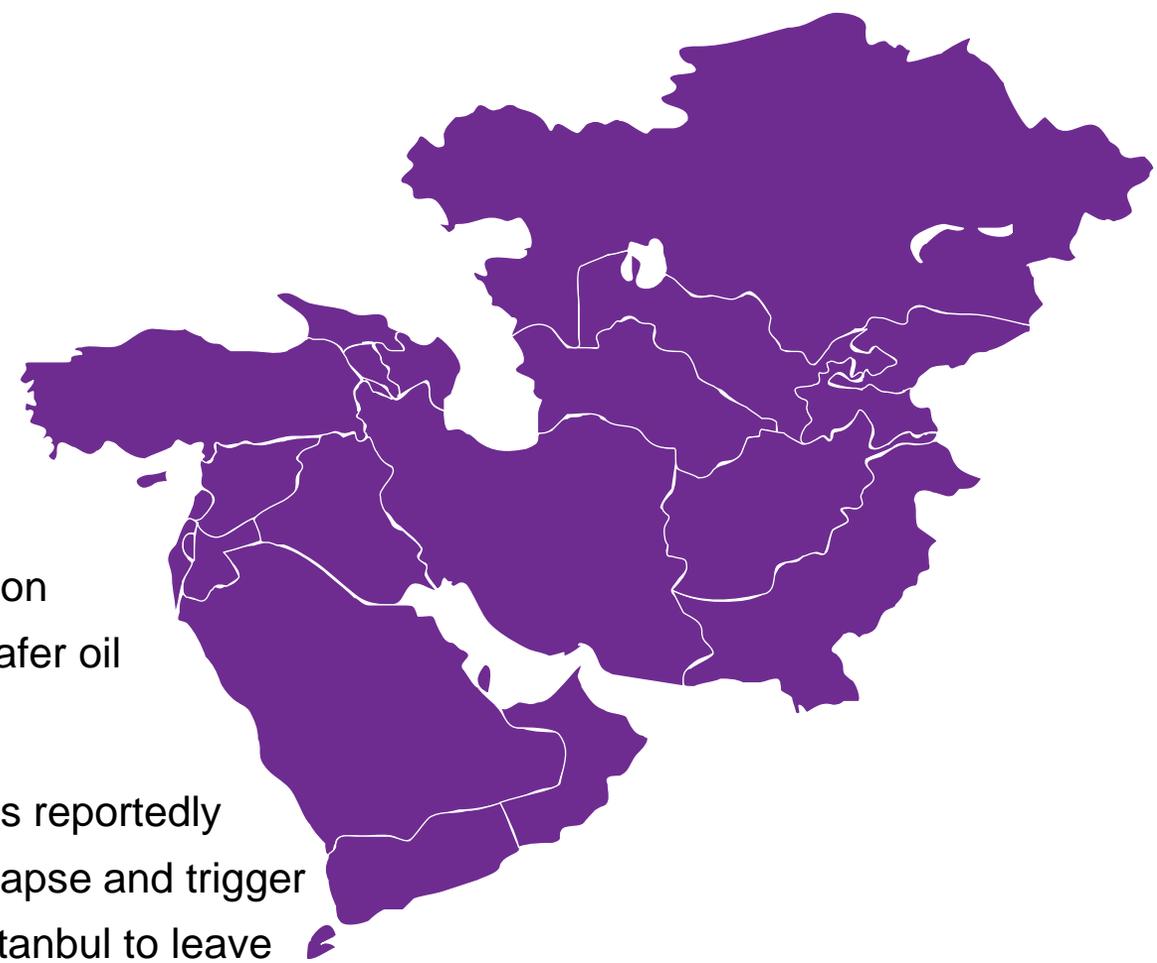
Europe

- The **EU** is signing a supply agreement with an undisclosed manufacturer for about 110,000 doses of vaccines against monkeypox to be delivered from the end of June. The EU has recorded 900 cases of monkeypox.
- **Russian** forces cut off all routes for evacuating citizens from the eastern **Ukrainian** city of Severodonetsk by destroying the last bridge linking it to a Ukrainian held city on the other side of the river. Hundreds of civilians were sheltering in the grounds of the Azot chemical plant, in a tragic replay of the Mariupol siege.
- The **British** government presented legislation yesterday that would allow it to unilaterally alter the terms of a 2019 deal with its European counterparts that placed a customs border between Britain and **Northern Ireland**, stoking fears of a trade war and drawing condemnation from the **EU**.
- **French** President Macron may lack a ruling majority during his second term and be deprived of the ability to push through his economic reform agenda after Sunday's first round of parliamentary elections saw his ruling coalition tied with a new left-wing alliance.



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Middle East

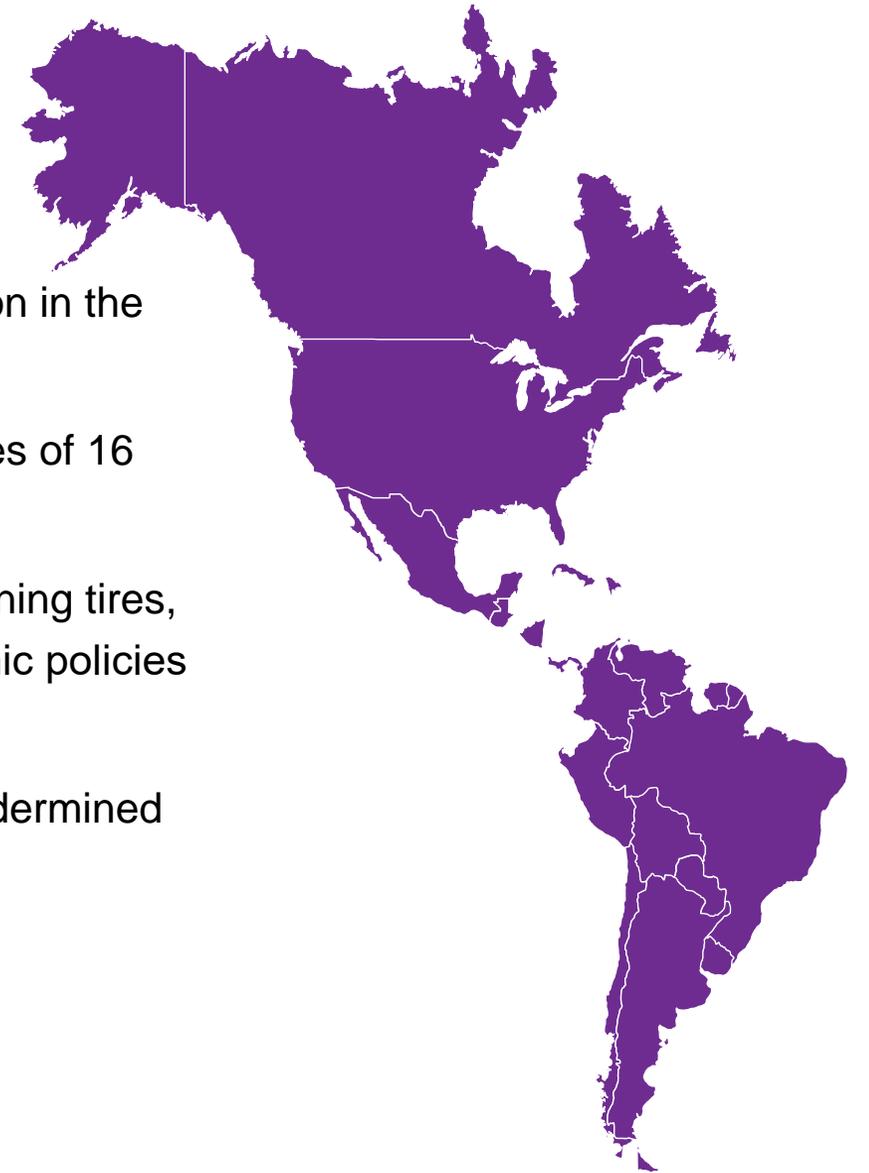


- **Lebanon** is reportedly preparing to offer a compromise to **US** energy envoy Amos Hochstein to resolve a dispute with **Israel** over maritime gas resources.
- The UN launched a public crowdfunding drive to raise \$5 million towards an operation to avoid an oil spill from the decaying Safer oil tanker off the coast on **Yemen**, in Houthi controlled territory.
- Another member of **Israel's** patchwork governing coalition has reportedly left the government, increasing odds that the government collapse and trigger new snap elections. Israel upped its advisory for citizens in Istanbul to leave the country immediately amid rising fears of Iranian attacks on Israelis there.
- **Saudi Arabia** lifted all its COVID-19 precautionary measures; meanwhile, the **UAE** urged continued mask-wearing amid a case spike.

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Americas

- **Canadian** Prime Minister Trudeau tested positive following his participation in the **US'** Summit of the Americas in Los Angeles.
- **Cuba** sanctioned 381 people, including 16 young people between the ages of 16 and 18, who participated in last summer's protests, and jailed 297.
- Indigenous groups in **Ecuador** blocked roads with mounds of dirt and burning tires, kicking off what they say will be an “*indefinite protest*” against the economic policies of conservative President Lasso.
- The **US** imposed visa restrictions on 93 more people believed to have undermined democracy in **Nicaragua**.

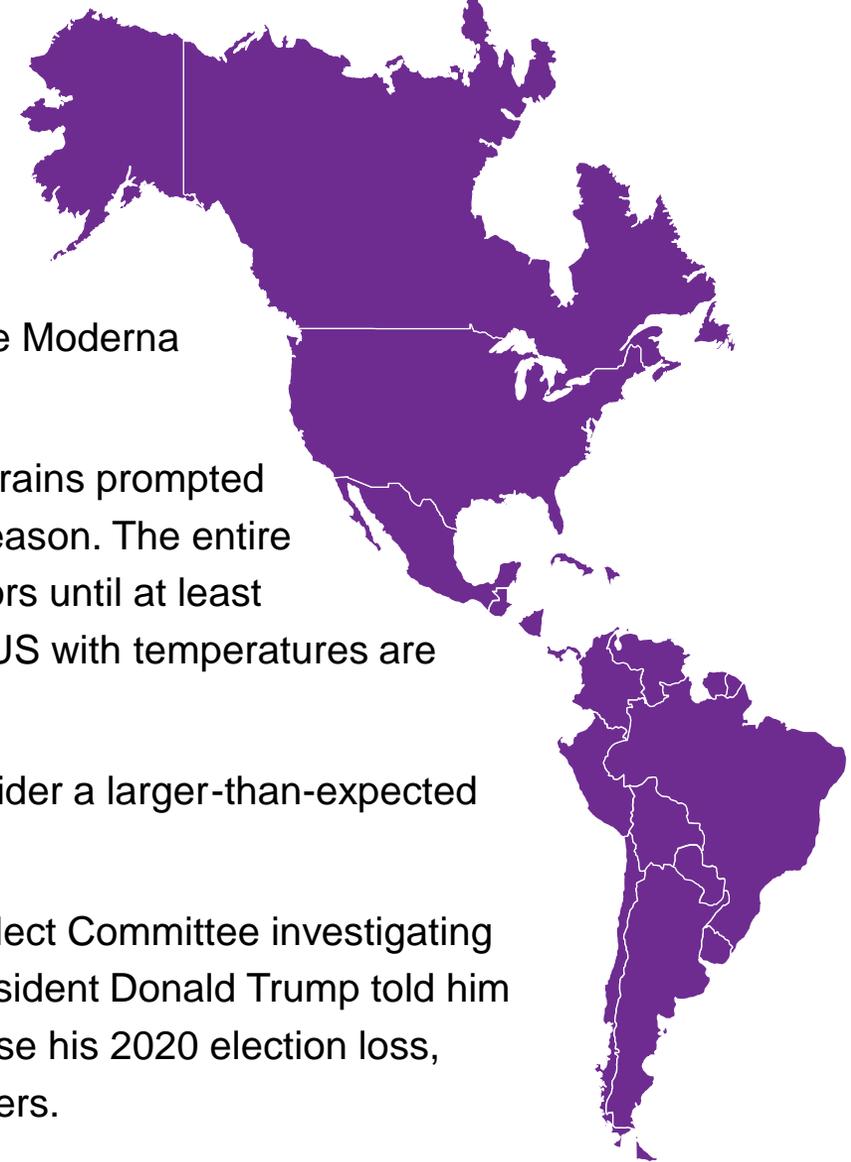


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Americas: US

- A panel of advisers to the FDA is set to meet today to consider whether use of the Moderna **COVID-19 vaccine** should be expanded to include children ages 6 through 17.
- **Record flooding** and rockslides unleashed by an unprecedented burst of heavy rains prompted the rare closure of Yellowstone National Park at the start of the summer tourist season. The entire park, spanning parts of Wyoming, Montana and Idaho, will remain closed to visitors until at least Wednesday. Meanwhile, a **heatwave** is scorching the southwestern and central US with temperatures are expected to soar above 100 degrees (38C).
- Inflation reports in recent days are likely to lead Federal Reserve officials to consider a larger-than-expected 0.75-percentage-point **interest-rate increase** at their meeting this week.
- The second **public hearing** by the Democratic-led House of Representatives Select Committee investigating the **assault on the US Capitol** showcased testimony of top advisers to then-President Donald Trump told him that his claims of widespread election fraud were unfounded and would not reverse his 2020 election loss, seeking to make the case that Trump ignored the advice of many of his own staffers.
- The US Congress is advancing legislation that could rewrite the rules for American companies investing abroad, proposing the **screening of investments in countries like China** seen as adversaries to protect US technologies and rebuild critical supply chains.

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Recapping the Summit of the Americas

By Matt Skros

The Biden Administration hoped that the Summit of the Americas, held this month in Los Angeles, would be a sign of robust American commitment to the Western Hemisphere. However, reactions to it among media and national leaders have been mixed. Whether or not the Summit will achieve its intended purpose will depend on how thoroughly frameworks agreed to at the Summit are implemented.

The Biden Administration recently wrapped up the Summit of the Americas in Los Angeles, the ninth such summit to be held since President Clinton convened the first one in 1994. According to the State Department, the Summit was held to “*promote economic growth and prosperity throughout the Americas based on shared democratic values.*” During the Summit, President Biden promised strong American leadership to confront issues facing the Western Hemisphere, but there were mixed reactions among Latin American leaders, and the coverage in Western and international media has been critical. The lukewarm reaction to the Summit reflects growing discontent among leaders in the Americas towards US policy in the hemisphere. Whether or not the Summit will achieve its intended purpose will depend on follow-

through in implementing plans agreed to at the event.

The theme for this Summit was “Building a Sustainable, Resilient, and Equitable Future,” with health policy, migration and economic recovery being key topics of discussion. On the health front, leaders adopted an action plan to help prepare for and respond to future pandemics, and new programs to increase the number of health personnel and fortify health systems were announced. On the economy, the US introduced the Americas Partnership for Economic Prosperity initiative to enhance collaboration on climate change and supply chain resilience. This initiative, though, was more of a framework rather than a fully formulated plan. Perhaps the paramount concern among leaders at the Summit was historically high levels of migration. President Biden did unveil a “new

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Recapping the Summit of the Americas

approach to managing migration,” which would allow for farmers in the US to take in more seasonal workers and encourage countries to codify legal pathways for people from Latin America and the Caribbean to come to the US. This agreement, while positive rhetorically, is non-binding, and significant follow-through will be required by government leaders to make its pledges a reality.

Even before the Summit even began, though, there was tension among the attendees over the Biden Administration’s refusal to invite Cuba, Venezuela and Nicaragua. In response, the leaders of Mexico, Guatemala, Honduras, Bolivia and El Salvador refused to attend, although several of them did sign onto the Declaration on Migration, which was unveiled towards the end of the Summit. In speeches during the Summit, the prime minister of Belize and the president of Argentina both decried the exclusion of other countries, with Argentine President Fernandez later remarking that, *“We definitely would’ve wished for a different Summit of the Americas.”* There was also pointed criticism from Gabriel Boric, the 36-year-old Chilean president, who argued that the US was missing out on chances to advance democratic ideals in Latin America by not engaging with countries like Cuba and Venezuela. Boric also decried a *“double standard”* on the part of the US for working with nations Boric viewed

as undemocratic, such as Saudi Arabia.

American and international media coverage of the event has been skeptical. While some news organizations reported on the successful joint statements and frameworks unveiled during the Summit, those reports also mentioned the divisions on display among leaders. For example, *Reuters’* headline regarding the migration plan read, *“Biden unveils migration plan, capping Americas summit roiled by division.”* Another *Reuters* headline read, *“Biden unveils new Latin America economic plan at reboot summit dogged by dissent.”* A CNN article on the summit highlighted *“fraught politics”* and *“questions of unity.”* An analysis piece in *The Atlantic* was titled, *“The Summit of the Americas Was Meant To Counter China’s Influence. Instead, It Showed How Weak the US Is.”* Some of this coverage appears to have caught the attention of First Lady Jill Biden, who commented on an *“unfair”* piece in the *New York Times* regarding the migration plan.

Summits are generally opportunities for speeches, photo opportunities and high-level meetings between government officials. Concrete deliverables typically come in the months after as

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Recapping the Summit of the Americas

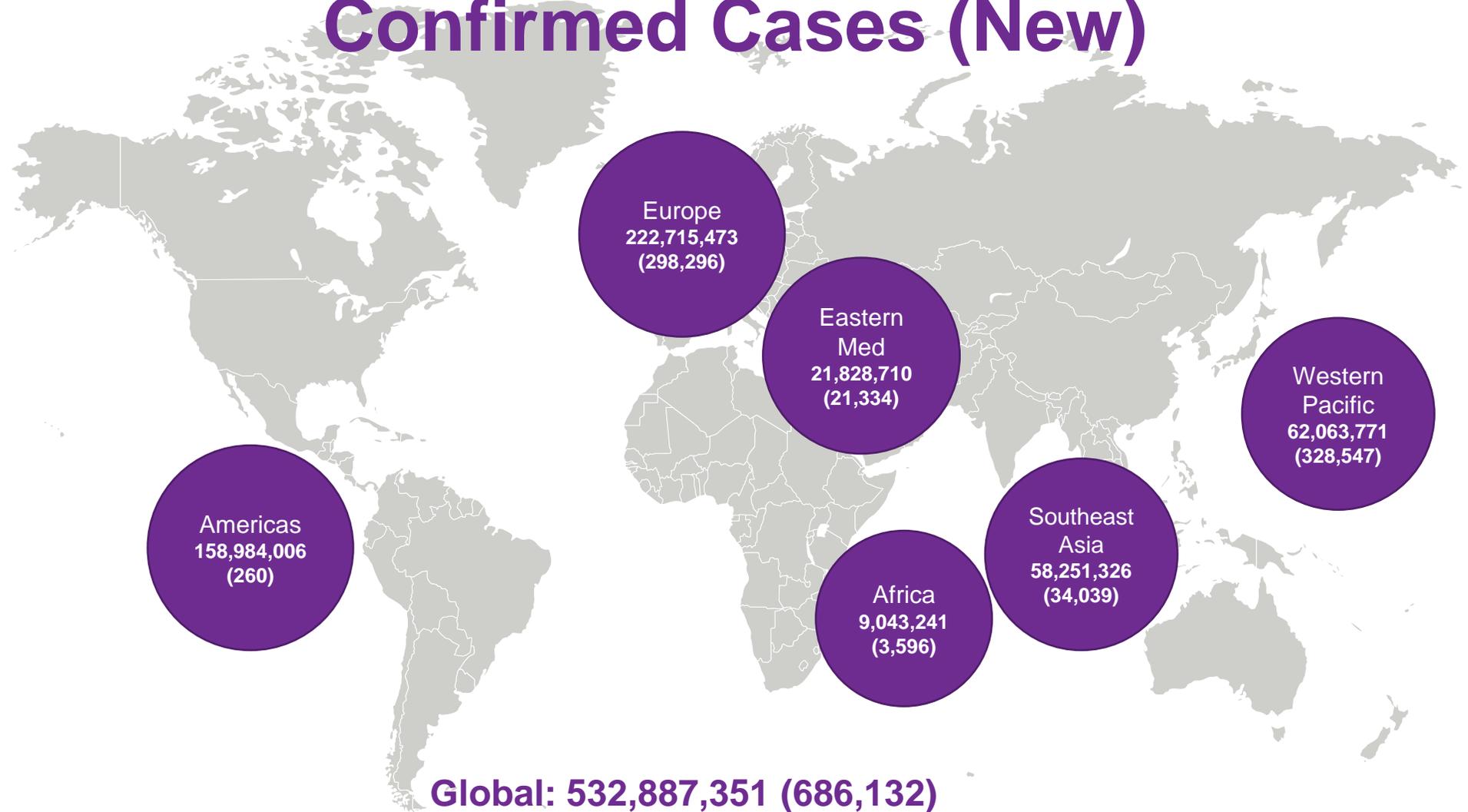
governments work to implement frameworks and agreements hashed out during the summit. Given the discord on display among leaders at the ninth Summit of the Americas, though, it is unclear how successful the attendees will be at turning those frameworks into action. While this Summit did show the Biden Administration's commitment to the region, it perhaps did not go far enough to reverse a perception of shaky American leadership. The potential reversal of that perception may only come if the frameworks agreed to at this Summit can be fully implemented – a difficult task given how full the Administration's domestic and international agendas will be for the foreseeable future.

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Coronavirus Condition Updates

As of 5:19 pm CEST on June 13, 2022

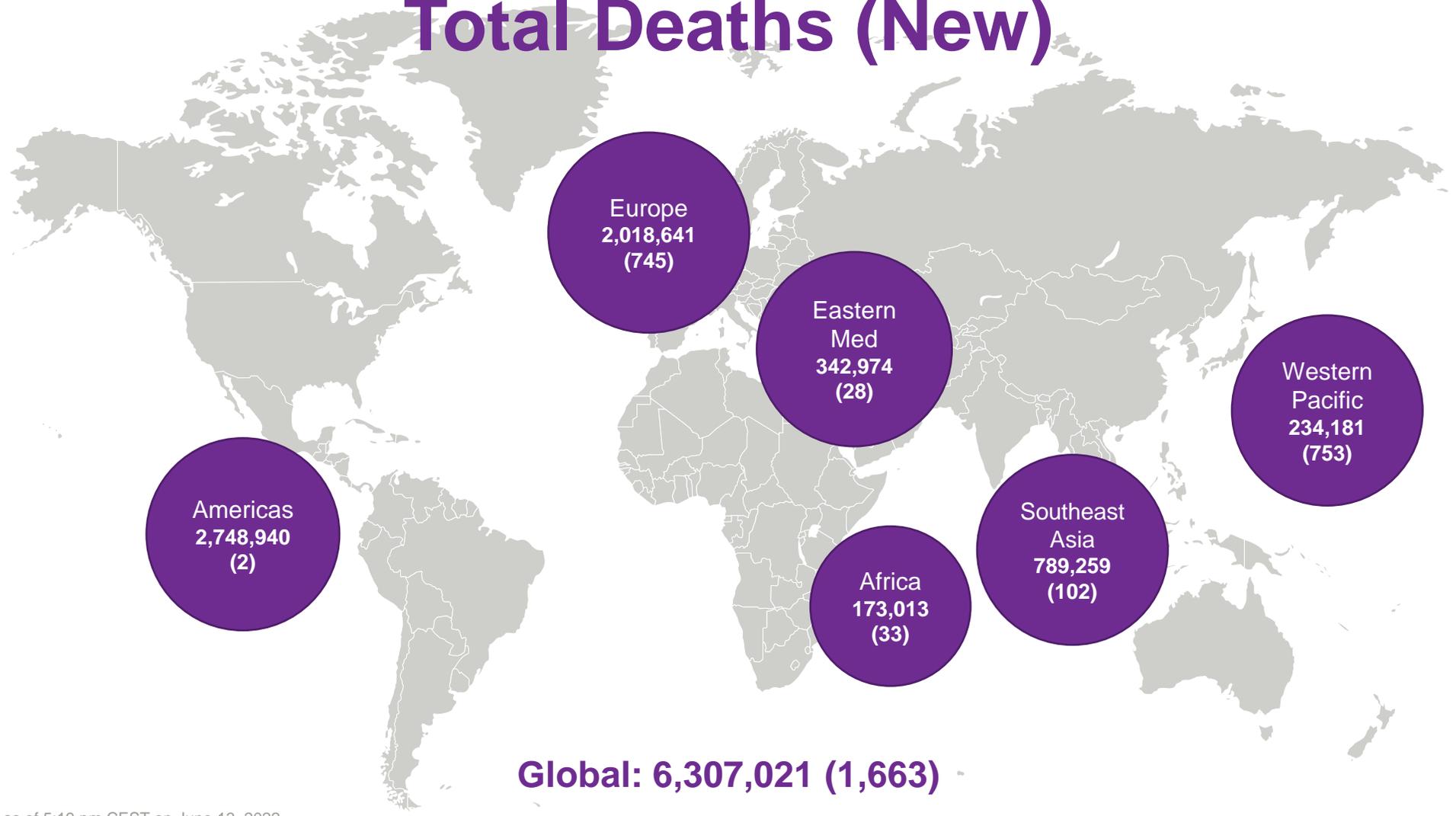
Confirmed Cases (New)



Reflects data as of 5:19 pm CEST on June 13, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 5:19 pm CEST on June 13, 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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