

Dentons Flashpoint

Daily Global Situation Report

June 17, 2022

Global Situation Update: June 17, 2022

KEY TAKEAWAYS

WTO approved trade agreements on fishing and pledges on health and food security.

Global stock markets plunge with interest rate hikes.

The European Commission considers membership candidacy today for Ukraine, Moldova and Georgia.

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

On Sunday, Colombians will head to the polls to vote in a presidential run-off election. Independent candidate Rodolfo Hernandez and leftist Gustavo Petro are in a tight race for Colombia's highest office. Hernandez has campaigned heavily against corruption, pledging to reduce poverty and inequality, while Petro has proposed large economic and social changes.

The election comes at a time of rising tension in Colombia, and the run-off could cause violence to flare-up. Confrontations between police and protestors are likely no matter who wins. Additionally, armed groups such as FARC dissidents may use this unstable period to conduct attacks.



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Global

WTO members approved a series of trade agreements early on Friday that included commitments on fish and pledges on health and food security after five days of negotiations.

- The Omicron variant of coronavirus is less likely to cause **long COVID** than previous variants, according to the first peer-reviewed study of its kind from the United Kingdom.
- The WHO is expected to say an Omicron-targeted **COVID-19 vaccine** dose can be administered as a third shot in order to broaden immune responses in the face of a virus that is “*likely*” to continue to evolve.
- Law enforcement in the US, Germany, the Netherlands and Britain dismantled a global network of internet-connected devices, known as the “RSOCKS” botnet, that had been hacked by Russian **cyber criminals** and used for malicious purposes.

Markets & Business

World stocks headed for their worst week since markets' pandemic meltdown in March 2020 as leading central banks doubled down on tighter policy in an effort to tame inflation.

- The three biggest **stock markets in Europe** closed at their lowest levels in three months, as central banks moved to raise interest rates to curb booming inflation. Germany's DAX index in Frankfurt and London's FTSE fell by more than 3 percent, while the CAC 40 in Paris dropped by 2.4 percent.
- Elon Musk was sued for \$258 billion on Thursday by a **Dogecoin** investor who accused him of running a pyramid scheme to support the cryptocurrency.
- Britain's biggest domestic bank **Lloyds** will give the vast majority of staff a one-off 1,000-pound (\$1,220) payment to help combat the soaring cost of living.
- Japan's **Sony** and **Honda Motor** (agreed to an equally owned joint venture that will start selling electric cars in 2025).
- The Russian subsidiary of Alphabet's **Google** has submitted a declaration of bankruptcy, after authorities seized its bank account in May, making it impossible to pay staff and vendors.

Environment, Sustainability & Governance

Britain will set out a new data protection regime that is laxer than EU regulations, which it says will ease the burden of compliance on businesses and reduce the number of annoying cookie pop-ups that plague consumers online.

- Investors in May pulled \$3.5 billion from **US mutual funds using ESG factors**, their first outflow since 2018.
- Norway's \$1.2 trillion wealth fund put Malaysian medical glove maker Supermax Corp under observation for two years, citing allegations of unacceptable risk that the company contributes to **serious violations of human rights**.
- Volkswagen asked for more time to review reports alleging human rights violations tantamount to **"modern slavery"** on a farm it owned in Brazil between 1974-1986.
- Shell is building larger vessels that can carry more carbon dioxide over longer distances as part of the company's plans to expand its **carbon capture storage (CCS)** business globally.

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Africa

- Protester medics reported that another protester had been killed by police amid continued anti-junta protests in Khartoum, **Sudan**; the death brings the total death toll of protesters since the coup in October to 102.
- The WHO's regional **Africa** director called for international support to ramp up testing and treatment capabilities for monkeypox, urging donors not to let the outbreak be a repeat of COVID-19 inequities.
- The **French** military confirmed that they had captured a senior figure of Islamic State in the Greater Sahara (IS-GS) in **Mali** earlier this week.
- **Zimbabwean** nurses announced a strike for better wages and working conditions, starting on Monday.



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Asia

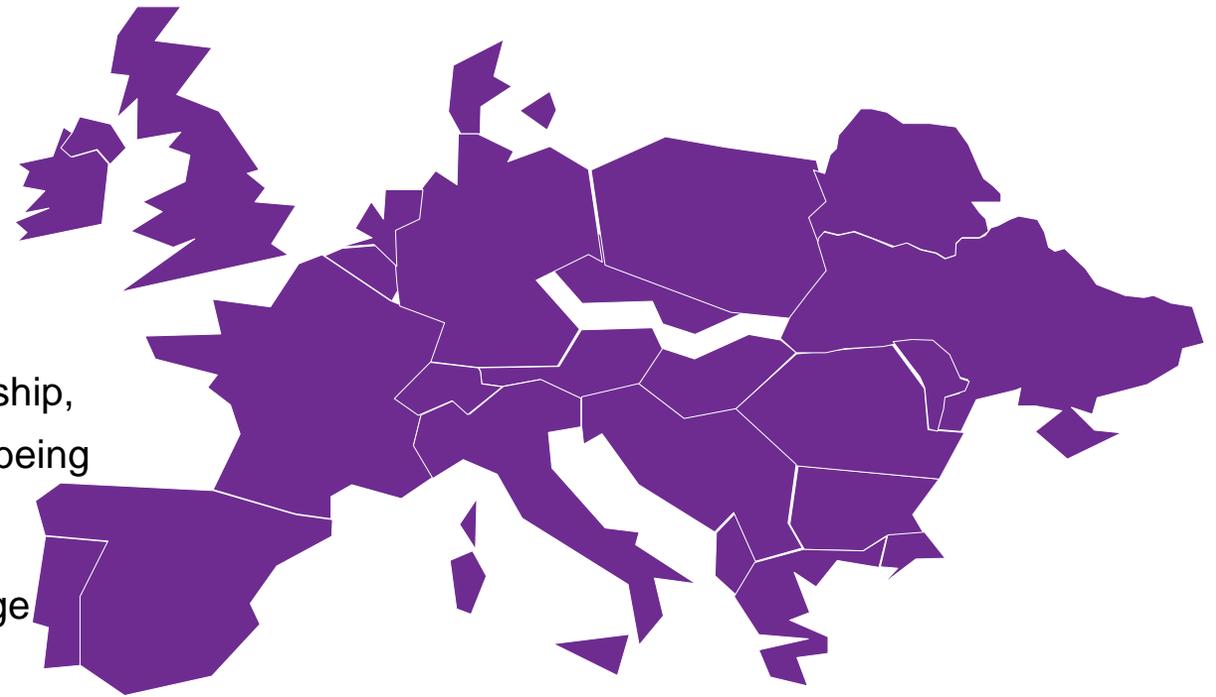
- **China** launched its third aircraft carrier today, the Fujian, named after the province opposite self-ruled Taiwan, sending a statement of intent to rivals.
- **Thailand** announced it would abandon pre-registration process for foreign visitors and no longer require face masks to be worn in public, responding to a slower COVID-19 spread.
- **India** is considering imposing a ceiling on sugar exports for a second straight year starting this October, aiming to ensure ample domestic supplies and keep a ceiling on local prices.
- **China's** national oil majors are in advanced talks with **Qatar** to invest in the North Field East expansion of the world's largest liquefied natural gas (LNG) project and buy the fuel under long-term contracts.



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Europe

- The European Commission recommended today that the **EU** designate **Ukraine and Moldova** as candidates for membership, with **Georgia** being asked to meet certain conditions before being granted the same status.
- The Bank of **England** raised interest rates by 0.25 percentage points yesterday, signaling that it would “*act forcefully*” if needed to prevent high inflation becoming more persistent.
- **German** Defense Minister Lambrecht is trying to drum up support from allies to build up new multinational combat troops to be stationed at NATO's eastern flank in **Lithuania**.
- **Russian**-flagged ships have been carrying grain harvested in **Ukraine** last season and transported it to **Syria**, per US satellite imagery company Maxar.
- A historic heat wave is punishing parts of **Western Europe**, with widespread temperatures near or above 104 degrees Fahrenheit (40 Celsius) expected through 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](#).

Middle East



- **Iran** will allow licensed exchange offices to resume buying and selling foreign currency, days after traders protested the ban and the country's worsening economic situation.
- **Iran** said that **Iraq** had paid \$1.6 billion to settle part of a gas debt that Iran has sought since 2020; the payments will likely lead to more regular electricity for northern Iraq.
- **Israel** announced an extra 2,000 worker entrance permits for Palestinians living in **Gaza**, bringing up the total permits to 14,000. Israel said that it had concluded an internal investigation into violence at the death of American-Palestinian journalist Shireen Abu Akleh but would not release the results.
- As many as three million **Tunisians** participated in a one-day strike for better wages, orchestrated by the influential UGTT union. International flights will likely be canceled as airport workers strike.

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Americas

- An **Ecuadorian** indigenous leader detained during nationwide indigenous-led protests against President Lasso's conservative economic policies was freed after briefly being detained by police and vowed to continue demonstrations.
- A **Panamanian** court dealing with Brazil's Lava Jato case has provisionally dismissed money laundering charges against the founders of Mossack Fonseca, the defunct law firm linked to the Panama Papers scandal.
- **Canada's** main stock index slumped to its lowest level in 14 months and its currency weakened as investors grew more worried that aggressive central bank interest rate hikes would trigger a recession.
- Workers at **Chile's** state-owned Codelco, the world's largest copper producer, said that they will go on strike if they do not receive a favorable answer from the company's board of directors Friday.



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Americas: US

- Testifying before Congress yesterday, Administration health officials warned that the **COVID-19 virus** is evolving to evade existing vaccine protections and the country needed to be prepared to invest in new vaccines and treatments. New legislation for additional funding, however, remains stalled due to Republican opposition.
- US **mortgage rates** surged by the most in 35 years as inflation soars and interest rates rise. The average interest rate on a 30-year fixed rate mortgage jumped by more than half a percentage point to 5.78 per cent,
- New applicants for **unemployment** fell from the previous week in a sign that the labor market remains tight. There were 229,000 initial jobless claims on a seasonally adjusted basis in the week to June 11, according to the US labor department data released on Thursday. That was down from the previous week's 232,000 claims,
- The White House is launching a summer-long initiative today, called the **Talent Pipeline Challenge**, to encourage labor unions and industry to work together to train more workers for high quality jobs in the electric vehicle, broadband and construction sectors.



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Ukraine War Update: EU Membership Candidacy, Military Aid, Food Security, Energy Crisis Spillover

EU Membership Candidacy

Today, EU's executive Commission recommended EU membership candidacy for Ukraine. French President Macron, German Chancellor Scholz, Italian Prime Minister Draghi and Romanian President Iohannis expressed their support in a meeting with Ukrainian President Zelenskyy in person while on a visit to Ukraine. Next week, EU leaders are set to meet and discuss whether to accept the recommendations. There is not sufficient support within the EU to approve an expedited accession process for Ukraine, despite the current political and military crisis with the Russian invasion. Furthermore, membership is not assured, as the ascension process is long and requires applicants to meet high standards across socio-political and economic lines. Also, not all member states support expanding the EU.

Military Assistance

Over the past week, Ukraine has continued to press supporters to increase the supply of military equipment and deliver on past pledges. Ukraine's Defense Ministry said the country has only received a fraction of the arms it requested from Western allies to

fend off Russian troops. In particular, Ukraine is asking for immediate shipment of artillery, saying Ukraine needs more fire power in order to stop the Russian offensive in the Donbas. NATO Secretary General Jens Stoltenberg called on western countries to be responsive by sending more heavy weapons.

This week, US Secretary of Defense Austin convened the contact group, now drawing more than 50 countries, to review Ukraine's military requests and coordinate new supplies. The US pledged to provide Ukraine with another \$1 billion (€963 million) of military equipment, including major weapons systems that the Ukrainian government has appealed for such as howitzers, anti-ship missile launchers and rounds for the High Mobility Artillery Rocket Systems. France pledged a further six Caesar howitzers on top of the 12 already offered.

Global Food Security

Global food security remains a top concern, as the majority of Ukrainian agricultural crops, including millions of tons of wheat, remain trapped in the country, unable to be exported due to the Russian blockage in the Black Sea. Turkish Foreign Minister

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Ukraine War Update: EU Membership Candidacy, Military Aid, Food Security, Energy Crisis Spillover

Mevlut Cavusoglu said his country is ready to host four-way talks with the UN, Russia and Ukraine in order to unblock the passage of grain. Western leaders, however, remain skeptical of Russian willingness to cooperate, preferring to use food as a weapon to force concessions. French President Macron assessed there is little chance of an agreement with Russia for now to get grain out the Ukrainian port of Odesa but said there were talks to regenerate rail routes linking Odesa to the Danube in Romania as an alternative. The logistical challenge for export by rail is that Ukrainian rail uses the old Soviet gauge and neighboring states use a narrower gauge. Cargo needs to be offloaded, transported over the border, temporarily stored until being reloaded on cars fitted with the narrow gauge. Given the millions of tonnage, this is no small logistical feat.

Ceasefire Prospects

Prospects for a ceasefire remain slim. French and Italian leaders have pulled back on their calls for Ukraine to make concessions to bring the war to an end. The US continues to state that only Ukraine should decide the conditions for seeking a ceasefire, pledging to continue military support. Russia remains focused on achieving military control over the Donbas. Fighting for control of the city of

Severodonetsk is ongoing, with Russian forces occupying most of the city and avenues of escape cut off through the destruction of bridges across the river. Ukrainian forces are fighting to push Russian troops back to the east side of the Siverskyi Donets river, to stall any further advancement in Ukraine. Fighting is intense, with Ukrainian forces outmanned and outgunned.

Energy Crisis Spillover

Spillover in the form of economic costs of the war continues to mount. The German government has appealed to Germans to conserve energy after Russia cut gas supplies through the Nord Stream 1 pipeline, a critical Baltic Sea pipeline bringing gas to Europe. Russia's state-controlled gas exporter Gazprom has cut flows by 60 per cent in recent days, citing technical problems. But Germany claims the move is political, amid escalating tensions between Moscow and the west over Russia's invasion of Ukraine.

The impact on global oil supply and pricing is also a growing concern, even though only the US and UK have imposed near total embargos on Russian oil (and which made of relatively minor percentage of the two countries oil imports). The UK ban, although

Ukraine War Update: EU Membership Candidacy, Military Aid, Food Security, Energy Crisis Spillover

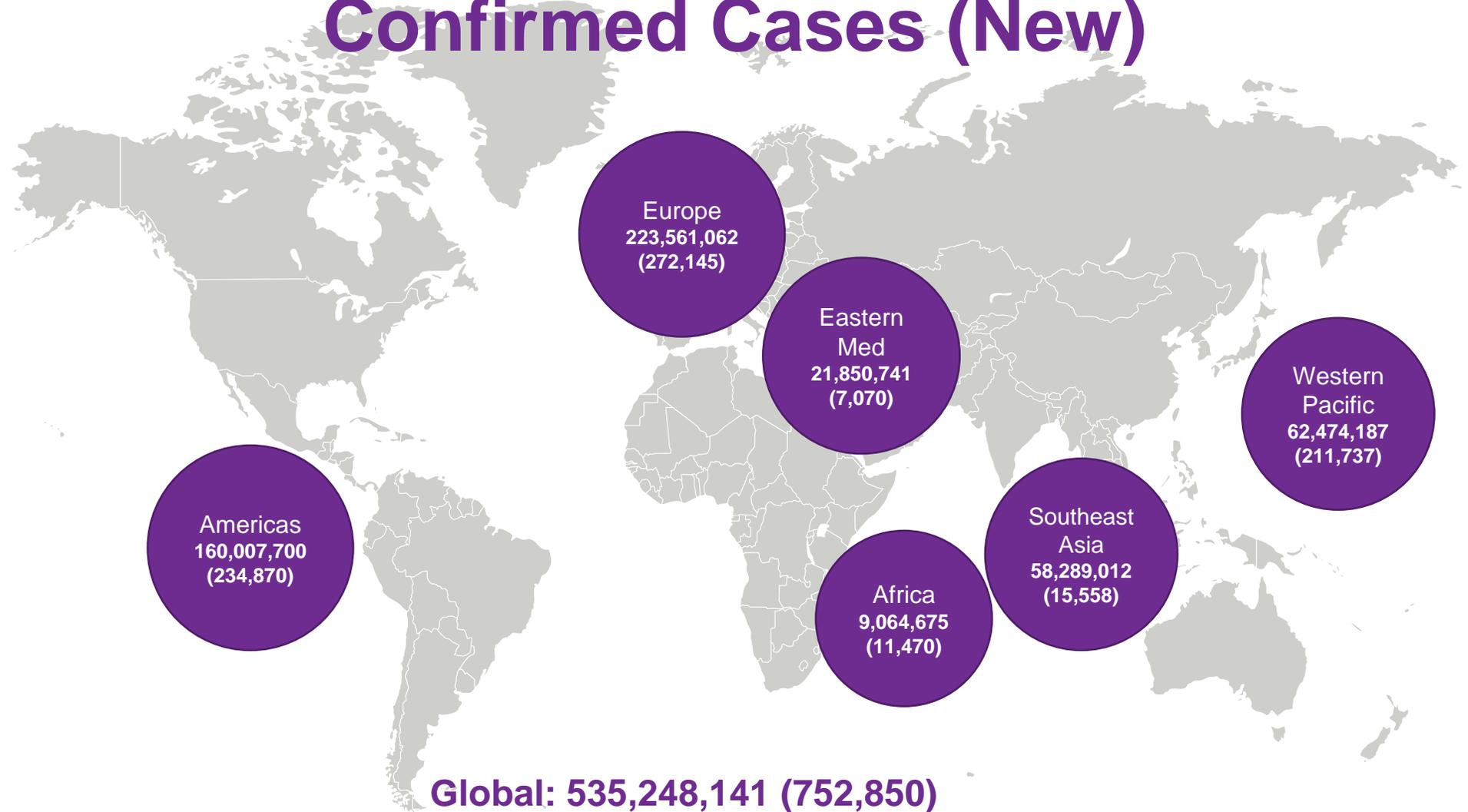
approved, will be phased in over the remainder of the year. The European ban on insuring Russian oil cargoes risks an immediate impact on Russian oil exports – for which the global economic is not prepared. The US is urging European capitals to seek ways of easing the impact of their ban on insuring Russian oil cargoes, arguing the measure could cause global crude prices to soar. EU officials say there are G7-level talks on the topic and that it could also be raised at meetings of EU finance ministers this week. The insurance ban is part of the EU's sixth package of sanctions on Russia, the centerpiece of which was a ban on seaborne oil coupled with a temporary exemption for pipeline shipments into the EU.

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Coronavirus Condition Updates

As of 5:49 pm CEST on June 16, 2022

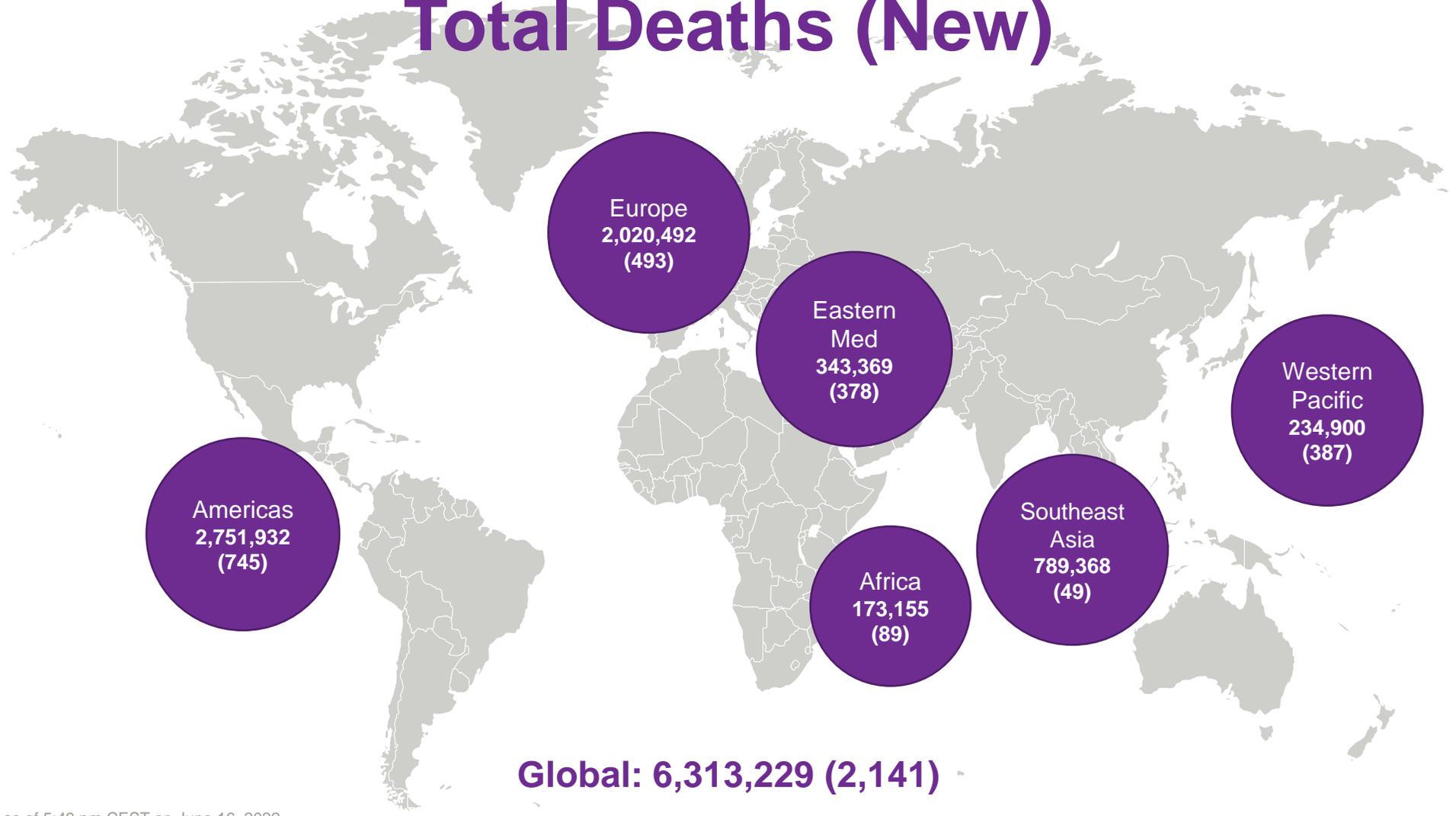
Confirmed Cases (New)



Reflects data as of 5:49 pm CEST on June 16, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 5:49 pm CEST on June 16, 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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