

Dentons Flashpoint

Daily Global Situation Report

June 22, 2022

Global Situation Update: June 22, 2022

KEY TAKEAWAYS

The IAE warns that increased energy investments this year will not be sufficient to tame soaring energy prices.

A massive earthquake devastates Afghani city of Khost.

Moderna prepares to ship COVID-19 Omicron vaccine in August, pending regulatory approval.

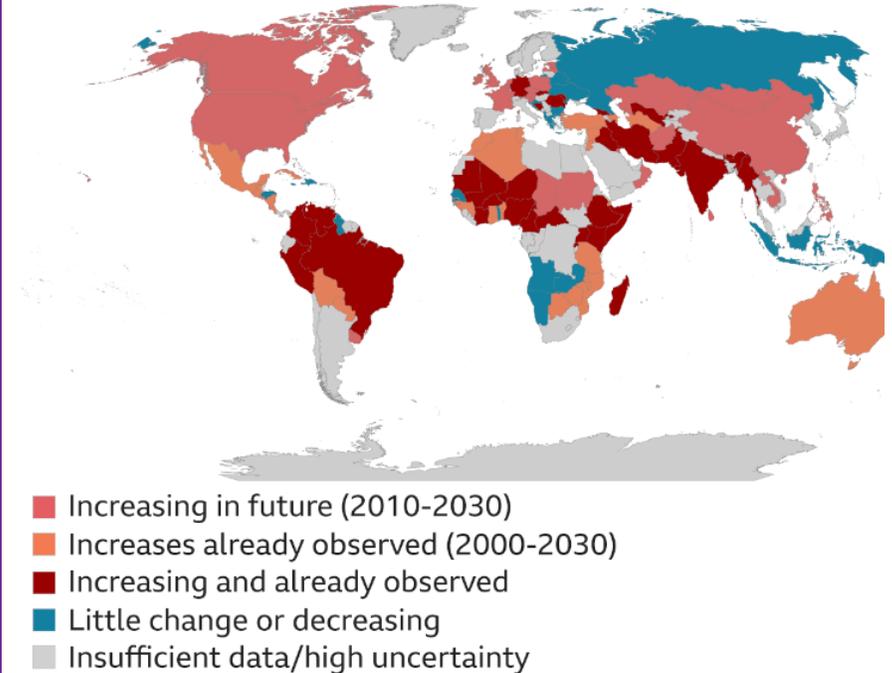
Global Situation Update: June 22, 2022

WHAT WE'RE WATCHING

Historic floods in Bangladesh, southern China and northeast India are threatening manufacturing, shipping and logistics operations. In south Asia, record rainfall this monsoon season has displaced millions, and widespread power outages there will impact the global textile industry. In China, hundreds of thousands are evacuated from their homes and work stoppages will reduce production levels.

These latest floods follow the worst recorded downpour in South Africa in May which interrupted freight operations at Durban, sub-Saharan Africa's busiest port. In the northern US, historic rainfall in the state of Montana has resulted in economic losses to the region surrounding Yellowstone National Park, one of America's largest.

Change in proportion of population exposed to floods



Source: Global Flood Database

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

Global

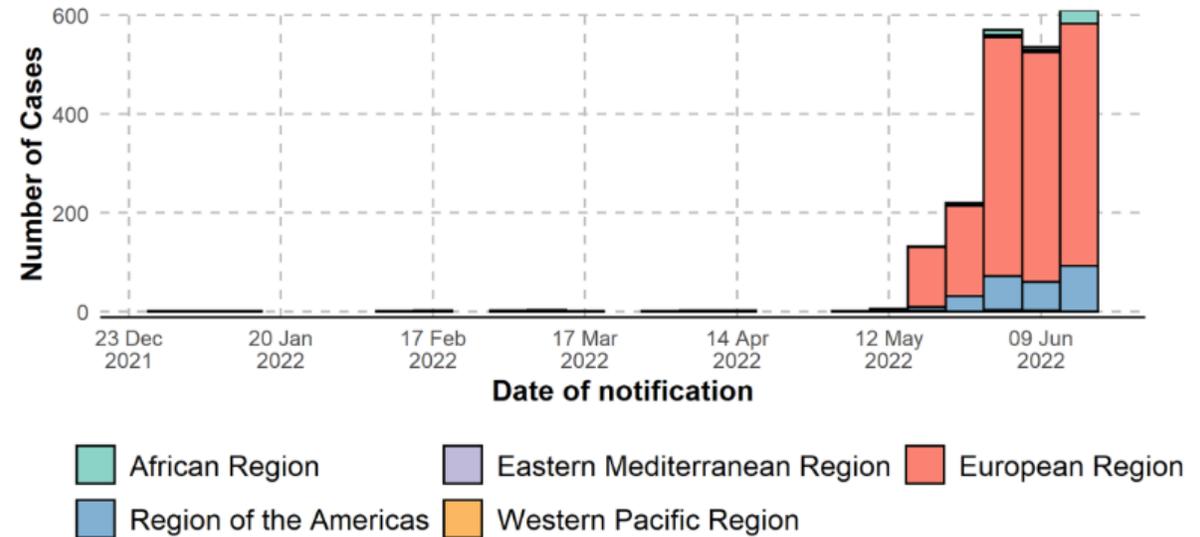
Moderna's COVID-19 Omicron variant vaccine will be ready to ship in August as the company has been making shots ahead of regulatory approval to get ahead of the anticipated demand curve.

- Indonesian President and G20 chairman Widodo will meet leaders of **Ukraine and Russia** next week to advocate for peace and try to help ease a **global food crisis**, the first such trip by an Asian leader.
- UNICEF estimated that a **record 36.5 million children** are displaced amid new waves of conflict and environmental shocks.

Global

South Korea confirmed its first case of the monkey pox virus. Over 2,000 cases have been reported worldwide outside of endemic countries in Africa, the highest concentration in Europe.

Figure 1: Confirmed cases of monkeypox by WHO region from January 2022 to 15 June 2022, data as of 15 June 2022 17:00 CEST



Source: WHO

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Markets & Business

Investments in global energy supplies will jump this year, led by an expansion in no-emission or low-emission capacity but the spending will not be sufficient to tame soaring energy prices, or meet global climate targets, per the International Energy Agency.

- The **Universal Beijing Resort** will reopen on June 25 after being closed for nearly two months.
- **Meta, Microsoft** and other tech giants building the emerging metaverse concept have formed a group to foster development of industry standards that would make the companies' nascent digital worlds compatible with each other.
- A British subsidiary of mining and trading giant **Glencore** formally pleaded guilty to seven counts of bribery in connection with oil operations in Cameroon, Equatorial Guinea, Ivory Coast, Nigeria and South Sudan.
- Canada approved legislation that targets what **video- and audio-sharing platforms** like YouTube and TikTok can broadcast to a Canadian audience, requiring a boost in domestic content, following Europe in imposing a heftier regulatory burden on the digital sector.

Environment, Sustainability & Governance

An earthquake of magnitude 6.1 killed at least 920 people in Afghanistan on Wednesday. The epicenter of the earthquake was near the Pakistani border city of Khost.

- Airline industry group the International Air Transport Association called on oil companies to speed up the development of **alternative jet fuels** or risk losing business to companies that will, saying that current timelines leave the airlines at risk of missing net-zero emissions targets.
- Germany rejected EU plans to effectively ban the sale of new cars with **combustion engines** from 2035.
- Activision Blizzard Inc shareholders voted in favor of a proposal for a report on the video game company's efforts to prevent **employee abuse, harassment and discrimination**, following longstanding allegations.
- FedEx transitioned from the testing phase to the adoption phase of their **zero-emissions delivery truck strategy**, formally deploying 150 EVs in the LA area.

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Africa

- Hundreds of **Mali**ans demonstrated in the central city of Bankass to demand state protection after more than 130 civilians were killed by jihadist violence in the region in recent days.
- Participants said that talks on a regional deployment in the Democratic Republic of the Congo are set to continue despite divisions between the **Congo and Rwanda**.
- **Burkina Faso's** army ordered civilians to evacuate two large "*military interest zones*" in its northern and southeastern regions ahead of anticipated operations against Islamist insurgents.
- ECOWAS formally deployed troops to **Guinea-Bissau** to help stabilize the country after a failed coup earlier this year; the deployment was planned in February.



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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

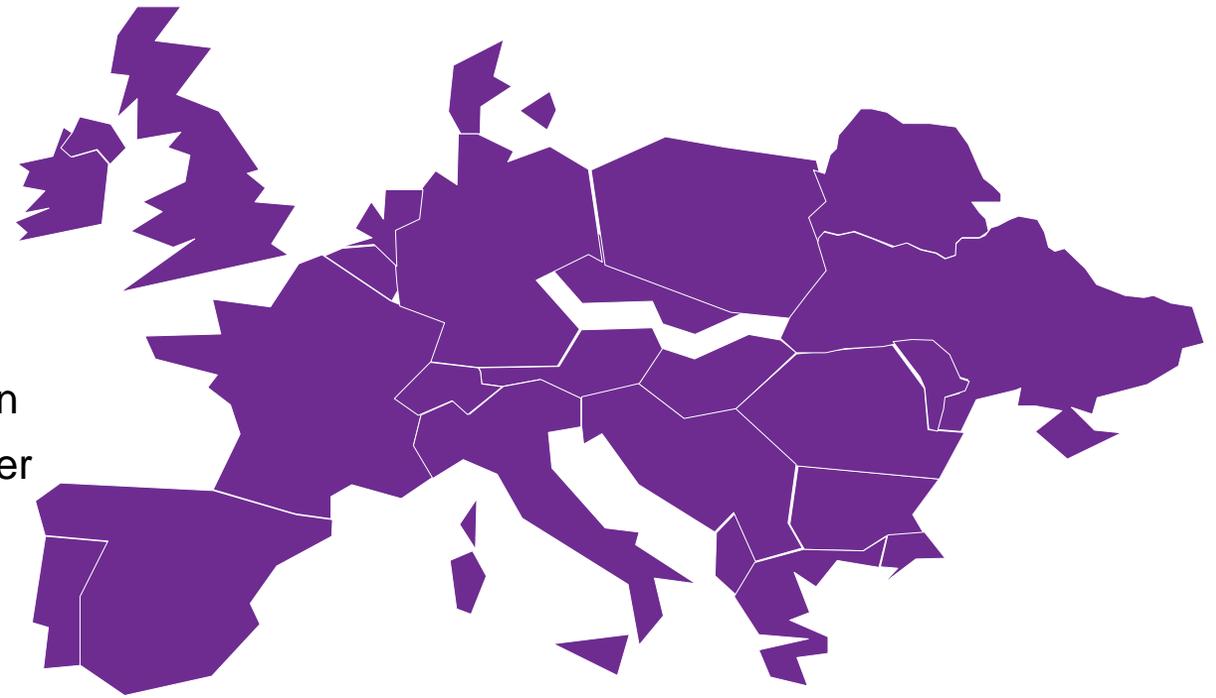
- **Sri Lanka** is inviting **China, India and Japan** to a donor conference to drum up more foreign assistance to find a way out of its worsening economic crisis, amid ongoing talks with the International Monetary Fund.
- **Taiwan** scrambled jets on Tuesday to warn away 29 **Chinese** aircraft in its air defense zone, including bombers that flew south of the island and into the Pacific, in the largest incursion since late May.
- The **Philippines** is facing a sugar shortage due to local production missing forecasts and a delay in planned imports of up to 200,000 tons of the refined sweetener. Local crops were damaged by a powerful typhoon that hit plantations in December.
- **South Korea** plans to set up a delegation to NATO in Brussels, as Seoul pushes to strengthen its partnership with the organization and play a bigger role on the global stage.



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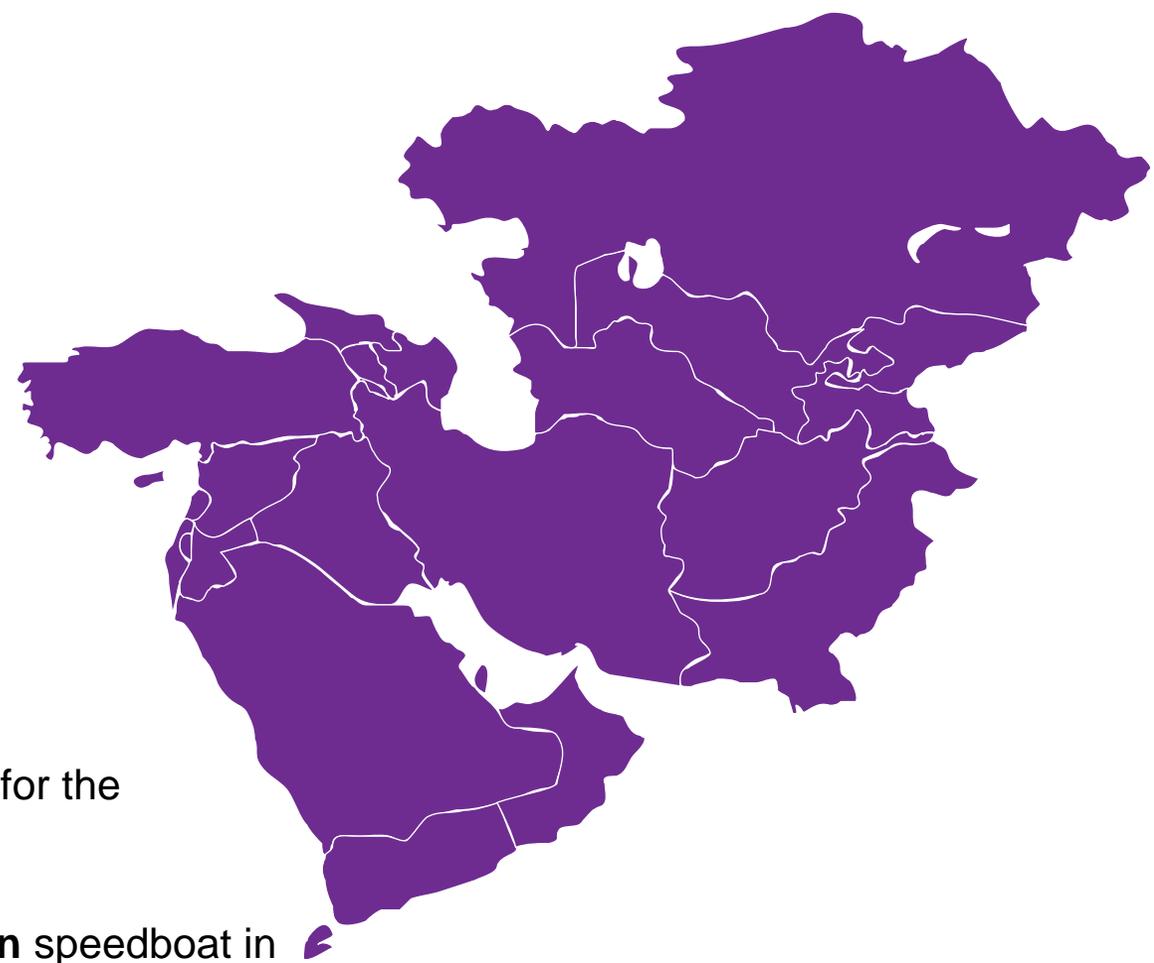
Europe

- **Europe** must speed up efforts to replace sanctioned and curtailed **Russian** energy supply and should double down on efficiency and renewables, including nuclear power, per the International Energy Agency.
- Soaring food prices pushed **British** consumer price inflation to a 40-year high of 9.1 percent in May, the highest rate out of the G7 countries and underlining the severity of the cost-of-living increase.
- A no-confidence vote today threatens to topple **Bulgaria's** government and Prime Minister Petkov, who pledged to tackle corruption and took an unusually strong stance against **Russia**. In office six months, the government is divided over the budget and whether Bulgaria should unlock **North Macedonia's EU** accession.
- A **Turkish** military delegation will travel to **Russia** this week to discuss details of a possible safe sea corridor in the Black Sea to export **Ukrainian** grain.



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Middle East



- **Lebanon, Syria, and Egypt** signed an agreement to transfer 650 million cubic meters of gas per year from Egypt to Lebanon via Syria at a ceremony at the Lebanese energy ministry in Beirut; the deal, which has been in the works for several years, could ameliorate Lebanon's energy shortages but faces obstacles in the form of **US Syria** sanctions.
- **Turkey's** parliament renewed its 18-month mandate allowing for the deployment of Turkish troops in **Libya**.
- A **US** Navy warship fired a warning flare to wave off an **Iranian** speedboat in the Strait of Hormuz, heightening already high tensions.
- The head of **Tunisia's** constitution committee delivered the draft of a new constitution to President Saied; expectations are that the document will grant more powers to the president.

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Americas

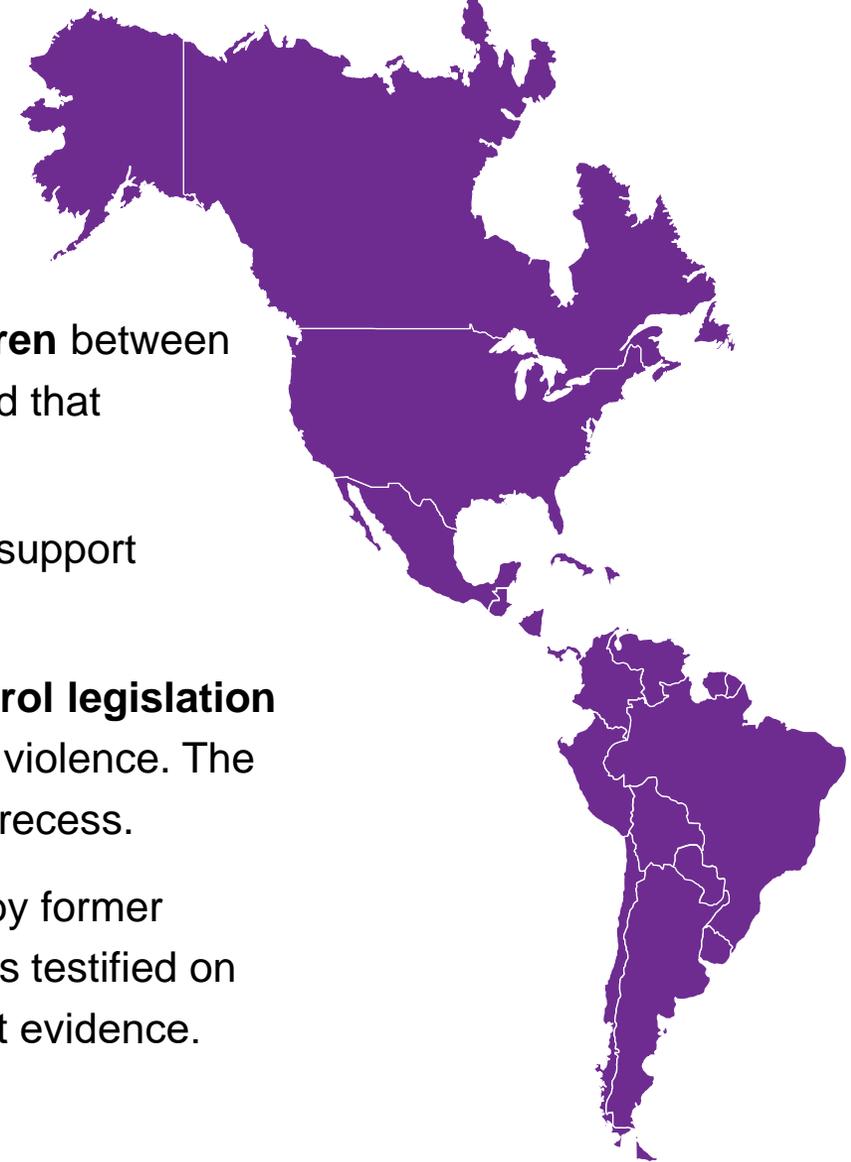
- Ecuador's armed forces said they would not allow ongoing protests against President Lasso's economic policies to damage the country's democracy, as road blockades continued ahead of more planned demonstrations.
- **Colombia's** peso currency, its stock index and shares in state-run oil company Ecopetrol fell following the election of leftist Gustavo Petro.
- **Brazilian** payments fintech Ebanx laid off about 20 percent of its staff, joining billion-dollar tech companies across the country bracing for a gloomy economic landscape.
- **El Salvador** extended a controversial state of emergency to combat gangs for the third time on Tuesday, prompting criticism from human rights organizations over the suspension of constitutional protections.



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Americas: US

- **COVID-19 immunizations** became available yesterday for millions of **children** between the ages of 6 months and 5 years, the last group of Americans to be afforded that protection.
- The US Solar Buyer Consortium pledged to jointly spend about \$6 billion to support expansion of the domestic **solar panel supply chain**.
- The Senate took a step towards advancing the nation's first major **gun-control legislation** in decades towards a vote, spurred by two mass shootings and chronic gun violence. The Senate is expected to vote on the 80-page bill this week before a two-week recess.
- In the fourth day of the **hearings on the January 6 assault** on the Capitol by former President Donald Trump's supporters, Arizona and Georgian election officials testified on Trump and his supporters' pressure to overturn results alleging fraud without evidence.



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Conflict Hotspots: Tensions Between Congo and Rwanda

By Matt Skros

As tensions rise between the Democratic Republic of the Congo and Rwanda and regional countries prepare to deploy troops to eastern Congo, humanitarian risks will increase. Fighting may also disrupt supplies of critical minerals needed for electronic components, leading to supply chain complications.

As Africa grapples with drought, persistent food insecurity, and rising extremist violence, Congo and Rwanda have been sliding towards armed conflict. Congo accuses Rwanda of backing the M23 rebel group, which operates in eastern Congo and recently launched an offensive against the Congolese government. Rwanda has also accused Congolese soldiers of staging incursions into Rwandan territory. Tensions came to a head on June 17, when a Congolese soldier was killed and two Rwandan security personnel were wounded in an exchange of fire at the border. While regional countries have agreed to provide security forces to quell the violence in eastern Congo, disagreements remain about whether Rwandan soldiers should be a part of that force. Continued instability will have a large humanitarian cost. Moreover, the eastern regions of Congo are rich in critical minerals and supply much of the global demand for cobalt, coltan and copper, meaning that a flare-up in fighting would

significantly disrupt the flow of resources needed to sustain supply chains.

This recent increase in tensions between Kigali and Kinshasa is not the first instance of fraught relations between the African neighbors. Rwanda has claimed that some of the ethnic Hutus who carried out the 1994 genocide against the Tutsis fled to Congo, and Kigali has previously deployed military forces inside Congo's borders, including in an operation that deposed Congolese dictator Mobutu Sese Seko. Since then, both nations have accused each other of backing various rebel groups operating in eastern Congo. The Congolese government has struggled to control this region of the country, as it is nearly 1,600 miles from Kinshasa and has poor infrastructure. The M23 group, which is led primarily by ethnic Tutsis, emerged in 2012 when they briefly seized Goma, the capital of the eastern Congolese province of North Kivu.

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They were later pushed out by a joint UN-Congolese offensive. M23 launched a renewed offensive earlier this year, seizing the key trading hub of Bunagana. Congolese leaders have accused Rwanda of assisting in this offensive and have suspended trade agreements despite Rwandan denials.

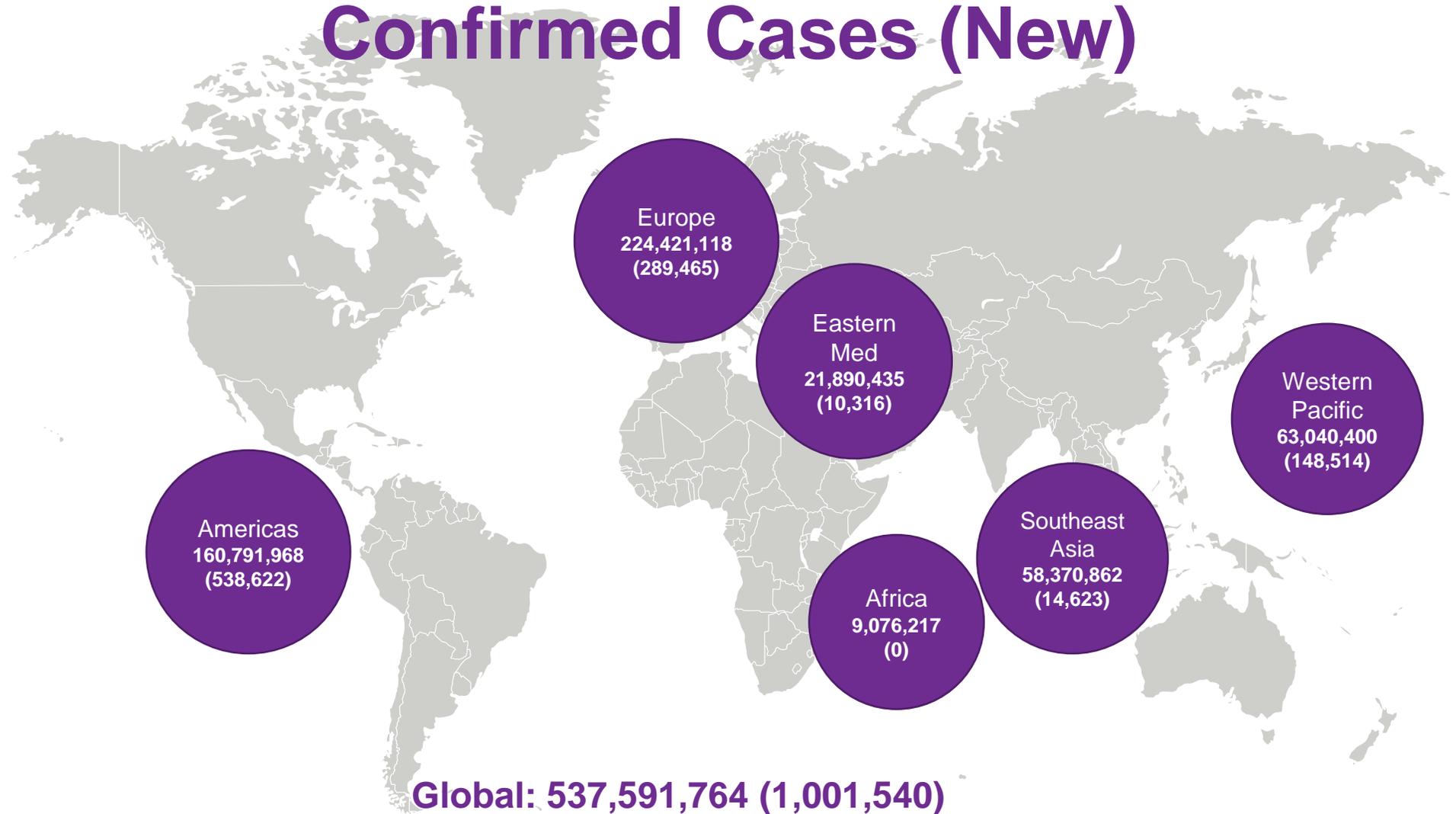
A June 20 agreement between East African leaders to deploy a regional security force could stabilize the situation in the short term, but there are still disagreements between Kinshasa and Kigali on the force's makeup. Congolese President Felix Tshisekedi stated on Twitter that the force would be operational in the coming weeks without giving details of where the force would be deployed within eastern Congo, nor how it would be composed, except that it should not include Rwandan soldiers. Just last week, President Tshisekedi accused Rwandan forces of attempting to occupy eastern Congolese land for control of its mineral resources. Congo has also agreed to re-establish a peace process but does not want Rwanda included in it. There is a possibility that President Paul Kagame of Rwanda will use this week's Commonwealth Heads of Government Meeting (CHOGM) to seek dialogue with Congo. However, rapprochement between Kigali and Kinshasa still seems distant.

Protracted tensions will have global, as well as regional, effects. Congo is one of the most mineral-rich nations in the world. In addition to gold, tin and tungsten, Congo also sits atop the world's largest known deposits of cobalt, which is a critical component in lithium-ion batteries used for smartphones and electric vehicles. In the eastern region, supplies of coltan, used in tantalum capacitors for electronic devices, and copper, used in wiring, are abundant. Annually, Congo produces approximately 70 percent of the world's cobalt supply and 40 percent of the coltan supply. Congo is also the fourth-largest copper producer globally. Over 50 percent of the mines in eastern Congo are managed by rebel groups. Apart from the devastating human toll these mining operations have exacted, a flare-up in fighting between Congo and Rwanda or between regional peacekeepers and rebels will significantly interrupt the global flow of critical electrical components, disrupting global supply chains. Moreover, for companies with stakes in these mining operations, business risk will be high if battle lines shift between government forces and rebel groups.

Coronavirus Condition Updates

As of 6:37 pm CEST on June 21, 2022

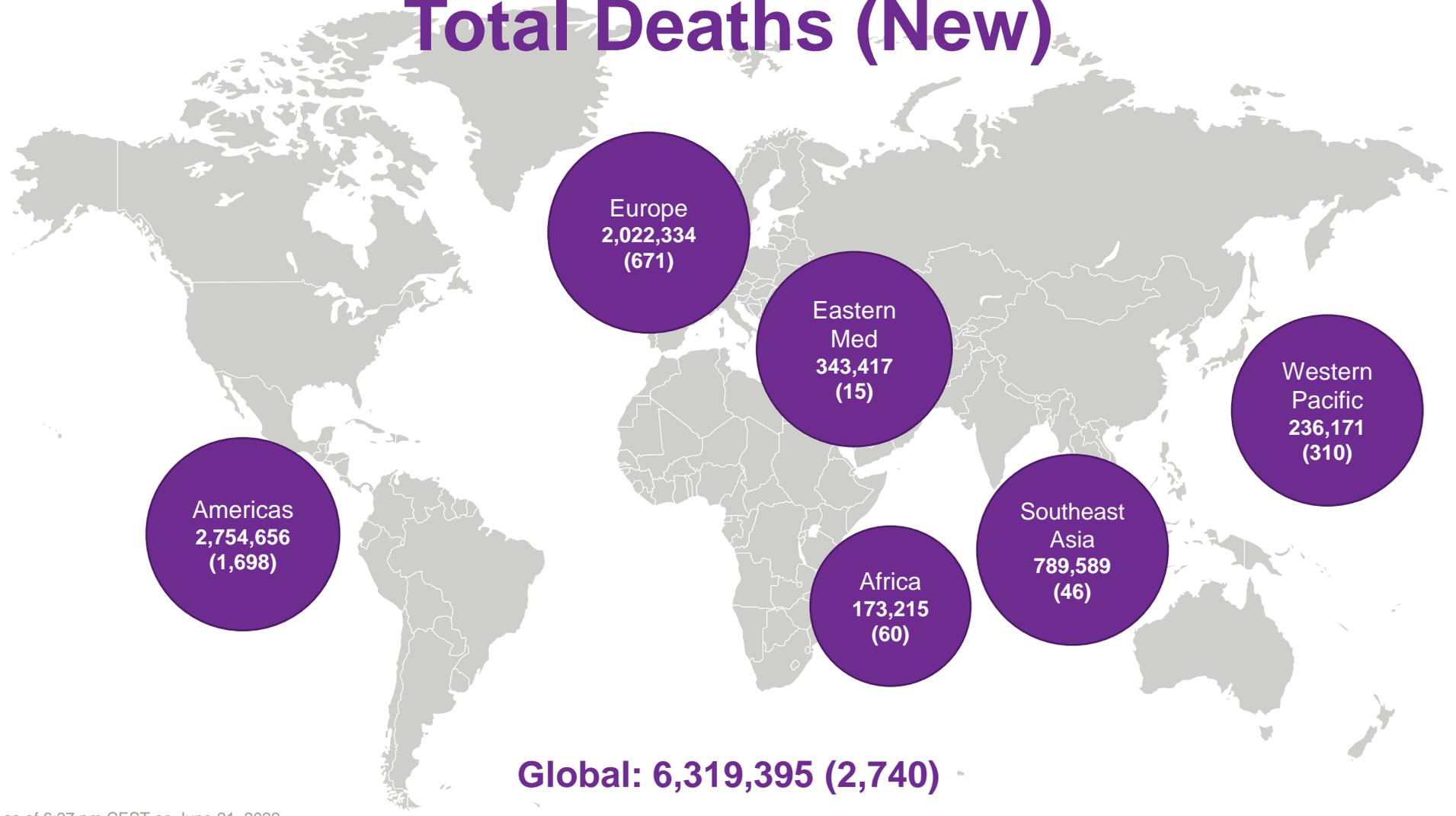
Confirmed Cases (New)



Reflects data as of 6:37 pm CEST on June 21, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 6:37 pm CEST on June 21, 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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