

Dentons Flashpoint

Daily Global Situation Report

June 27, 2022

Global Situation Update: June 27, 2022

KEY TAKEAWAYS

G7 leaders discuss additional sanctions on Russia and infrastructure development financing to counter China's Belt and Road project.

Strikes in Peru grow over increased cost of living.

Heatwave cooks Tokyo over weekend.

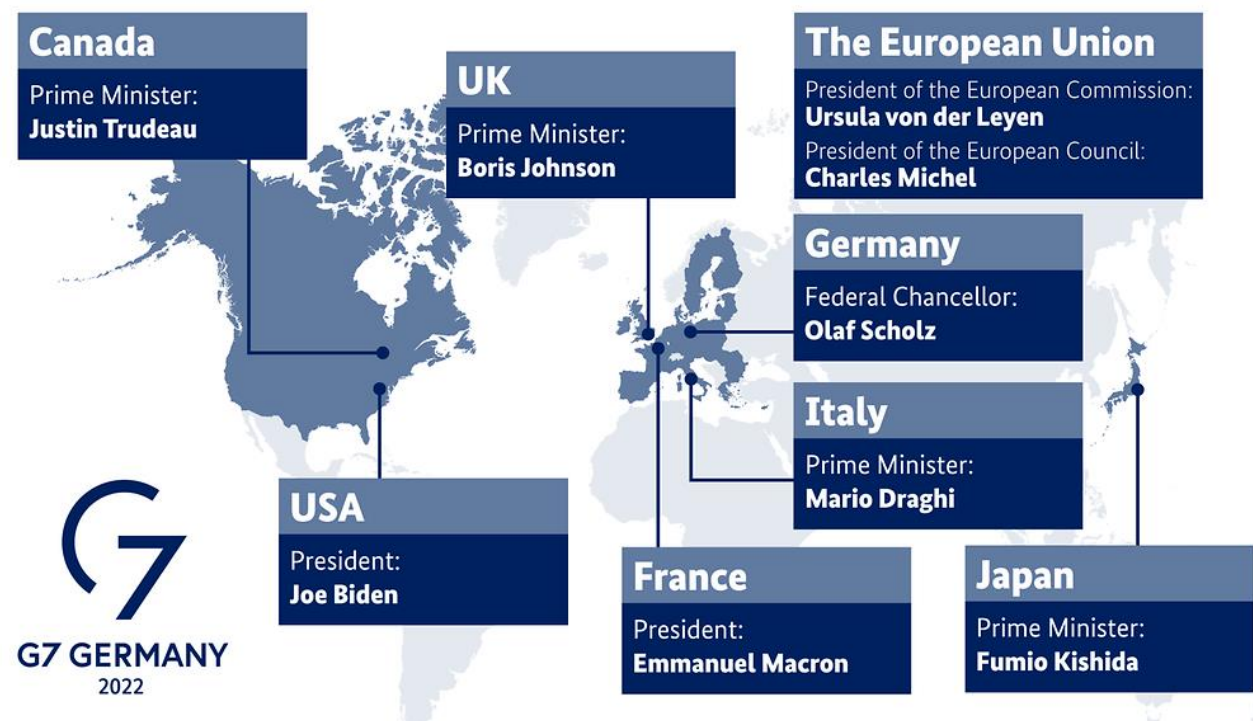
Note: This report is based on sources and information deemed to be true and reliable, but Dentons makes no representations to same.

Global Situation Update: June 27, 2022

WHAT WE'RE WATCHING

The Group of Seven (G7) nations are meeting today in the Bavarian Alps of Germany. Key discussion points will include tackling rising food and energy prices and addressing energy security, including renewable energy, and supply chain resilience in response to the Russia-Ukraine war.

As G7 leaders arrived yesterday for the summit, the Russian Military struck the city of Kyiv with a series of missile attacks that signal Moscow's anger with the group of wealthy nations. Meanwhile, Russian President Putin is making his first trip abroad since the war began with visits to Tajikistan and Turkmenistan which appear intended to show that the Kremlin has international support.



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Global

NATO's new “*strategic concept*” will vastly expanded plans to defend its easternmost allies in response to Russian president Vladimir Putin's invasion of Ukraine, shifting the focus from deterring any invasion to a full defense of allied territory.

- G7 leaders on Sunday pledged to raise \$600 billion in private and public funds over five years to **finance needed infrastructure in developing countries** and counter China's older, multitrillion-dollar Belt and Road project.
- The G7 will announce a ban on imports of **Russian gold** on Tuesday, as part of ongoing efforts to hold Russia accountable for its war in Ukraine and block attempts to evade Western sanctions. The leaders are also discussing **a price cap on Russian oil**.
- The WHO decided not to declare **monkeypox** a global emergency despite a rapid rise in cases in Europe, electing instead to describe it as an “*evolving health threat*.” The WHO expressed serious concerns about the scale and speed of the current outbreak, which spans more than 50 countries, with some 3,000 cases since early May.

Markets & Business

China plans to extend the yuan's trading hours as it positions to increase global investor participation in onshore currency trading as part of its internationalization push.

- **Oil prices** edged down today in a volatile session as investors watched for any moves against Russian oil and gas exports that might come out of a meeting of leaders of the G7.
- Saudi Arabia will invest \$3.4 billion in the **vaccine and biomedical drugs sector**, as part of the kingdom's push towards achieving pharmaceutical security and making Saudi Arabia a more prominent hub for the sector.
- US crypto firm **Harmony** said that thieves stole around \$100 million worth of digital coins from one of its key products, the latest in a string of cyber heists.
- Auto makers, including **Tesla Inc., Ford Motor Co., General Motors Co., Rivian Automotive Inc. and Lucid Group Inc.**, are raising prices on electric cars, partly to offset the soaring cost of materials used in their large batteries. Car executives also are capitalizing on strong consumer interest in EVs, as a new wave of plug-in vehicles hits the market.

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Environment, Sustainability & Governance

Over two-thirds of European asset managers and distributors are considering halting the launch or distribution of products that do not comply with ESG standards, per a survey by PwC Luxembourg.

- The French government could restart a **coal-fired power plant** in the Lorraine region in northeastern France this winter, as the country scrambles to find alternative energy sources. The heads of France's big energy companies urged individuals and businesses to limit power consumption immediately to prepare for a looming energy crisis.
- Danish lawmakers on Friday agreed a new **corporate carbon tax**, the highest in Europe, which will target companies both in and outside the EU's carbon quota system.
- Italy, Portugal, Slovakia, Bulgaria and Romania want to delay an EU plan to effectively ban the sale of new petrol and diesel cars from 2035 by five years, citing the need to **expand charging infrastructure**.
- Efforts to draft an ambitious global agreement on halting nature loss ended Sunday with little progress in the Nairobi negotiations, leaving limited time for brokering a **biodiversity pact** this year.

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Africa

- **Nigeria's** Zamfara state will start issuing licenses to individuals to carry guns to defend themselves against armed gangs of kidnappers causing havoc in the country's northwest.
- Oil sector workers in **Congo Republic** will go on a hunger strike starting today over low pay and other demands that have been unmet by the government, per the workers' union. A second phase of the strike starting June 29 will include stopping work at all offices and industrial bases in Pointe-Noire, while the hunger strike continues at refineries, oil terminals, onshore and offshore bases.
- **Mali's** military government passed a new electoral law, marking a step towards a return to constitutional rule amid regional pressure to hold elections.
- Separatists fighting to carve an independent state out of **Cameroon's** English-speaking regions have increased the number of violent actions this year, including killings, kidnappings and attacks on schools, per Human Rights Watch.



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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

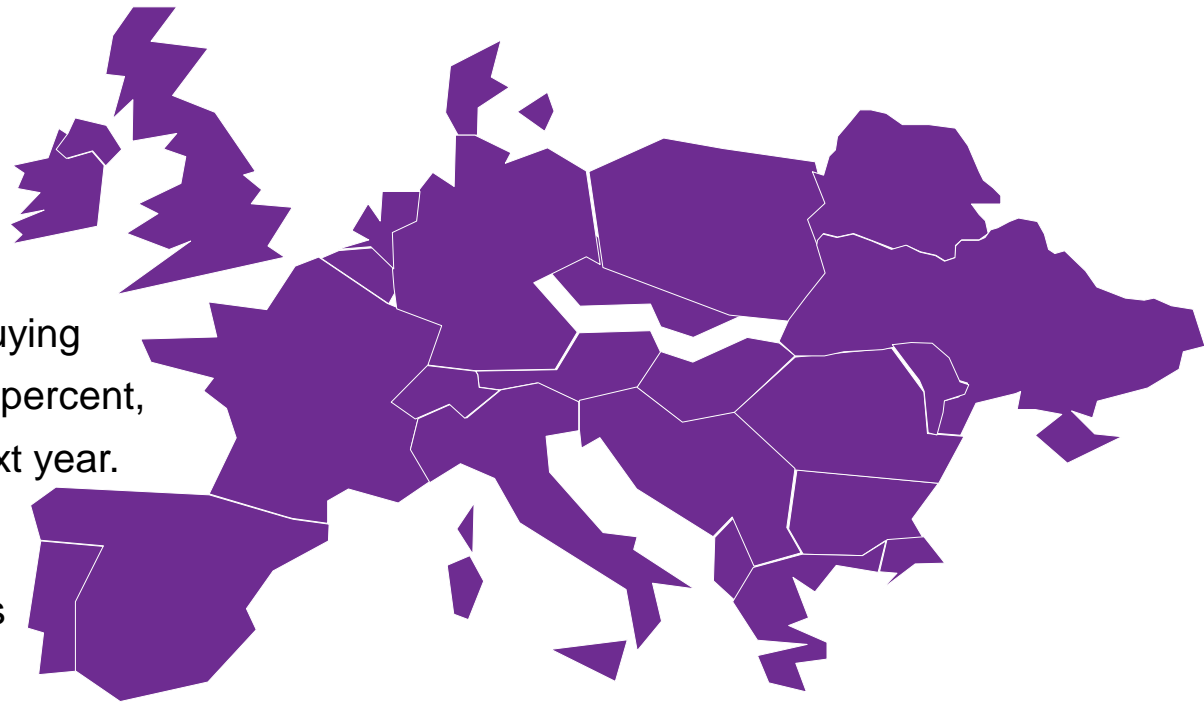
- **China's** securities regulator proposed rules to regulate private pension investment via mutual funds, setting the criteria for qualified products and sales agents under a scheme that will channel fresh savings into the country's capital markets.
- The **Japanese** government warned on Sunday that electric power supplies would be strained in the Tokyo area today, calling on people to save energy as scorching summer heat batters the capital. On Saturday, temperatures there shot above 104 degrees (40 Celsius) for the first time on record during the month.
- **Sri Lanka** is struggling to secure fresh fuel supplies, as the crisis-hit country of 22 million people is down to just 15,000 tons of petrol and diesel to keep essential services running in the coming days. The government has told employees to work from home until further notice, while schools have been shut for a week in the commercial capital of Colombo and surrounding areas.
- The **US, Australia, Japan, New Zealand and the UK** launched an informal group aimed at boosting economic and diplomatic ties with **Pacific island nations**. The group, called Partners in the Blue Pacific (PBP), will seek to support Pacific regionalism and strengthen economic ties between the Pacific islands and the rest of the world.



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Europe

- **French** lawmakers are drafting a bill to support household buying power by raising some forms of government assistance by 4 percent, at a cost of 8 billion euros (\$8.44 billion) from July to April next year.
- **EU** energy ministers will meet today to discuss options for how they could jointly curb gas demand, as the bloc grapples with cuts to **Russian** supplies and prepares for possible further supply shocks.
- **Russia** defaulted on its foreign sovereign bonds for the first time since the Bolshevik revolution, with sanctions effectively cutting the country off from the global financial system and rendering its assets untouchable to many investors.
- **Russia** has stepped up air strikes on **Ukraine** over the weekend, hitting central Kyiv, Cherkasy, Chernihiv, Zhytomyr and Lviv. The eastern battlefield city of Severodonetsk fell to pro-Russian forces on Saturday after Ukrainian troops retreated. Russian forces reportedly hit retreating Ukrainian forces with cluster bombs.



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Middle East

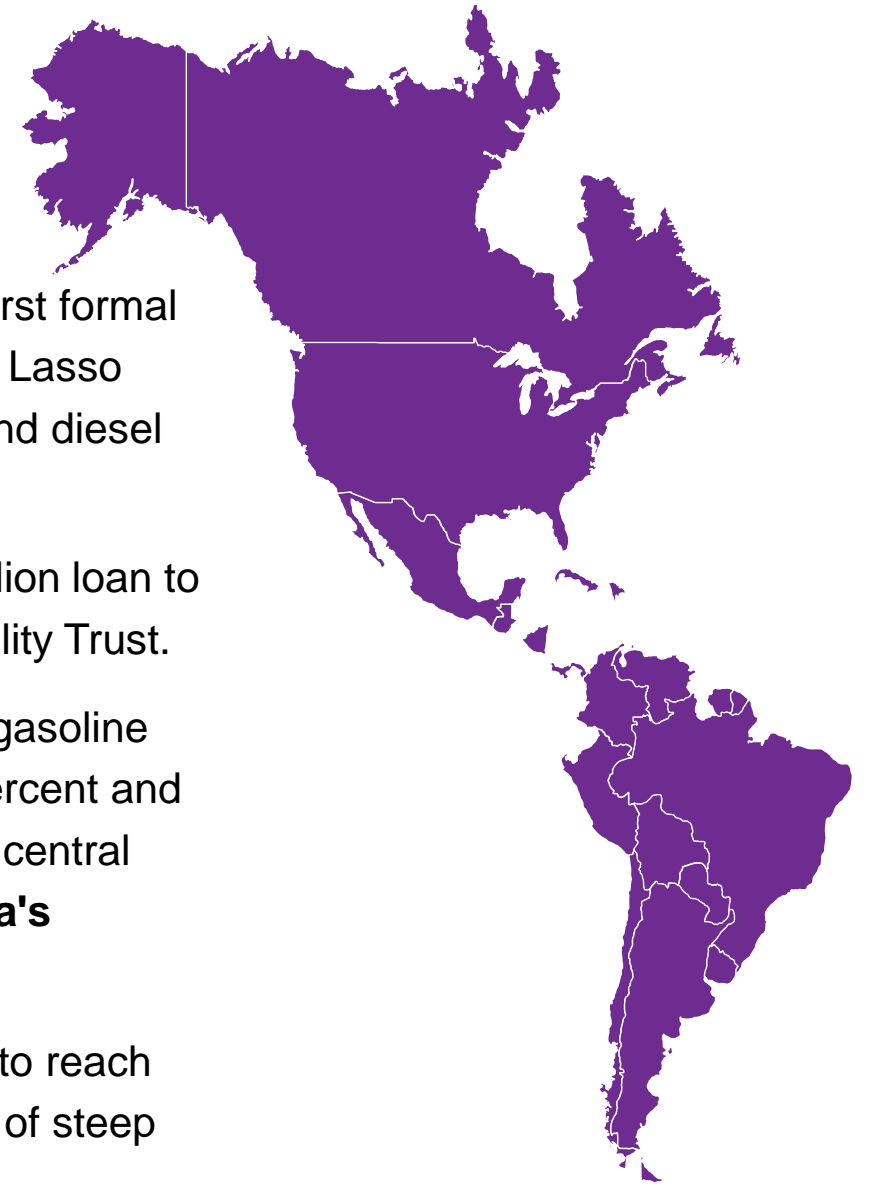


- **China** will provide humanitarian aid worth 50 million yuan (\$7.5 million) to **Afghanistan** after it was hit by an earthquake that killed more than 1,000 people this week.
- **Israeli** negotiators met with a **US** mediator in an effort to resolve a maritime border dispute with **Lebanon**.
- A gas field in northern **Iraq's** Kurdish region was targeted by rockets on Saturday for the third time in four days. Six rockets in total had hit the Khor Mor gas field, which is operated by **UAE**-based Dana Gas in Iraq's Sulaymaniyah province.
- **Egypt** has contracted to buy 180,000 tons of wheat from **India**, less than previously agreed, a deal that is part of the country's efforts to diversify its wheat supplies. Egypt, one of the world's biggest wheat importers, is looking for alternatives to Black Sea grain exports.

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Americas

- **Ecuador's** government and indigenous leaders met on Saturday for the first formal talks since mass protests began two weeks ago, and President Guillermo Lasso eased security measures. Lasso announced a cut in prices for gasoline and diesel by 10 cents a gallon, the latest concession.
- **Costa Rica** has told the IMF it is interested in obtaining a nearly \$700 million loan to invest in infrastructure from newly created fund Resilience and Sustainability Trust.
- The **Honduran** government passed a month-long freeze on increases in gasoline and diesel prices. Inflation in the 12 months through May reached 9.09 percent and accumulated inflation for the first five months of the year hit 5.18 percent, central bank data showed, driven primarily by surging fuel prices following **Russia's** invasion of **Ukraine**.
- **Peru's** truckers and some farm groups will go on strike today after failing to reach agreements with the government seeking measures to reduce the impact of steep global price rises of fuel and fertilizer.



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Americas: US

- About 60,000 Army Reserve and National Guard soldiers remain **unvaccinated against COVID-19** a week before the service's deadline, according to Army data, highlighting the persistent struggle for commanders to bring soldiers under compliance.
- A growing number of large US companies have said they will cover **travel costs** for employees who must leave their home states **to get abortions**, but these new policies could expose businesses to lawsuits and even potential criminal liability.
- Pride celebrations hosted by LGBTQ communities across the US over the weekend voiced outrage following the Supreme Court's decision to **overturn the constitutional right to abortion and a wave of anti-transgender legislation**.
- The Transportation Security Administration (TSA) screened 2.45 million **air passengers** on Friday, the highest daily number since February 2020. US airlines canceled 711 flights and delayed more than 6,000, due to weather, high demand and staffing shortages.



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Risks of Widespread Polio Transmission in the UK Low Despite National Incident Declaration

Last week, British health authorities declared a national incident following the detection of the poliovirus in London wastewater. The UK Health Security Agency identified polio in several samples taken as part of routine surveillance from February and May, far outstripping normal levels of identification although no human case of polio has yet been identified. The identification of the poliovirus – which was declared eradicated from the UK in 2003 – has prompted widespread alarm inside and outside of the UK, although health officials caution that vaccination against polio is widespread and easily available in the country.

Routine wastewater surveillance in the UK typically registers a few positive polio results every year originating from individuals who received an oral polio vaccine in other countries, which contains live poliovirus (the vaccine given in the UK and much of the western world, on the other hand, contains inactivated virus that does not register as a positive). Recent positive samples are thought to also have originated from an oral vaccine administered abroad. These samples, however, registered heightened concern due to the fact that they appeared to be related to each other and to have mutated, meaning that the virus has been passed from person to person, giving it sufficient opportunities to evolve.

The headline concern given that the virus has already begun to mutate is that, with time, the weakened virus contained in the oral vaccine could mutate sufficiently to become fully virulent, to the point where it can cause sickness and paralysis in unvaccinated people. This outcome, called circulating vaccine-derived poliovirus or cVDPV, is caused by low immunization rates, as scientists think that oral vaccine viruses must usually transmit between unvaccinated individuals over the course of 12-18 months to become virulent (a process that requires large populations of unvaccinated individuals). While not as large of a global concern as wild poliovirus, cVDPV2 is an increasing challenge for health practitioners as vaccination flags in some areas. In 2020, the WHO recorded 959 human cases of

Risks of Widespread Polio Transmission in the UK Low Despite National Incident Declaration

cVDPV type 2 (the most common of several strains) and 411 environmental samples, a stark increase from 2019, when 366 cases and 173 samples were identified.

Although the UK enjoys high levels of polio vaccination – the WHO estimates that the number is at 90% of the total population – there is cause for concern due to varying vaccination levels throughout the country, low vaccination rates among British youth, and rising levels of vaccine skepticism across the board resulting from the COVID-19 pandemic. Fewer than half of the UK's 13- and 14-year-olds received their scheduled teenage polio boosters last year, making them more vulnerable to infection despite having likely received initial doses of the vaccine as babies. Further, the UK's 90% vaccination rate – despite relatively high – is below the WHO's target 95% vaccination rate to reach herd immunity, and experts estimate that the real rate is much lower among some lower-income and immigrant communities in London.

The detection of poliovirus in the UK is the second detection this year of polio in a country that has ostensibly eradicated the disease. In March, an unvaccinated 3-year-old boy in Israel developed paralysis and was diagnosed with cVDPV3. Concurrently, wastewater surveillance discovered some 25 positive environmental

samples of cVDPV3, suggesting broader community transmission. Vaccination campaigns immediately stood up by Israel and the Palestinian Authority seem to have been successful, however, as health authorities have reported no further positive environmental samples since March.

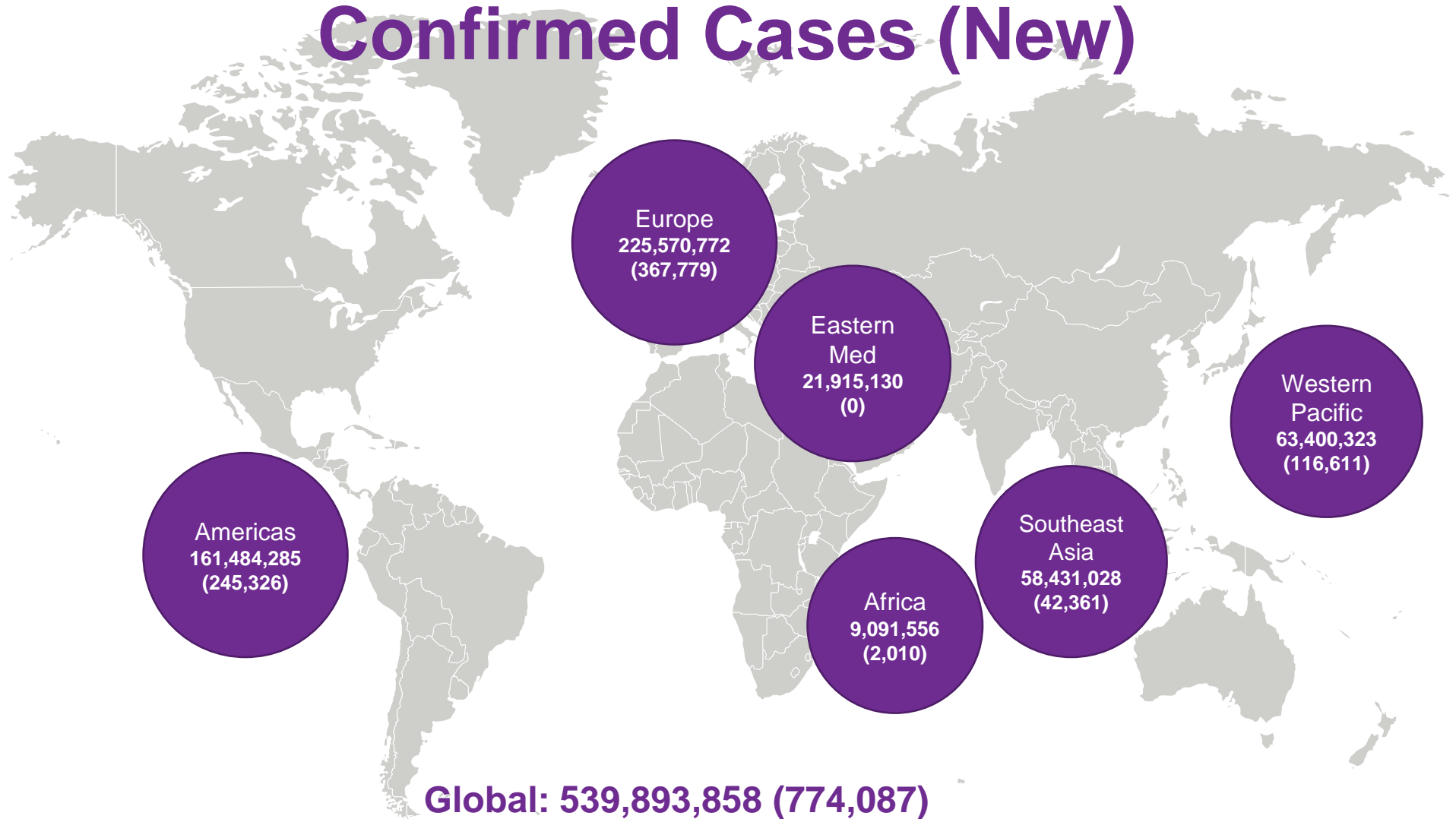
Beyond reinforcing increasingly omnipresent health anxieties in the global community, the potential emergence of cVDPV in the UK is a stark reminder of the interconnectedness of global public health. As the world at large struggles to manage COVID-19, public health officials have returned to the oft-repeated adage that no one is safe until everyone is safe. Despite this stark reminder, the immediate risk in the UK – and in other countries where polio vaccination is generally high – is relatively low. Health authorities in the UK are urging individuals to check their vaccination records and to seek boosters, if needed, and are seeking to pinpoint the origin of the cVDPV2 strain in the UK to better target vaccination campaigns. More broadly, scientists are actively attempting to develop a more stable oral polio vaccine (OPV) to decrease the risks that the weakened virus could become virulent; in 2020, the WHO issued an Emergency Use Listing recommendation for a new OPV thought to contain a more stable version of the weakened virus.

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Coronavirus Condition Updates

As of 7:24 pm CEST on June 24, 2022

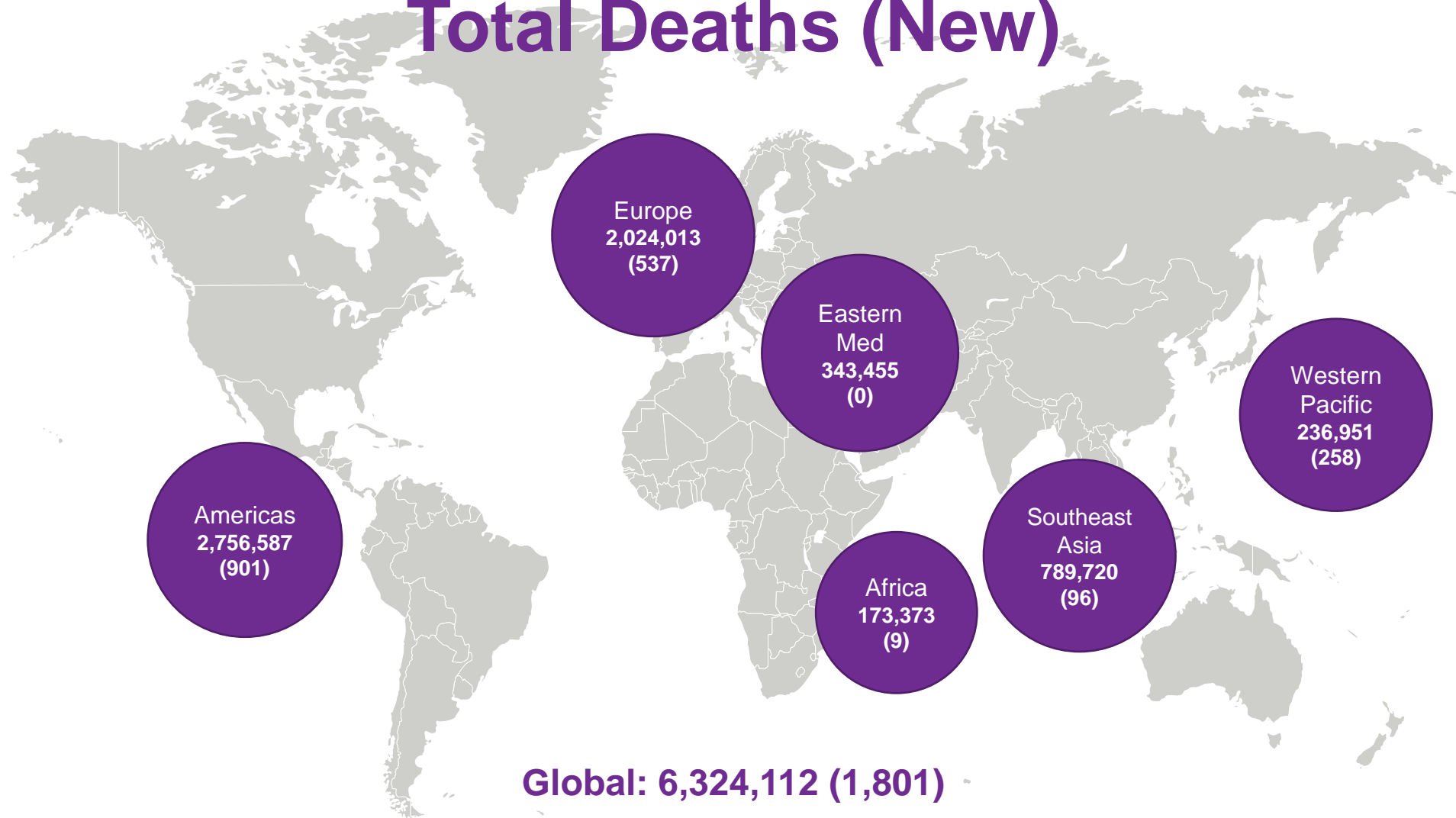
Confirmed Cases (New)



Reflects data as of 7:24 pm CEST on June 24, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 7:24 pm CEST on June 24, 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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