

Dentons Flashpoint

Daily Global Situation Report

June 28, 2022

Global Situation Update: June 28, 2022

KEY TAKEAWAYS

The G7
commits up to
\$5 billion to improve
global food security.

The NATO Summit
begins today amid
high tensions with
Russia and concerns
on risks of wider war
in Europe.

European Central
Bank affirms plans to
raise interest rates
in July.

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

Protests and strikes in Ecuador, Peru and Chile over rising costs, stagnant wages and social justice issues will impact national economies and global markets. Peruvian truckers and some farm groups are cutting off the shipment of goods to major cities until their political and social demands are met. In neighboring Ecuador, the energy ministry warned that oil production could be halted entirely soon if protests and roadblocks continue.

Chile's state-owned copper producer, which produces 10 percent of the world's copper, agreed with workers to end a national strike, but several communities located near mines refuse to stop disrupting operations. Businesses in all three countries should brace for shipment shortages, while copper supplies in international markets may temporarily decrease.



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Global

The G7 will commit up to \$5 billion to improve global food security, as the group responds to worries in developing nations about the threat of hunger triggered by war in Ukraine.

- High energy prices were a focal point as G7 members agree to explore ways of **curbing energy costs**, including via possible caps on the price of oil and gas. French President Macron also called for higher oil production around the world to bring down the cost of energy and alleviate the pressure being imposed on energy-importing economies.
- G7 leaders vowed to impose **new sanctions on Russia**, restricting its ability to import key technologies for its arms industry. The G7 also plans to impose targeted sanctions on those Russians responsible for war crimes committed in Ukraine and those who were increasing “global food insecurity” by “stealing and exporting Ukrainian grain.”
- The US, Canada and UK have launched an alliance to fight **illegal fishing** part of pledged efforts to help countries combat alleged violations by fishing fleets, including those of China.

Markets & Business

European Central Bank President Lagarde affirmed plans for an initial quarter-point increase in interest rates in July but said policy makers are ready to step up action to tackle record inflation if warranted.

- **Credit Suisse** was convicted by Switzerland's Federal Criminal Court of failing to prevent money-laundering by a Bulgarian cocaine trafficking gang in the country's first criminal trial of one of its major banks.
- China's commerce ministry extended **anti-dumping tariffs** on certain steel fasteners imported from the EU and UK for five years.
- **Jobs in the US energy business** rose 4 percent last year, at a faster clip than the country's overall private sector, led by work in low-carbon vehicles.
- Investors managing more than \$350 billion of assets have demanded that **Microsoft** publish more transparent tax and financial information, as tech giants face growing scrutiny globally over their tax affairs.

Environment, Sustainability & Governance

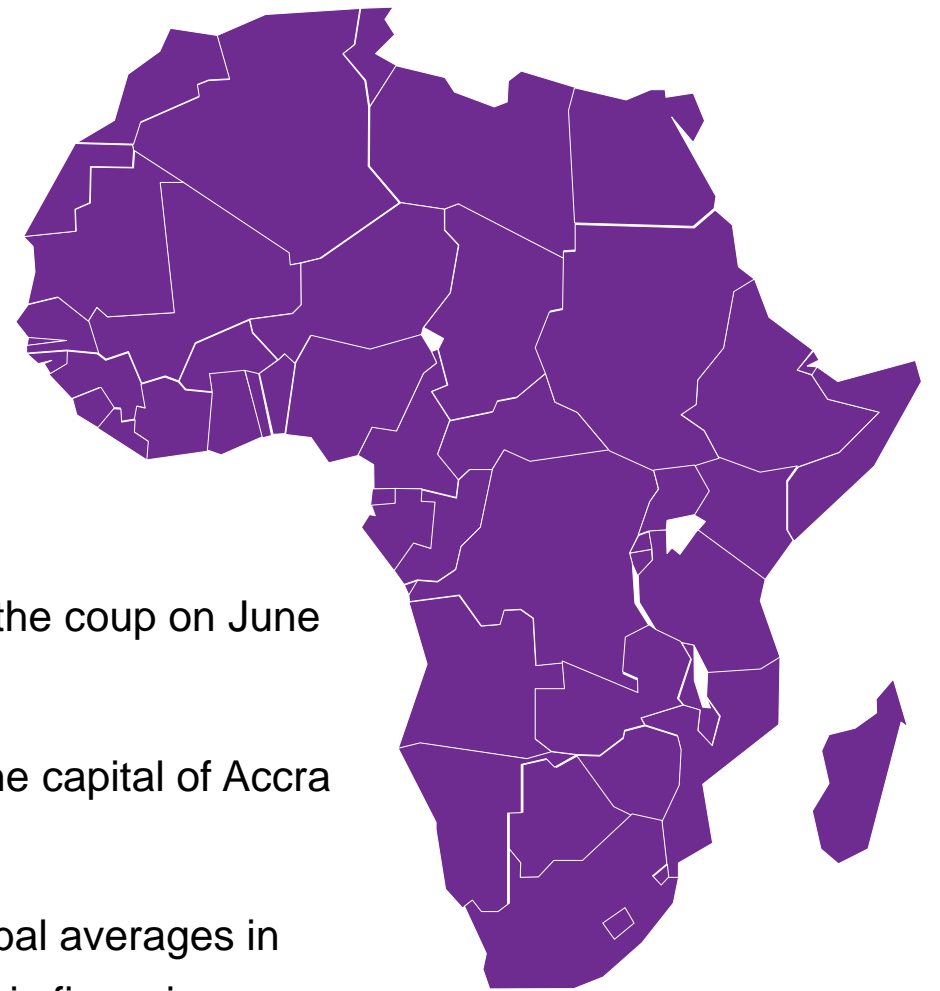
Climate activists from Peru to Uganda are descending on Deutsche Bank's headquarters in Frankfurt this week to call on Germany's largest lender to stop financing fossil fuel companies.

- A US appeals court has ruled that the federal government may give thousands of acres in Arizona to Rio Tinto for a copper mine, upholding a lower court's ruling and rejecting a request from Native Americans who said the land has **religious and cultural import**.
- A federal judge in California ordered a new trial on the damages Tesla owes to a Black former factory worker who accused the company of **race discrimination**, after he turned down a \$15 million award.
- Riders of **gasoline-fueled motorcycles** will have to start paying for parking in Paris from September as the French capital aims to reduce noise and pollution, but parking for electric motorcycles remains free.
- The Germany Economy Minister said that EU energy ministers agreed to increase the share of **renewables** in the bloc's energy production to 40 percent by 2030.

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Africa

- **Sudan** announced that it is recalling its ambassador to **Ethiopia**, accusing the country of executing several of its soldiers and taking another captive. According to Sudan, the men were abducted in the disputed al-Fashaga region.
- Anti-coup groups in **Sudan** are calling for a March of Millions against the coup on June 30 throughout the country.
- A **Ghanaian** youth group plans to begin a two-day demonstration in the capital of Accra today to protest fuel hikes and harsh economic conditions.
- A new UN report found that opioid and cannabis abuse are above global averages in **West and Central Africa**, while cocaine trafficking through the region is financing militant violence in the Sahel.



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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

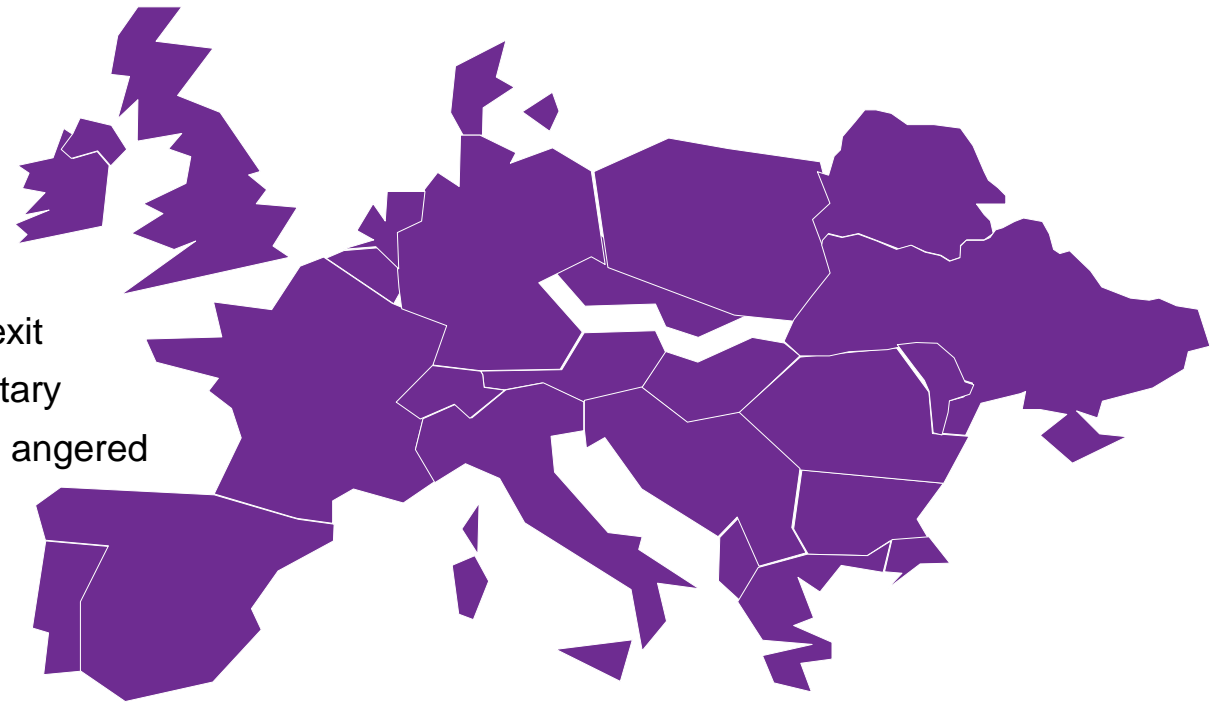
- **China** eased COVID-19 measures, with authorities in Beijing allowing primary and secondary schools to reopen after two months. China also slashed the quarantine time for inbound travelers by half yesterday.
- **India** and the **EU** resumed talks yesterday on a free-trade deal after a nine-year gap, as Western countries seek to wean New Delhi off its close economic ties to Russia.
- **Sri Lanka's** state-run electricity monopoly asked for a price increase of over 800 percent for its poorest customers, per state regulators. Sri Lanka will allow companies from oil-producing countries to import and sell fuel, ending a duopoly as it tries to overcome a shortage of petrol and diesel that is exacerbating an economic crisis.
- The **Philippines** Supreme Court yesterday rejected a final bid to disqualify President-elect Marcos from last month's election, clearing the way for his inauguration later this week.



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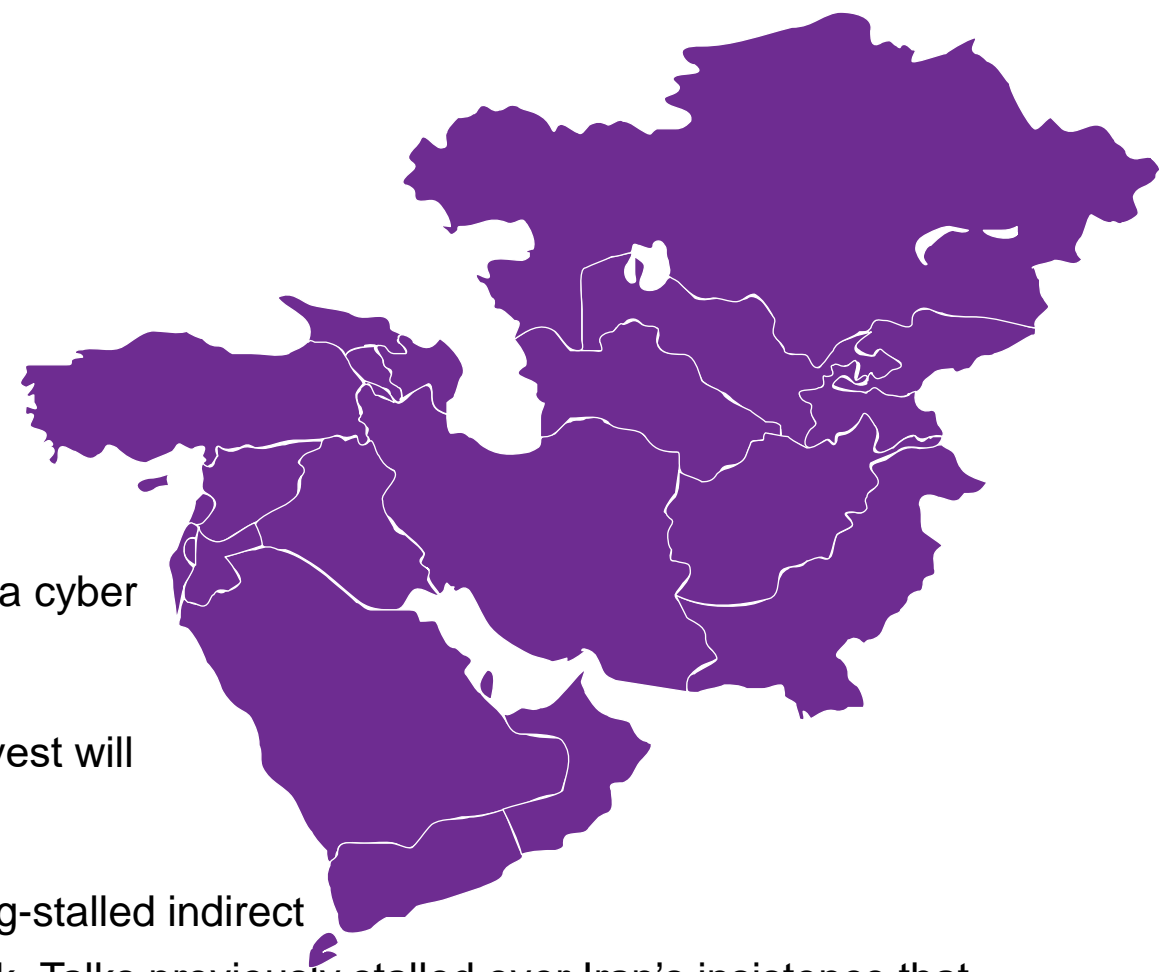
Europe

- Legislation allowing **Britain** to drop some of the rules on post-Brexit trade with **Northern Ireland** yesterday passed the first parliamentary tests, as Prime Minister Johnson pressed on with plans that have angered the **EU**.
- **UK** postal workers will stage their third national strike of 2022 next month, as industrial unrest over below inflation pay deals spreads in both the public and private sector.
- Over roughly two months after the invasion began February 24, exports to **Russia** from sanctioning countries fell by about 60 percent while exports from non-sanctioning countries fell by about 40 percent, according to the study from the Peterson Institute for International Economics, which analyzed data from 54 countries.
- The **NATO Summit** begins in Madrid today; discussions will include Sweden and Finland's applications to join the military alliance. NATO will boost the number of troops on high alert by more than sevenfold to over 300,000, per the secretary-general, as allies prepared to adopt a new strategy. **Russia's** former president Medvedev warned that any encroachment on the Crimea peninsula by a NATO member-state could amount to a declaration of war on Russia which could lead to "*World War Three*."



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Middle East



- The World Food Program announce further cuts to rations in **Yemen**, where millions are near starvation, due to the pressures of inflation and supply chain issues.
- A major **Iranian** steel factory was forced to shut down due to a cyber attack, the largest such attack on Iranian industry.
- **Tunisian** farmers are forecasting that the country's grain harvest will fall well below expected levels amid drought and wildfires.
- US officials told media that the **US and Iran** would restart long-stalled indirect talks on a return to the 2015 nuclear deal in the Gulf this week. Talks previously stalled over Iran's insistence that the US remove the IRGC's terrorist designation. Ahead of the announcement, the US condemned the confirmation of an Iranian solid-fueled rocket launch.

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Americas

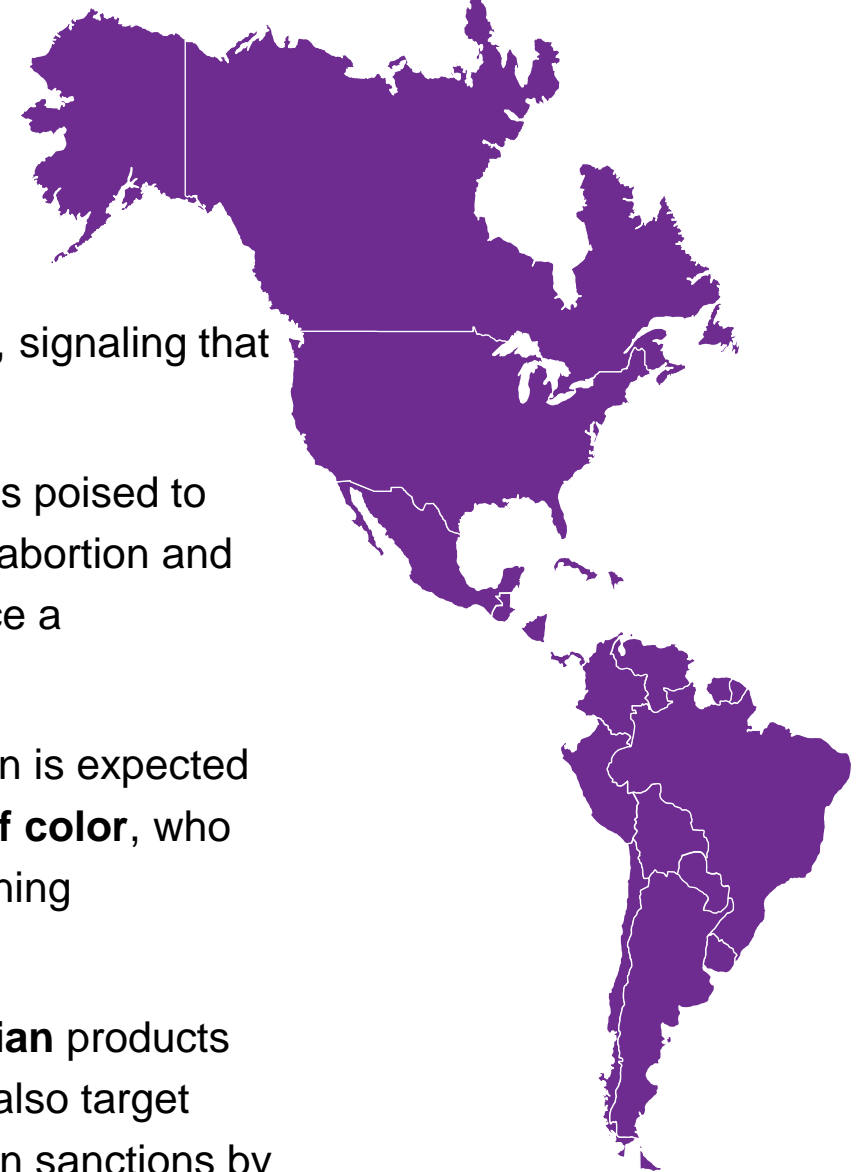
- **Ecuador's** government said that indigenous protests against the economic policies of conservative President Lasso could force the country to stop pumping oil within 48 hours. Road closures have already caused the country's oil production to fall by half since protests began on June 13.
- The board of directors of **Brazil's** Petrobras elected Caio Paes de Andrade as its new chief executive on Monday, concluding a messy management transition at the state-run oil company. The previous three CEOs have resigned over disagreements with President Bolsonaro, who has pushed for policies to reduce fuel prices.
- **Mexican** President Obrador said he would offer "*fiscal support*" to companies that lower their water consumption in the northern state of Nuevo Leon, in a bid to tackle a drought in the region.
- Ottawa officials announced they are closing roads and calling in reinforcements to keep anti-government "*freedom*" protesters from disrupting **Canada** Day festivities, which are being held for the first time in three years on Friday.



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Americas: US

- US orders for **long-lasting goods** increased by more than expected in May, signaling that demand remains strong despite surging inflation and higher interest rates.
- As the struggle over **reproductive rights** move to state capitals, California is poised to become one of the first states in the nation to explicitly enshrine the right to abortion and contraception in its constitution after lawmakers on Monday voted to advance a constitutional amendment, putting the issue on the November ballot.
- The Supreme Court's decision to overturn a constitutional right to an abortion is expected to have a **disproportionate impact on Black women and other women of color**, who have traditionally faced overwhelming costs and logistical obstacles in obtaining reproductive healthcare.
- The US will implement a higher tariff rate on more than 570 groups of **Russian** products worth approximately \$2.3 billion to Russia. The Commerce Department will also target companies engaging in "*backfill*" activities to help Russia get around Western sanctions by adding several companies around the world to its entity list.



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The New Unionization Push

By Matthew Gardell

Although union membership has steadily fallen in the US over the last few decades, recent union drives at Amazon, Apple and Starbucks have demonstrated that unions still hold some allure for workers. Amid strong support from President Biden, workers at major US companies have notched some wins, but the future of the movement is still unclear.

Although union membership has steadily fallen in the US over the last few decades, recent union drives at Amazon, Apple and Starbucks have demonstrated that unions still hold some allure for workers. Amid strong support from President Biden, workers at major US companies have notched some wins, but the future of the movement is still unclear.

On June 18th, the National Labor Relations Board (NLRB) announced that employees at an Apple store in Towson, MD voted to unionize, marking the first-ever Apple store labor union. The NLRB announcement follows a string of successive victories by workers to unionize at Starbucks cafes and the union victory at a Staten Island Amazon warehouse in April. The victory for Amazon workers was considered a major upset and represented one of the biggest victories for labor rights activists in a generation. These organized

labor victories are certainly notable and high-profile—at companies that have traditionally not had unions—but the fact remains that the overall percentage of unionized American workers is relatively low. Rather than representing a future increase in union membership, these union drives may speak to other trends such as increasing labor activism in the tech sector, political support from the Democratic administration, the strong labor market and how the COVID-19 pandemic has spurred workers to push for better, safer working conditions.

The COVID-19 Pandemic

One of the key factors that is spurring renewed labor activism is the COVID-19 pandemic. The pandemic is fueling unionization efforts as workers demand safe working conditions and better contracts.

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The New Unionization Push

Front-line workers in particular have filed to launch union votes, especially those in the leisure, restaurant and hospitality industries. In addition to unionization drives, workers in these industries have staged strikes, walk-outs and sick-ins. As the nature of work changes, workers may feel empowered to demand new benefits and better working conditions through union representation.

Political Support and a Newly-Empowered NLRB

President Biden ran on a platform of supporting unionization efforts and has cast himself as a staunchly pro-union president. Early in his term, Biden fired former President Trump's NLRB general counsel and replaced him with Jennifer Abruzzo, a strong advocate for labor rights. Abruzzo is seeking to expand the agency's powers and has introduced a number of changes that would favor workers, including a proposal that would limit secret ballot elections in favor of union recognition based on card count. Biden has convened the White House Task Force on Worker Organizing and Empowerment, which helps workers organize and successfully bargain with their employers.

As a pro-union president, Biden's strong stance has revitalized grassroots organizations and labor rights groups. Biden's public advocacy and meetings with union organizers, including a high-

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profile meeting with the lead Amazon labor organizer Christian Smalls, has helped galvanize interest and publicity in the movement. At the Congressional level, House Democrats passed the Protecting the Right to Organize (PRO) Act, which would enact sweeping changes allowing workers to more freely unionize – although the legislation is stalled in the Senate.

Big Tech and Unions

Traditionally, unions have had a strong presence in the manufacturing and service industries, but as the center of economic gravity shifts to the technology sector, there is increasing focus on unionization pushes at Big Tech companies. The tech industry has long campaigned against the formation of unions, but given the strong labor market, some workers are willing to take more chances as they are less fearful of losing their jobs. Although much attention has been paid to front-line worker organizing, attempts at union organizing has notably reached the companies' corporate headquarters. At Alphabet, the Google Union includes workers across all levels of the company, including software engineers and technical consultants. The Google Union is not a traditionally union, but a "minority union" meaning that it cannot collectively bargain with

The New Unionization Push

the parent company or formally represent the workforce. The union is open to some managers as well as temporary and contract workers. This approach is fitting for an industry that prides itself on innovation and flexibility, and could be a model for other workers at Big Tech companies to organize.

Tight Labor Market

Unionization drives often increase during tight labor markets. Workers are in a position of leverage and able to pursue activism—they are less fearful of losing their job and companies are reluctant to fire needed employees. In addition to workers, the unions themselves, such as the AFL-CIO, are emboldened to expand. Earlier this month, AFL-CIO President Liz Shuler announced a plan to organize 1 million workers over the next decade. The overall US labor market remains tight, but some cracks are beginning to show, such as layoffs at major companies, and there are fears of a looming recession, suggesting increased unionization may not be an enduring trend.

Businesses and Unions: Co-existence and Tensions

In April, the NLRB reported that union organizing has reached its highest level in 10 years. Business leaders are beginning to think

strategically about how to handle unionization drives at their companies. Unionization is often a sign of discontent among employees on issues such as benefits, pay and working conditions. In some respects, this goes hand in hand with companies responding to how work has fundamentally changed due to the pandemic. Some companies are therefore introducing new benefits and contract provisions. For example, in May, Starbucks announced new benefits such as expanded training, improved sick leave and credit-card tipping. These benefits followed an earlier announcement in which Starbucks promised to phase in wage hikes for workers. Nevertheless, the Starbucks worker union drive has gained momentum and there are now over 100 unionized stores. On Friday, United Airlines reached an agreement with its pilots union to boost pay and benefits, potentially paving the way for further breakthroughs in the airline industry.

Although the call for unionization has spurred some companies to extend new benefits, some unionization drives have led to increased tensions. Amazon has adopted an aggressive strategy against unionization efforts. After the successful vote at the Staten Island warehouse, Amazon lodged objections to the NLRB. Some labor advocates contend that this is part of legal strategy to delay the

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The New Unionization Push

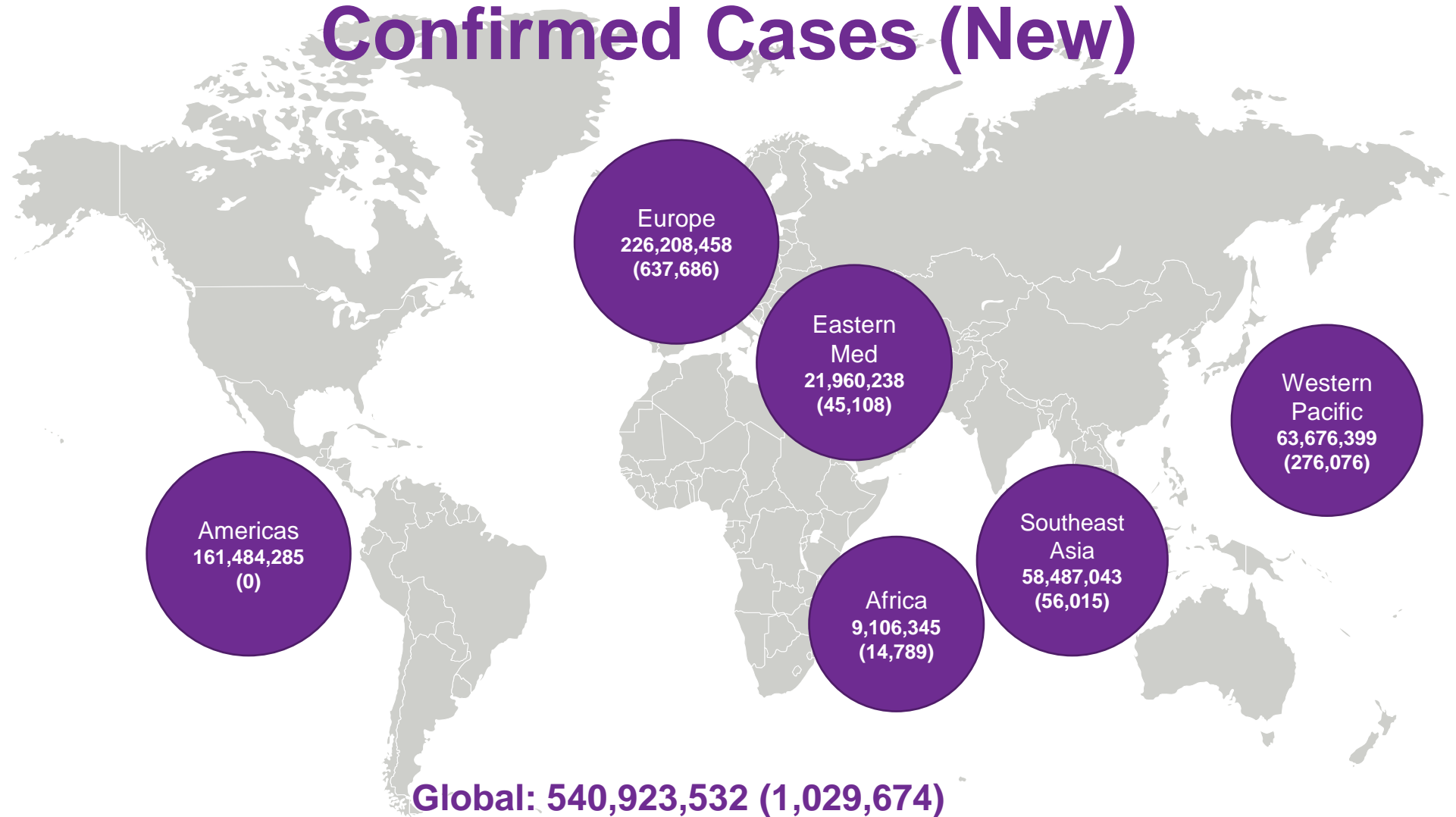
unionization process and force court battles, while Amazon maintains that there were improprieties with the vote. Amazon (and Starbucks) has also come under fire for their use of mandatory anti-union meetings, or captive-audience meetings, a practice that Abruzzo views as a violation of the National Labor Relations Act (NLRA). The ensuing acrimony that followed the Amazon vote demonstrates that there is often real tensions between employers and labor activists, which are potentially disruptive to business operations. In the near-term, businesses can expect more unionization drives as workers seeks to capitalize on momentum. However, a major change in the economic situation such as a recession or erosion of the tight labor market will affect the unionization push.

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Coronavirus Condition Updates

As of 4:49 pm CEST on June 27, 2022

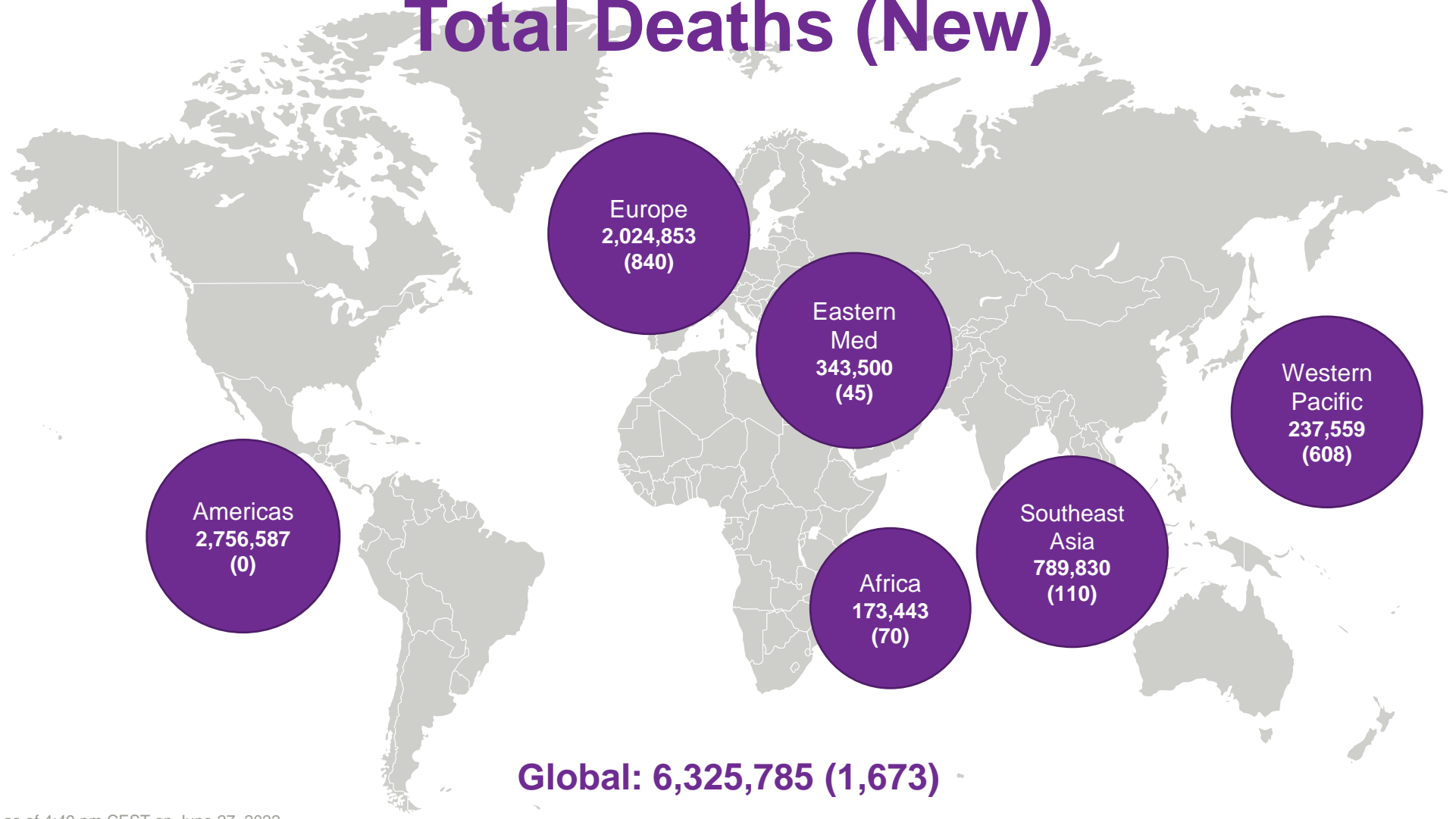
Confirmed Cases (New)



Reflects data as of 4:49 pm CEST on June 27, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 4:49 pm CEST on June 27, 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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