

Dentons Flashpoint

Daily Global Situation Report

March 1, 2022

Global Situation Update: March 1, 2022

KEY TAKEAWAYS

Russian reinforcements are converging on Ukraine's capital with greater firepower.

Russia is forecasted to likely default on foreign debt and its economy will suffer a double-digit contraction this year.

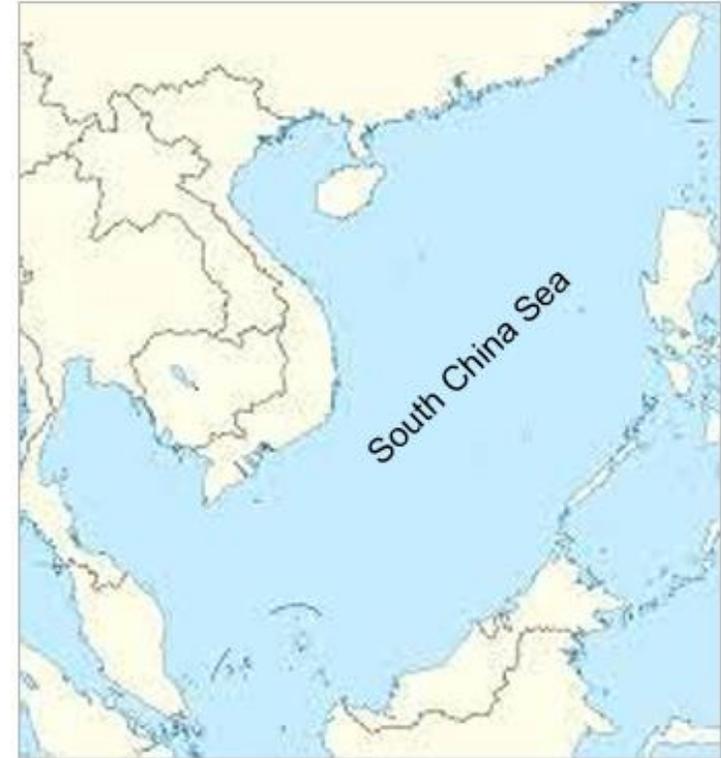
A "once-in-a-thousand year" flood inundates Australia.

Global Situation Update: March 1, 2022

WHAT WE'RE WATCHING

China is conducting an ad-hoc naval exercise in the South China Sea. The surprise military drill was launched after a US warship passed nearby and amid the war in Ukraine. The multi-day snap maneuvers follow statements from Chinese officials that Beijing is closely watching the situation in Ukraine and that Russia's security demands should be properly addressed.

In early February, China and Russia vowed to support each other in standoffs with the West. China, however, is certainly not pledging unconditional or unlimited support for Russia in Ukraine, much less military support, which it will not consider. After all, China is Ukraine's largest trade partner and a significant investor that wants to preserve good relations with Kyiv.



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

Global

Initial talks between Russia and Ukraine concluded without results yesterday. More talks are planning “in the coming days.”

- Russian reinforcements are converging on **Ukraine’s** capital with greater firepower. In Ukraine’s second largest city, Kharkiv, Russian forces began using area-attack weapons, dramatically increasing damage to civilian infrastructure and civilian casualties.
- The hacker collective Anonymous has claimed credit for several **cyberattacks** that took down Russian government websites and state-backed news outlets in recent days. Pro-Russian cybercriminals, such as Conti, BlackCat and CoomingProject, have posted their intentions to increase targeting of Western countries.

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Markets & Business

US payment card firms Visa Inc and Mastercard Inc have blocked multiple Russian financial institutions from their network, complying with government sanctions.

- **Shell** will exit all its Russian operations, including a major liquefied natural gas plant.
- Major investors, including hedge fund **Man Group** and British asset manager **abrdn** announced they were cutting their positions in Russia in the wake of the country's invasion of Ukraine.
- **Google** announced that effective today **Russia Today (RT) and Sputnik** will have their channels blocked on **YouTube**.
- An Australian government agency filed a lawsuit today accusing casino operator **Crown Resorts Ltd** of "serious and systemic noncompliance" with anti-money laundering laws, complicating a \$6.3 billion buyout by **Blackstone Inc**.
- Danish shipping giant **Maersk** announced that it was suspending new orders from and to Russian ports, excluding food, medical and humanitarian goods due to sanctions.

Environment, Sustainability & Governance

A new report by the Intergovernmental Panel on Climate Change (IPCC) issued a "dire warning" to the financial system, saying that most institutions have not pledged sufficient funding to adapt to uncertain climate change risks.

- A European Commission expert panel tasked with developing a **social taxonomy for human rights-related financing**, similar to its sustainable financing framework, published a draft report outlining a social taxonomy, published a proposed framework. The taxonomy's suggested structure focuses on the key objectives of decent work, adequate living standards and wellbeing for end-users, and inclusive and sustainable communities and societies, with sub-objectives including health and safety, healthcare, housing, wages, non-discrimination, consumer health, and communities' livelihoods.
- Germany announced a plan to source 100 percent of **energy from renewables** by 2035.
- United Nations negotiators have agreed a roadmap for a **global plastic treaty** that would address plastic production and design.
- In a "one-in-a-one thousand" year flood, military helicopters airlifted stranded people from rooftops of flooded neighborhoods in eastern Australia. **Floodwater** from the deluge, which began late last week, submerged several towns and bridges in Queensland and New South Wales, and is moving to the south with heavy rains and possible flash flooding forecast for Sydney.

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Africa

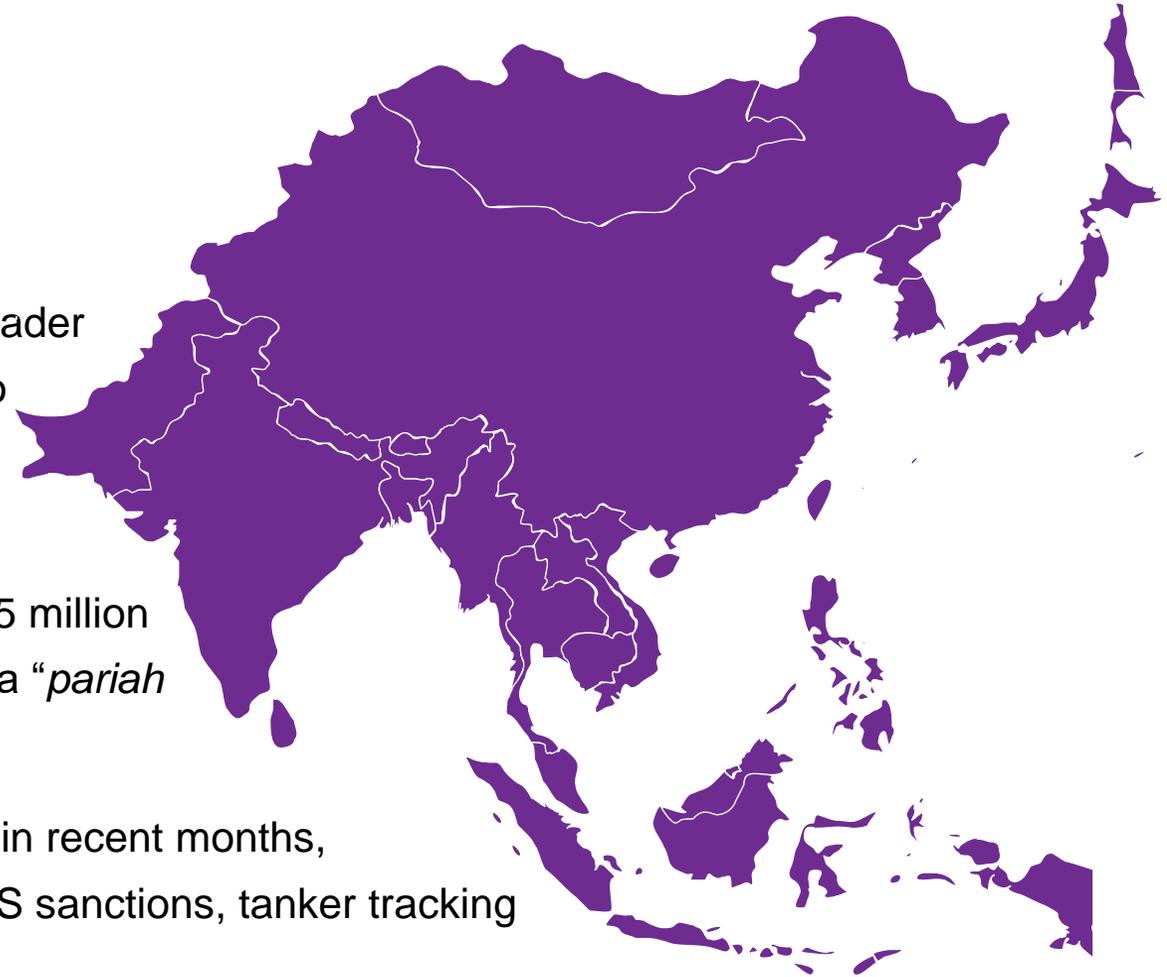
- **ECOWAS** condemned **Russia's** invasion of **Ukraine**.
- **Sudanese** protesters demonstrating against the military junta advanced to the presidential palace's gates despite police use of teargas and stun grenades. On Sunday, the largest Sudanese protest bloc published a charter calling for a two-year transition to civilian rule steered by an interim prime minister designated by signatories and rejecting any negotiation with the military junta; the charter is an attempt to unify splintered anti-coup protest groups.
- Suspected Allied Democratic Forces (ADF) militants, a **Ugandan** group, killed at least twenty civilians in northwestern **Democratic Republic of the Congo**, part of a pattern of rebel violence.
- **Zimbabwean** police arrested 20 people in connection with a Sunday clash at an opposition party rally that injured 22 and killed one; the police said that the suspects are ruling party activists. Opposition leader Chamisa banned journalists perceived to be working with the ruling party from his rallies.



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Asia

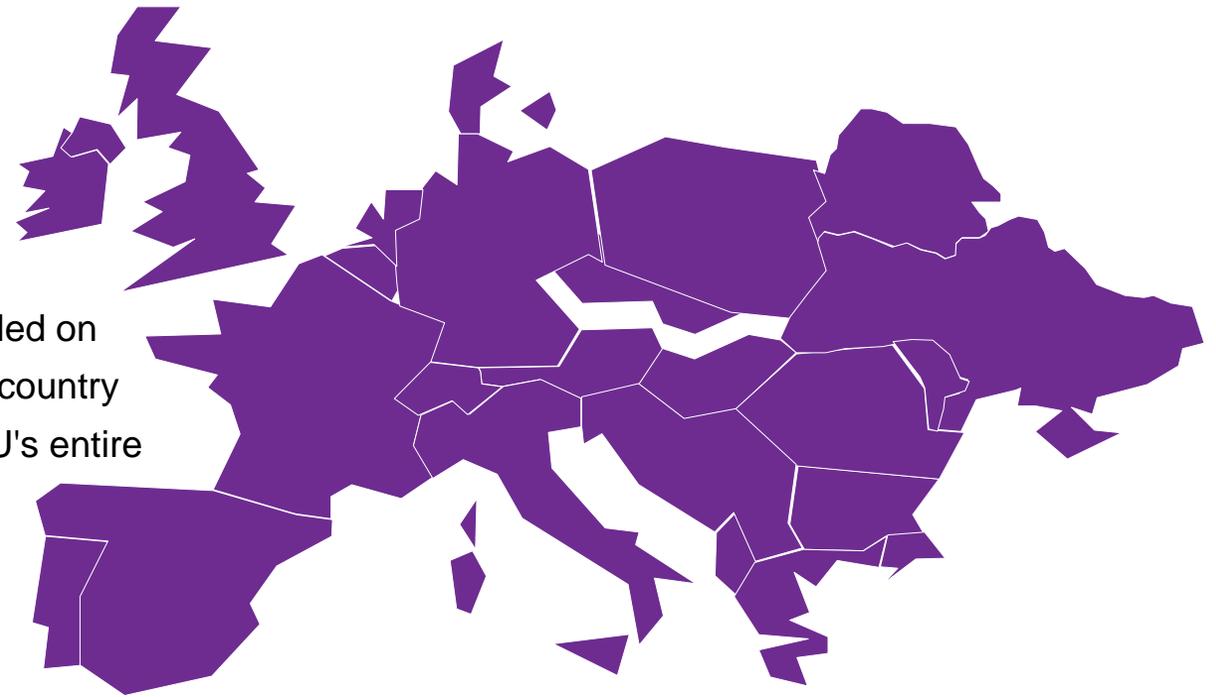
- **Hong Kong** residents braced for a city-wide lockdown, as leader Carrie Lam called for calm and appealed for the public not to worry over a compulsory mass COVID-19 testing plan. Hong Kong's death rate is now one of the highest globally.
- **Australia** committed \$50 million worth of military aid and \$25 million of humanitarian assistance to **Ukraine** as it dubbed **Russia** a “*pariah state*” over its invasion of the country.
- **China's** purchases of **Iranian** oil have risen to record levels in recent months, exceeding a 2017 peak when the trade was not subject to US sanctions, tanker tracking data showed.
- **China** expects supply chain disruptions due to sanctions on **Russia** and **Belarus**, as a major conduit for the export of Chinese-made goods to the European continent is via the rail network, part of which runs through Russia and encompasses Belarus.



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Europe

- The presidents of eight central and eastern European nations called on **EU** member states to immediately grant Ukraine a EU candidate country status and open membership talks. **Switzerland** endorsed the EU's entire package of economic sanctions against **Russia**, dropping its policy of neutrality.
- **Russia** is very likely to default on foreign debt and its economy will suffer a double digit contraction this year due to international sanctions, per the Institute of International Finance, a global banking industry lobby group.
- **German** warplanes are flying armed air patrols in the skies over **Poland**, per the German air force. **Ukrainian** President Zelenskiy called on the West to consider imposing a no-fly zone for **Russian** missiles, planes and helicopters in response to Russian shelling of the Ukrainian city of Kharkiv.
- The European Commission says it is ready to activate a never-used mechanism, the Temporary Protection Directive, that could pave the way for millions of **Ukrainians** fleeing Russia's invasion to find shelter across the **EU**. More than 660,000 refugees have fled Ukraine in five days, per the UN.



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How do You Manage Incident Response?

2021 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.

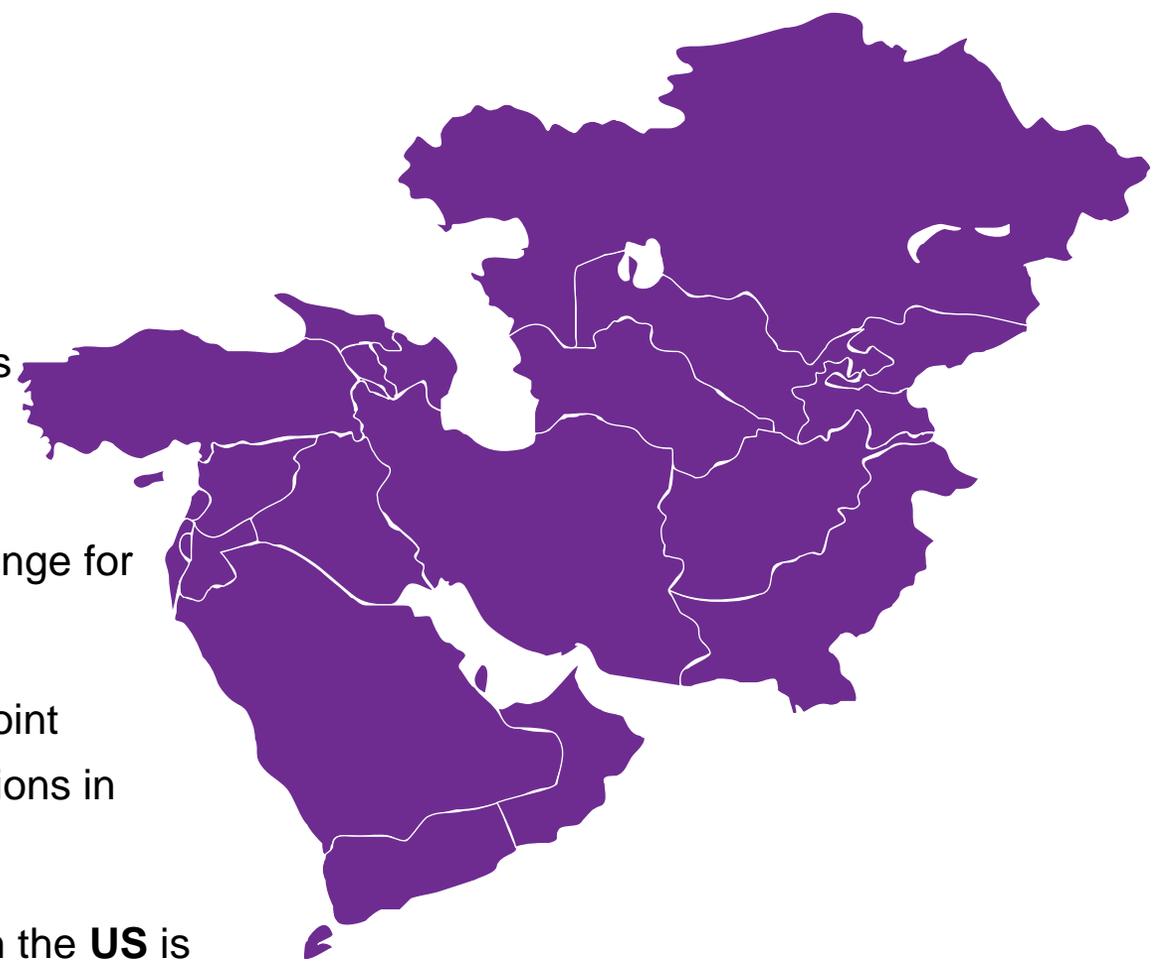
Dentons tabletop sessions are fluid, and designed to enhance preparedness with services, including:

- ❖ 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



- The UN Security Council voted to extend and expand an arms embargo on leaders of the Houthis in **Yemen**. Anonymous diplomats suggested to AFP that the **UAE** voted against two measures denouncing **Russia's** invasion of **Ukraine** in exchange for Russia not vetoing the Houthi embargo.
- **Saudi Arabia** and **France** agreed on the establishment of a joint mechanism to allow for the funding of humanitarian organizations in **Lebanon**.
- **Iranian** negotiators said that reentry into the nuclear deal with the **US** is hinging on three unresolved issues: the extent to which sanctions are rolled back, assurances that the US will not exit the pact again, and what to do about trace amounts of uranium found at old Iranian sites. A **French** envoy said that an agreement could be made within the week.

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Americas

- **Canada** announced that it will supply anti-tank weapons to **Ukraine** and ban **Russian** oil imports. Major Canadian telecoms firms announced that they will stop broadcasting Russian state-owned channel RT.
- **Canada** will invest a total of C\$240 million (\$189 million) into its semiconductor industry to bolster manufacturing and research of chips that are crucial to national security and technological advancement.
- The Biden Administration is expected to announce a plan to increase staffing in the **US** embassy in Havana to restore visa processing for **Cubans** that had been largely suspended since the Trump Administration.
- President Bolsonaro said **Ukrainians** will be allowed to come to **Brazil** through a humanitarian visa. Brazil relies on imports for fertilizer needs, and **Russia** is its biggest supplier of the NPK mixture of nitrogen, phosphorus and potassium.



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Americas: US

- The White House told federal agencies yesterday they can drop COVID-19 requirements that employees and visitors wear **masks** in federal buildings in much of the country. California, Oregon and Washington state will cease to require face coverings in schools after March 11. According to a new CDC estimate from blood tests that reveal antibodies from infection, about **43 percent of the country** has contracted coronavirus.
- Conservative Supreme Court justices appear skeptical of the federal government's authority to issue sweeping regulations to reduce carbon emissions from power plants in a case that could undermine President Biden's plans to tackle **climate change**.
- Texans go to the polls in the first primary of the **election season**.
- Senate Republican leader Mitch McConnell said on Monday that the next budget request must include at least a 5 percent increase in **defense spending** above inflation, to counter what he called longer-term threats to US interests posed by Russia and China.
- In his first **State of the Union** address, President Biden will call on America and the world to remain united in confronting Russia over its invasion of Ukraine, and address steps taken to address the high inflation undercutting the economic recovery.

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Implications of Russia's War Against Ukraine for International Alliances

By Alexander Lucaci

President Putin's decision to invade Ukraine has reinvigorated European political alliances and united the international community against Russia, possibly to a degree unseen in modern history.

Ukrainian military forces across the country continue to repel Russia's invasion as the conflict enters its fifth day. Military analysts believe that despite the surprising resiliency of Ukraine's armed forces, Russia's quantitative and qualitative superiority will eventually prevail in achieving Moscow's end goal, which appears to be the occupation of Kyiv and installation of pro-Kremlin Ukrainian leadership. Russia has thus far declined to utilize the full capacity of its combat power surrounding Ukraine, with US officials assessing that only 75 percent of those Russian military forces have been deployed inside the country. Moscow was likely expecting a quick and decisive victory and underestimated Ukrainian resistance in both

the military and civilian spheres. Russia is reportedly now adapting siege tactics in its slow advance on Kyiv, with the possible aim of blockading the city and winning the war through attrition.

President Putin's decision to invade Ukraine has reinvigorated European political alliances and united the international community against Russia, possibly to a degree unseen in modern history. The risk of Russian expansion of the conflict outside of Ukraine remains high, especially to former Soviet states in eastern Europe and the caucuses. Putin has declared the unification of ethnic Russians within Russia's borders as a pretext for military invasion. It is therefore possible that countries such as Moldova, Georgia, or even the Baltic nations may come under threat of partition given the high numbers of ethnic Russians residing therein. The Suwalki Gap, a narrow strip of land on the border with Poland and Lithuania, is another potential flashpoint as it separates Belarus with Kaliningrad, a Russian territorial enclave in the heart of Europe. The risk of a broader European conflict is also high, as the extent of President Putin's ambitions is unknown and there is the clear potential for military miscalculations with NATO-aligned countries along Ukraine's border.

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Implications of Russia's War Against Ukraine for International Alliances

The European Union has reacted with unprecedented speed and unanimity to Russian hostilities in Ukraine. The bloc, in coordination with the UK, US, and the G20 has approved and enacted severe sanctions against key Russian economic institutions and political leaders, sending a shockwave through Russian financial markets and creating severe consequences for the rouble, domestic inflation, while also cutting off access to international capital and their own dollar reserves. The EU's united foreign policy over the past several days has accelerated conversations about developing European "strategic autonomy," which could include advanced defense capabilities and the possibility of creating of an EU army. Furthermore, discussions around EU expansion are likely to occur in the coming days and weeks, with Albania, Montenegro, Serbia, and Turkey currently candidates for membership in the bloc. Ukraine itself has also formally applied for EU membership in the midst of the conflict, a mostly symbolic gesture aiming to boost morale within the country. Expansion of NATO is also a strong likelihood in the medium term – Sweden and Finland, both EU non-NATO states, have held strategic meetings with the defense alliance over the last several days in an effort to bolster their own deterrents against possible Russian aggression in the Arctic circle. In effect, Russia's invasion of

Ukraine has accelerated several processes that President Putin has sought to hedge against – a renewed sense of purpose and unity within the European Union, as well as the increased attractiveness of NATO membership as a security guarantee.

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Ukraine Crisis Update: Failed Talks, Thermobaric Weapons, Diplomats PNG'ed

The Conflict in Ukraine is expected to escalate over the next 24 hours.

Failed Talks

Talks between Russia and Ukraine concluded without results yesterday. Kyiv is seeking a ceasefire and departure of Russian troops. Moscow seeks recognition of Russian sovereignty over Crimea, and “demilitarizing and de-nazifying” of the Ukrainian state and ensuring its neutral status, meaning that it gives up a right to join the NATO alliance. The parties announced plans to talk again without providing a new date. Conditions are not rip for diplomacy, as both parties view gains on the battlefield as necessary to increase their respective negotiating leverage.

Battlefield Developments

Yesterday, Russia continued to reorganize its forces and logistics to adjust for poor planning and execution based on incorrect assumptions that the Ukraine army would collapse, lacking the will to fight. Russian reinforcements are converging on Ukraine’s capital with greater firepower. Satellite photos show a convoy of Russian armored vehicles, tanks, artillery and support vehicles north of

Ukraine's capital stretching for 65 kilometers. In Ukraine’s second largest city, Kharkiv, Russian forces began using area-attack weapons, including rocket artillery, dramatically increasing damage to civilian infrastructure and civilian casualties. Military analysts warn of scorch earth tactics used in Chechnya.

The British defense ministry reported that Russia has failed to gain control of the airspace over Ukraine prompting a shift to night operations in an attempt to reduce their losses. The Ukrainian government claimed that Russian hit an oil depot in Okhtyrka, in the northeastern border region of Sumy Oblast, with a thermobaric weapon (vacuum bomb) known as the most deadly non-nuclear bomb. This has not been independently confirmed. The next major phase of the Russian offensive will likely launch within the next 24 hours and play out over the ensuing 47-72 hours, according to military analysts at the US-based think tank Institute of War. Russian and Belarusian forces may be preparing a new axis of invasion from Belarus into Western Ukraine. An offensive in Western Ukraine would likely seek to cut off Western assistance through Poland,

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The Future of Work: Post-Omicron, the Return to Office is Back

Slovakia and Hungary. The Belarus government is disputing claims that it has deployed units.

Political, Economic and Civil Society Developments

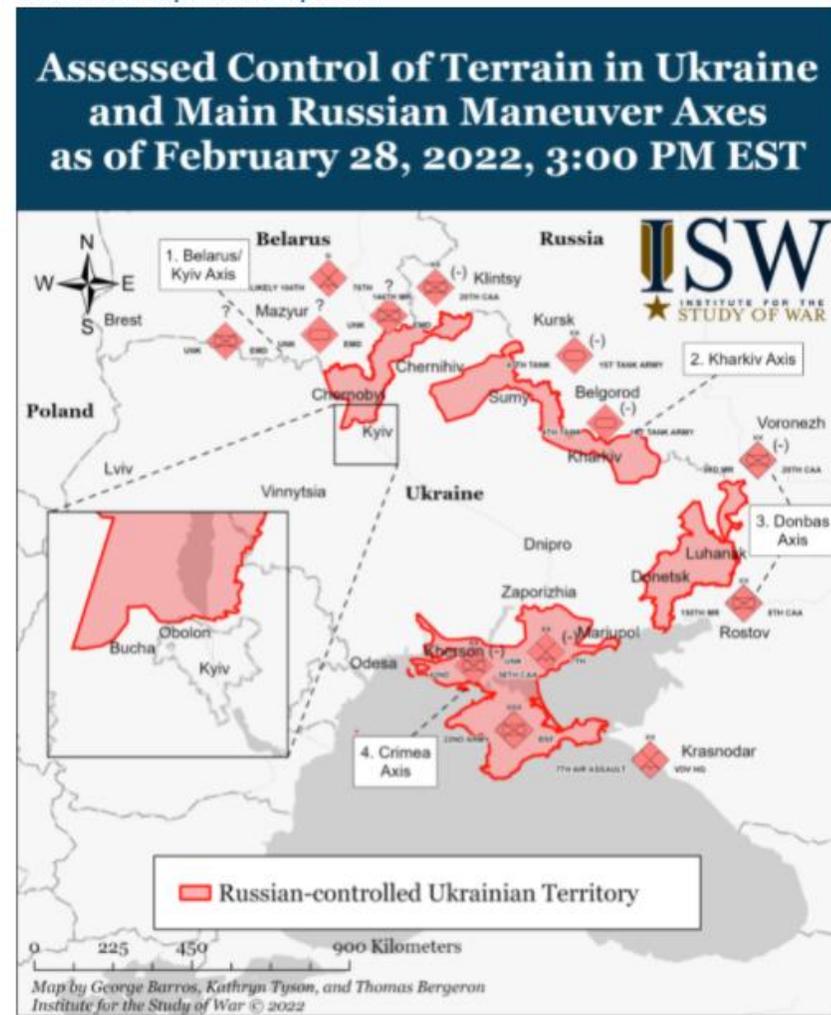
The European parliament will discuss the events unfolding in Ukraine today. Ukraine's President Zelenskyy is scheduled to speak and is expected to repeat his call for immediate acceptance into the EU.

The effort to politically, economically and socially isolate Russia continues to gain traction.

The US is expelling 12 Russian UN diplomats for allegedly engaging in espionage, i.e., declaring them persona non grata.

More international companies are announcing plans to withdraw from Russian operations. There is an active official and grassroots effort in social media naming and shaming Western companies for advancing Russian interests through commercial activities. For example, France's finance minister is pressuring TotalEnergies to review its business in the country.

Yesterday, the Russian rouble plunged 30 percent against the US dollar before recovering slightly. Yesterday, the central bank and the finance



Source: Institute for the Study of War

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Ukraine Crisis Update: Failed Talks, Thermobaric Weapons, Diplomats PNG'ed

ministry ordered exporting companies, which include some of the world's biggest energy producers from Gazprom to Rosneft, to sell 80 percent of their forex revenues on the market, as the central bank's own ability to intervene on currency markets was curbed. Russia's central bank announced that stocks and derivatives trading on the Moscow exchange will remain closed today for a second day.

The EU has frozen the assets and imposed a travel ban on more than half a dozen of Russia's most prominent oligarchs, many of them with close ties to President Putin.

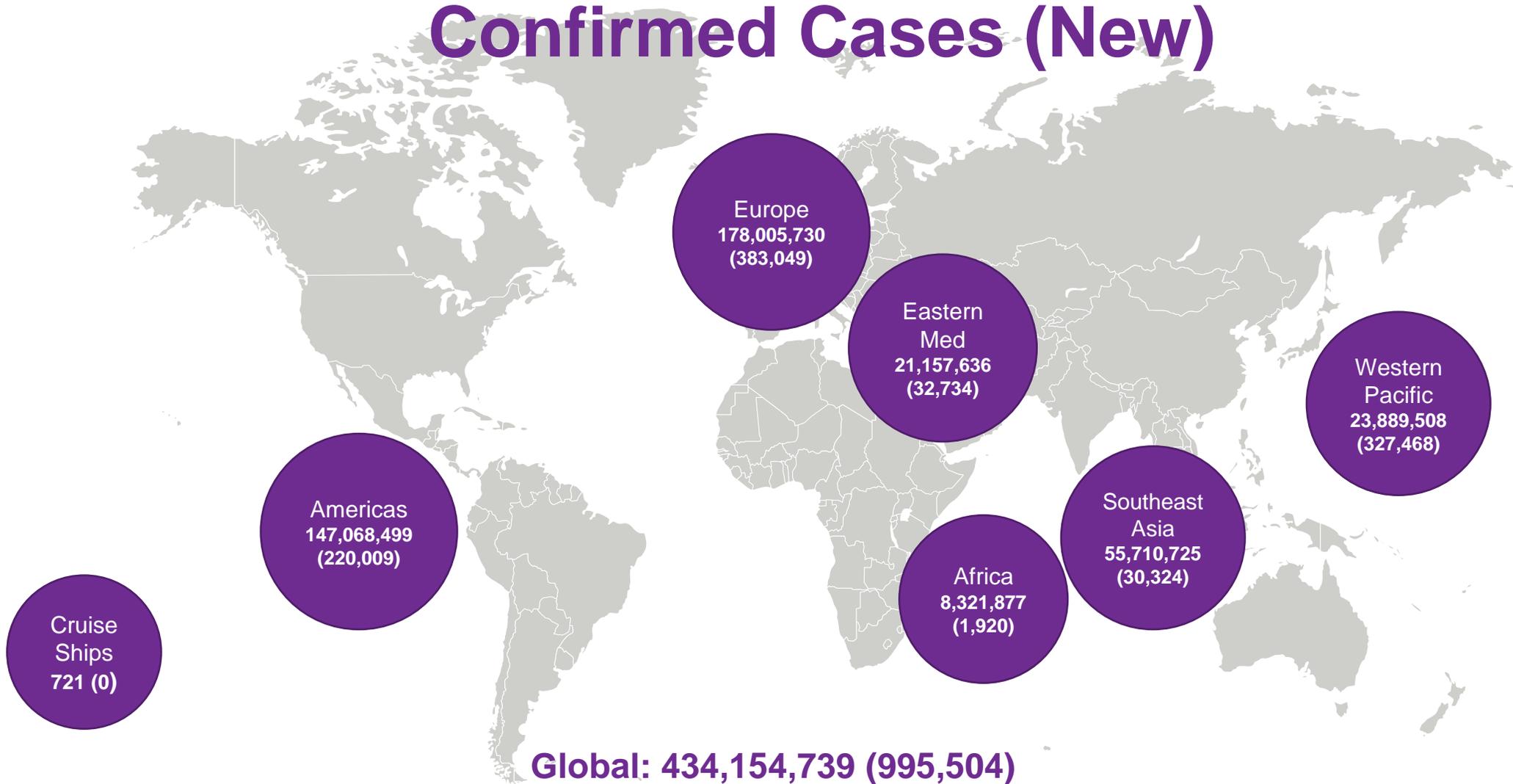
The International Olympic Committee (IOC) had urged bodies to exclude Russian athletes and officials from international events, throwing into confusion on whether Russian athletes will be permitted to compete at the Paralympics, scheduled to start in Beijing on March 4. There has been a cascade of announcements through the sporting world on bans. FIFA has banned Russia from the World Cup in Qatar. The International Skating Union has also banned Russian competitors from international events.

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Coronavirus Condition Updates

As of 4:00 pm CEST on February 28, 2022

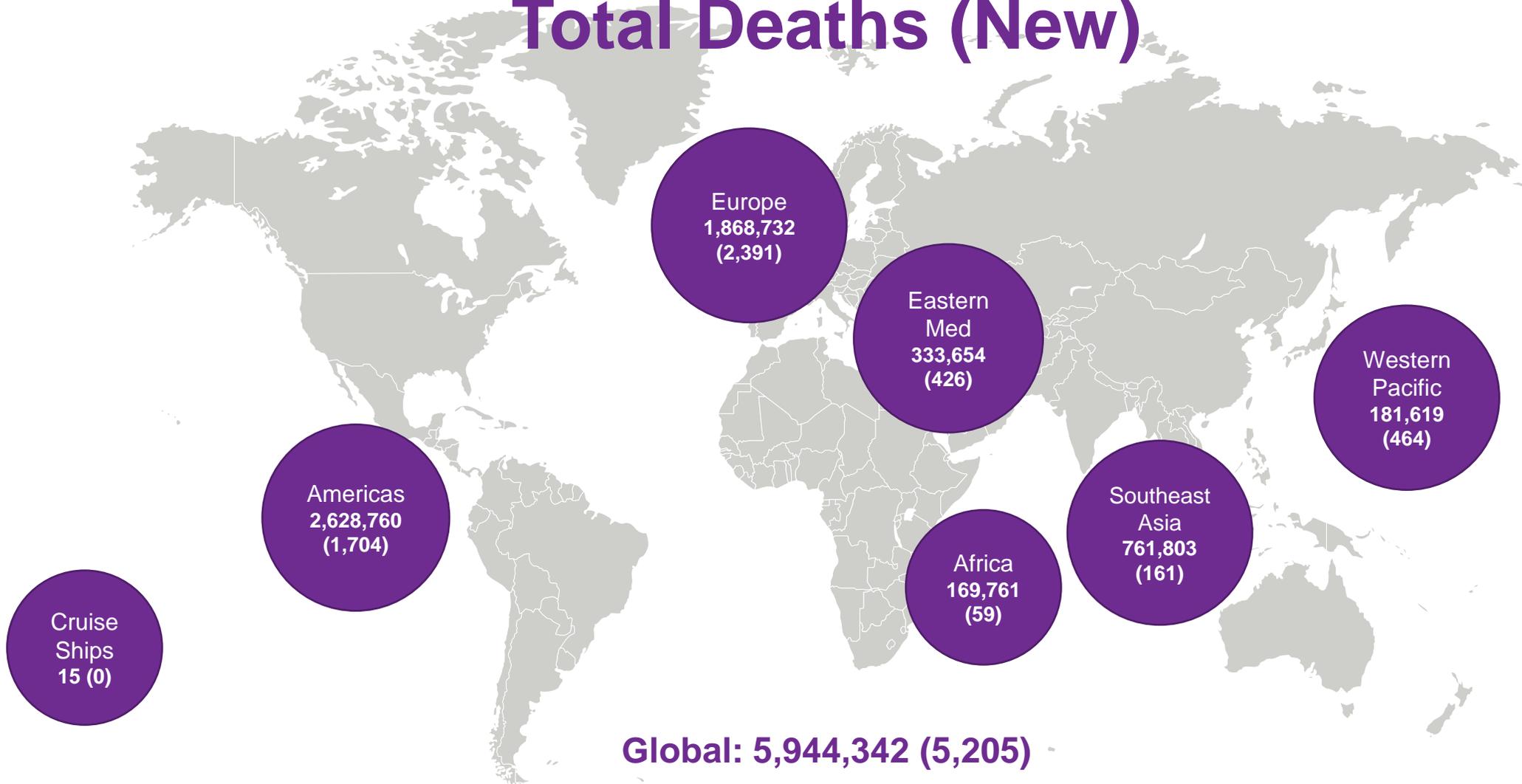
Confirmed Cases (New)



Reflects data as of 4:39 pm CEST on February 25, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 4:39 pm CEST on February 25, 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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