

Dentons Flashpoint

Daily Global Situation Report

March 21, 2022

Global Situation Update: March 21, 2022

KEY TAKEAWAYS

Ukraine rejects
Russian ultimatum
to surrender
Mariupol.

The EU begins
debate on
a Russian oil
embargo.

Hong Kong plans
to ease
Zero COVID policies.

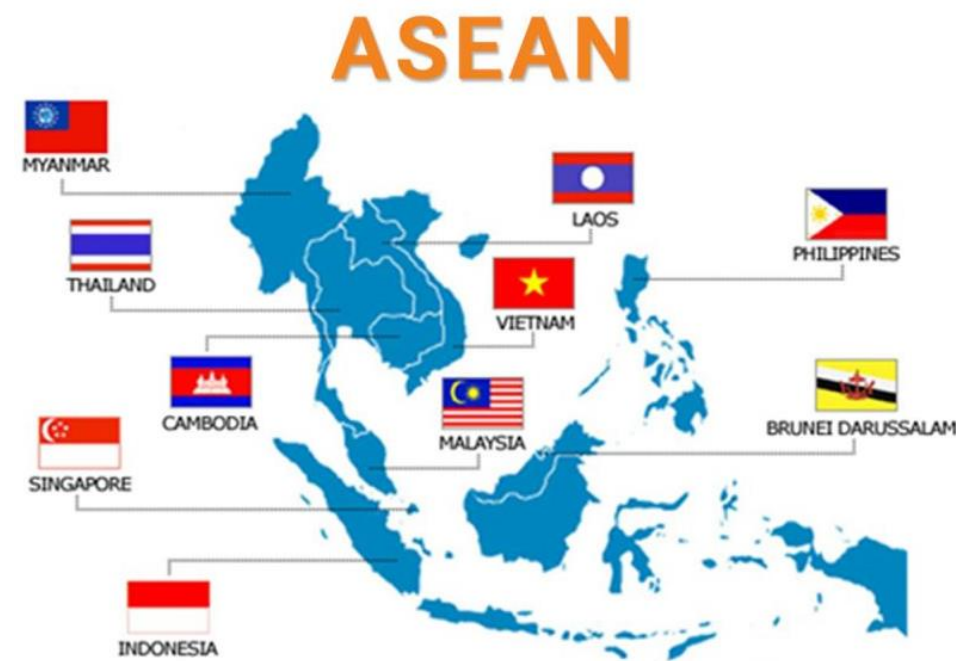
Note: This report is based on sources and information deemed to be true and reliable, but Dentons makes no representations to same.

Global Situation Update: March 21, 2022

WHAT WE'RE WATCHING

A special envoy to Myanmar from the Association of Southeast Asian Nations (ASEAN) is on his first ever visit to the war-torn nation to lay the foundation for a peace process between the military junta and opposition. The three-day trip by the envoy, Cambodia's foreign minister, comes less than a week after the release of a UN report that said the junta is responsible for systematic abuses.

Businesses in Myanmar continue to face disruption. Widespread power outages are increasing production and logistics costs for business due to rising prices of imported fuel, and costly diesel-powered generators. Some companies are suspending operations during prolonged, irregular power cuts, which will have knock-on effects for local and global supply chains.



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Global

While Ukrainian President Zelensky continued international outreach to foreign leaders to pressure Russia into a negotiated end of hostilities, Russia has called talks stalled and rejected a ceasefire.

- Russia is digging in defensive positions around Kyiv, preparing for a long **siege of the capital** city. Ukraine has rejected a Russian deadline to surrender control of the besieged port city of Mariupol.
- Today, the EU will begin debate on a Russian **oil embargo**.
- The UN said on Sunday that 10 million people in Ukraine have now fled their homes since the Russian invasion.
- A World Food Program official said on Friday that **food supply chains** in Ukraine were collapsing, with key infrastructure such as bridges and trains destroyed by bombs and many grocery stores and warehouses empty.
- The disruption of the **grain supply chain** has global implications as well. Ukraine is the world's fourth and fifth largest exporter of corn and wheat, respectively, according to the USDA, and 85 percent of its crop exports travel by sea. Ukraine's ports are now sealed by Russia.

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Markets & Business

Last week, European markets wiped out losses sustained during the Russian invasion of Ukraine, as both US and EU markets registered their largest gains since November 2020.

- **Saudi Aramco** announced plans to boost spending on oil production to increase supply in the long-run.
- Data provider Dealogic found that **US banks** took a \$4.6 billion revenue hit in the first three months of 2022 due to equity freezes among market volatility.
- Russian steel and mining company **Severstal PJSC** missed coupon payments on its dollar bond of \$12.6 million in interest, raising the possibility of default as the firm's grace period expires Wednesday.
- Union workers were removed from a **Chevron Corp** oil refinery near San Francisco hours ahead of a deadline to begin the first labor strike at the gasoline producing plant in more than 40 years.
- **Canadian Pacific Railway** halted operations and locked out workers over a labor dispute early on Sunday, with each side blaming the other for a halt that will likely disrupt shipment of key commodities at a time of soaring prices.

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Environment, Sustainability & Governance

EU agriculture ministers meet today to review the bloc's sustainable food strategy in light of Russia-related shortages.

- UN Secretary General António Guterres told attendees of the Economist Sustainability Summit, that the most ambitious goal of the 2015 Paris accord, to limit Earth's warming to 1.5 degrees Celsius (2.7 Fahrenheit) above preindustrial levels, is slipping away and called for world leaders to act with more urgency to cut the **greenhouse gas**.
- BP's board recommended that shareholders vote against a proposal by Dutch activist group Now This that would require the company to accelerate its **climate goals**.
- Japanese carmaker Suzuki will invest \$1.37 billion in its Indian factories to **boost EV capacity**.
- Shell resubmitted plans for a gas field in the UK, previously rejected for environmental reasons, with a **revised environmental plan**, betting on increased demand for oil.

Africa

- **Botswana** dropped its vaccine mandate for international travelers.
- A **South African** court halted the planned construction of Amazon's African headquarters in the country following claims that the planned location was sacred land.
- Eni announced that it had lifted force majeure on its gas plant in **Nigeria** after making repairs caused by Islamist insurgent fighting.
- **Sudan** raised local fuel prices for the second time this month.
- An **Ethiopian** human rights official reported that the government in Addis Ababa has arrested several former government officials from the Tigray region.



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Asia

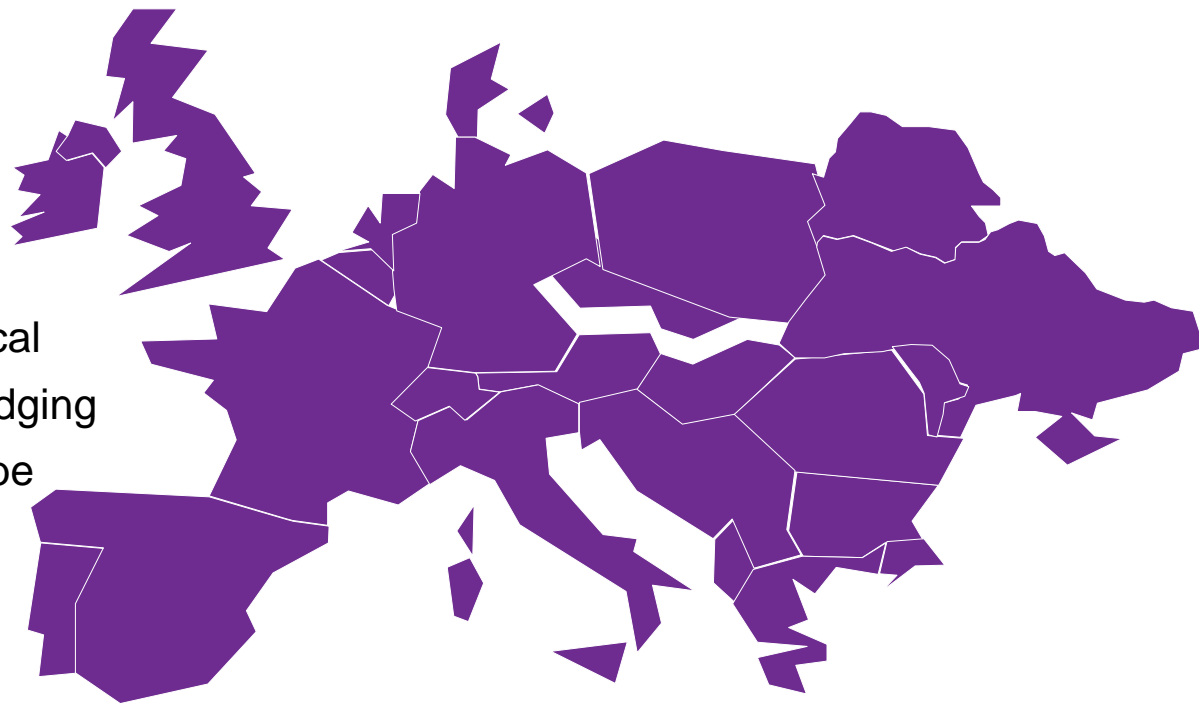
- A *Financial Times* study found that foreign investors dumped a record \$66 billion in **Chinese** investments in the first three months of 2022 amid fears of renewed coronavirus outbreaks or western sanctions if Beijing does not sever Russian ties.
- **South Korea** reported that **North Korea** had fired several short-range multiple rocket launchers in new military tests, keeping tensions high following earlier ICBM tests.
- **China** is considering offering a \$1.5 billion credit facility to **Sri Lanka** as part of efforts to help the island nation amid its worst economic crisis in decades.
- After extensive backlash from businesses and residents, **Hong Kong** authorities announced plans to relax some anti-COVID-19 measures next month, lifting a ban on flights from nine countries, reducing quarantine for arrivals from abroad and reopening schools. **Shanghai's** Disney resort closed until further notice as China's financial hub struggles to rein in the Omicron variant.



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Europe

- An old Soviet-era air base in **Albania** will become a tactical base of operations for NATO, with NATO and Albania pledging €50 million for the Kuçove air base which is expected to be operational by the end of 2023.
- **Germany** is scaling back its COVID protection measures as the amended Infection Protection Act came into force on Sunday. It's now up to the federal states to put in place stricter measures if required. The average daily infection rate remains high, and another 132,000 people were infected within 24 hours.
- **Germany** announced a long-term agreement with **Qatar** for the supply of liquefied natural gas as Berlin seeks alternative energy suppliers to Russia.



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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.

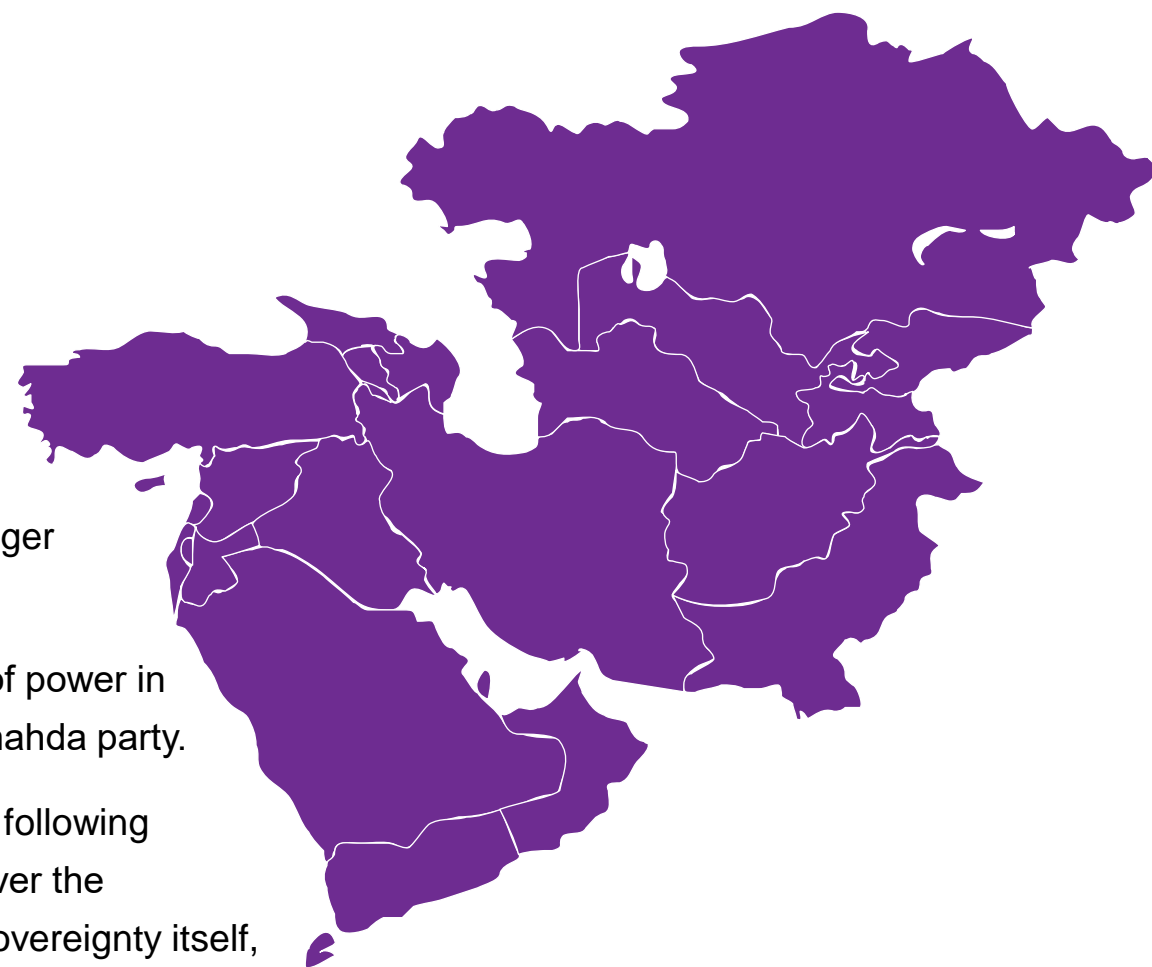
Dentons tabletop sessions are fluid, and designed to enhance preparedness with services, including:

- ❖ 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

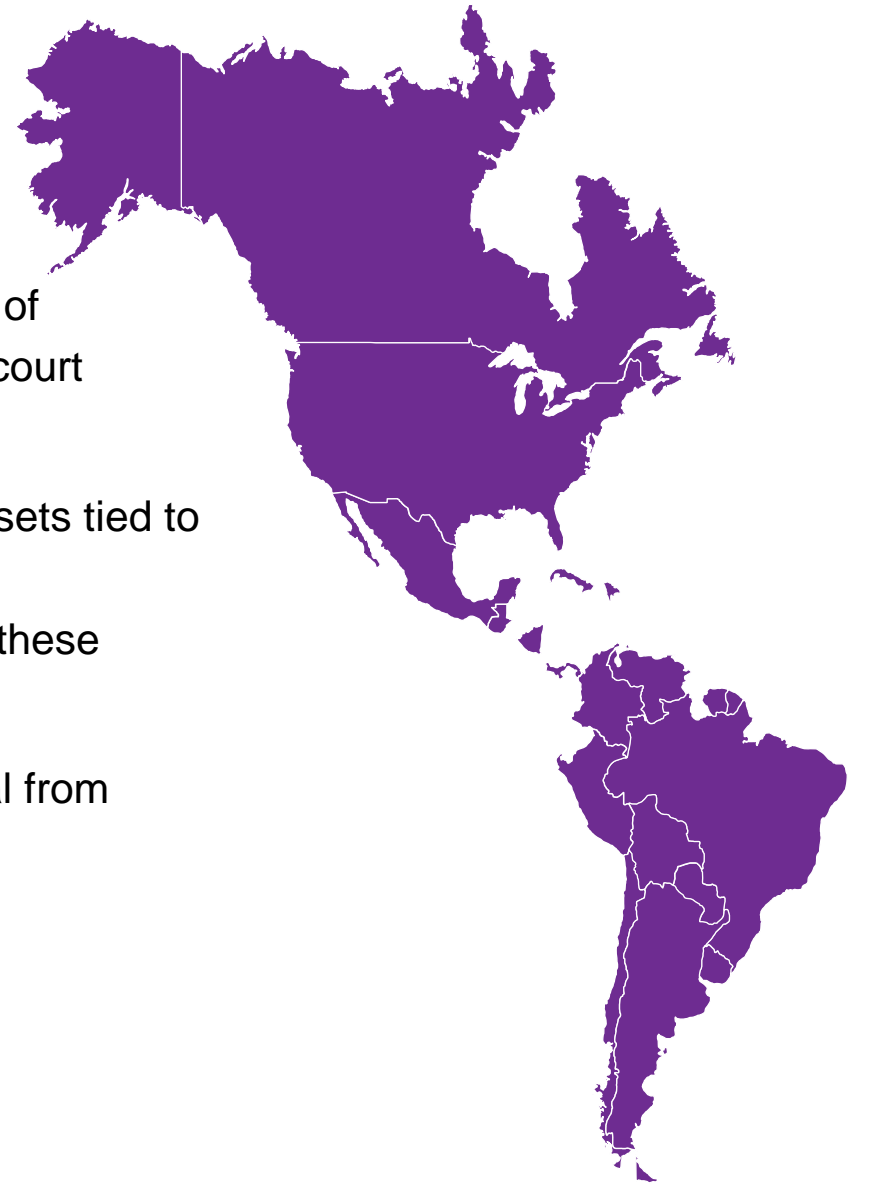


- The Houthis in **Yemen** attacked oil and water desalination in the southern region of **Saudi Arabia**, causing a temporary drop of output at Aramco refineries but no casualties. The attack comes among increasingly bold cross-border attacks by the Houthis and could endanger planned peace talks in Riyadh later this month.
- Thousands of **Tunisians** protested against President Saied's seizure of power in a Tunis rally organized by Saied's main political rivals, the Islamist Ennahda party.
- **Algeria** recalled its envoy from **Spain**, while **Morocco** returned theirs, following reports that Spanish officials supported Rabat's claim of sovereignty over the Western Sahara. Algeria, which hosts the Polisario Front that claims sovereignty itself, is a key gas supplier to Spain.
- **Israeli** officials said that the country would help **Ukraine** "*as much as we can*" without responding directly to President Zelenskyy's calls for missile defense systems.

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Americas

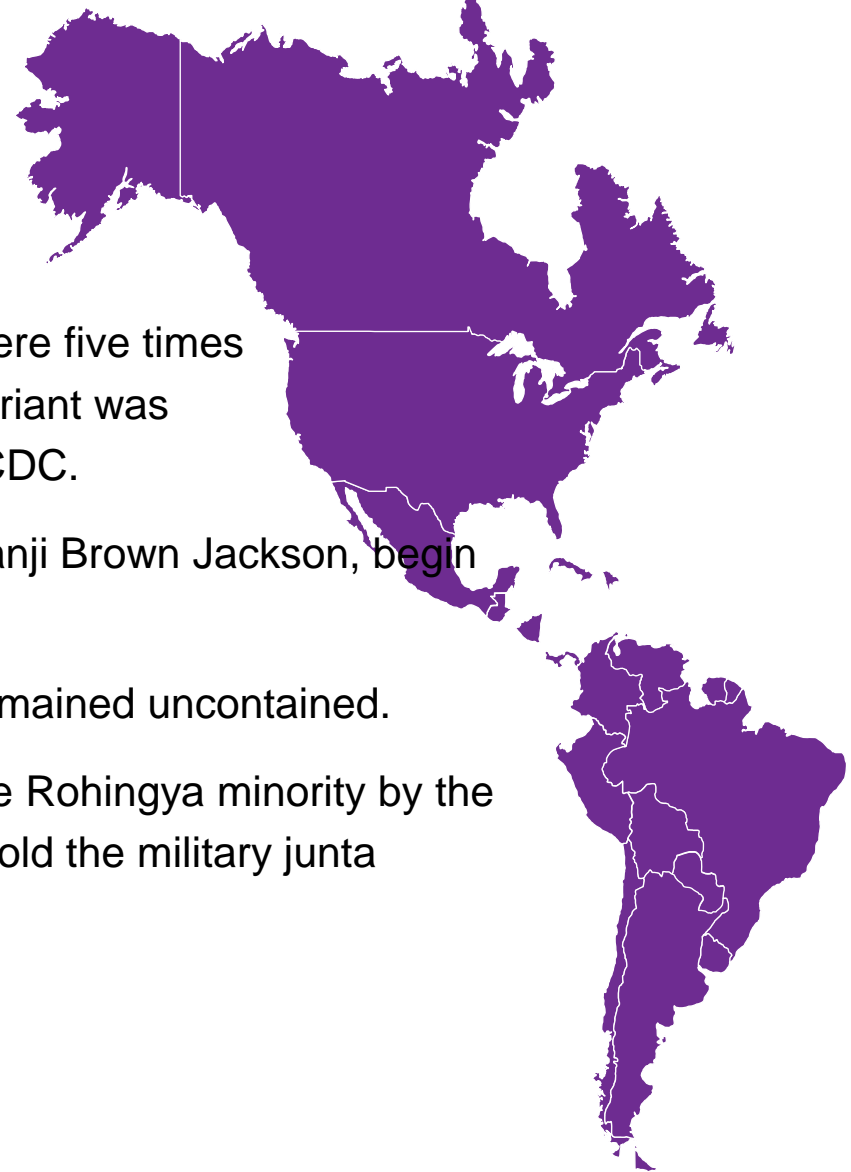
- **Brazil's** Supreme Court revoked on Sunday an order suspending the use of messaging app Telegram in the country after the company complied with court requests to block accounts that allegedly spread disinformation.
- The **Bahamas** announced that the country houses at least \$3 billion in assets tied to **Russians**; the country followed most western nations in blocking Russian transactions earlier this month, but it remains unclear how it will deal with these assets without damaging its small economy.
- The IMF will meet on March 25 to discuss a proposed \$45 billion debt deal from **Argentina** after it passed their Senate last week.



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Americas: US

- Babies and children younger than five were **hospitalized with COVID-19** were five times higher during the latest US surge, when the highly transmissible Omicron variant was dominant, compared with earlier periods in the pandemic, according to the CDC.
- Confirmation hearings for President Biden's **Supreme Court nominee**, Ketanji Brown Jackson, begin today.
- Over the weekend, **wildfires** in Texas burned at least 54,000 acres; most remained uncontained.
- The Biden Administration formally determined that violence committed by the Rohingya minority by the **Myanmar** government constitutes genocide, which could make it easier to hold the military junta currently in power accountable.



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Visualizing Risk: Historic Drought Forecast in West and Southwest

Released last week, the drought outlook for the spring season from the US National Weather Service forecasts that high levels of drought that will persist and spread across the country.

The forecast is unwelcome news in the American west, where winter rains and snow appeared to alleviate drought conditions, and especially in the US southwest, which is experiencing its driest two decades in the past 1,200 years. Persistently dry conditions will impact crop yields, reducing food supply and farm profits, and drive increasing risk of destructive fires.

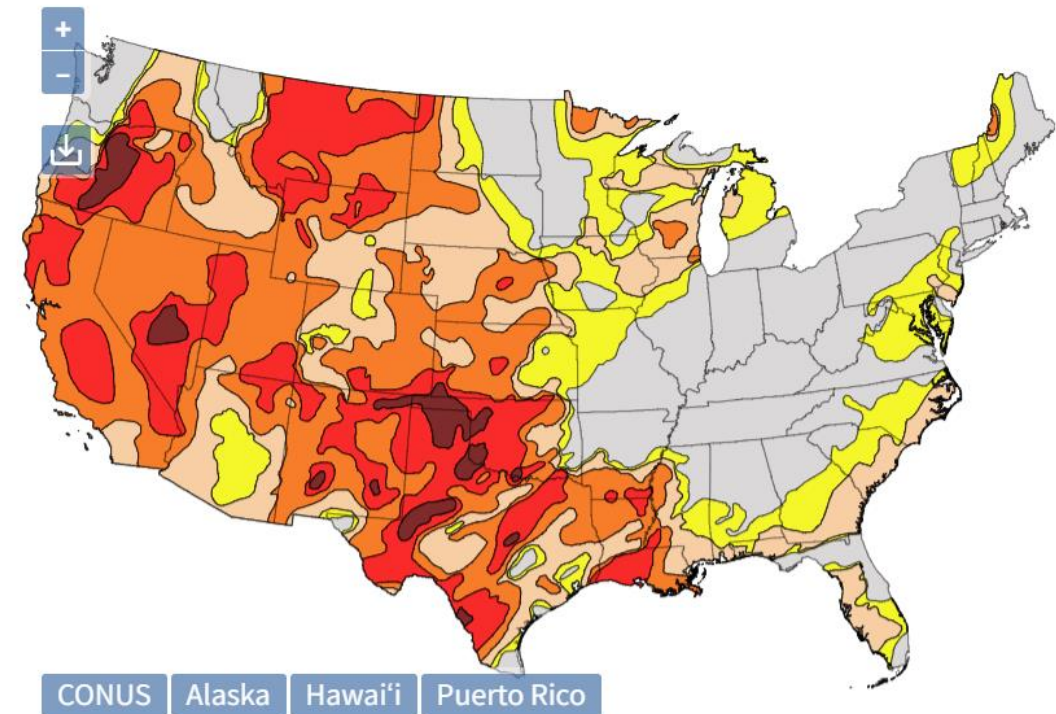
U.S. Drought Monitor

The U.S. Drought Monitor (USDM) is updated each Thursday to show the location and intensity of drought across the country. Drought categories show experts' assessments of conditions related to dryness and drought including observations of how much water is available in streams, lakes, and soils compared to usual for the same time of year.

U.S. Drought Monitor Category

	D0 - Abnormally Dry	62.1%
	D1 - Moderate Drought	51.0%
	D2 - Severe Drought	35.4%
	D3 - Extreme Drought	14.2%
	D4 - Exceptional Drought	1.7%

Source(s): [NDMC](#), [NOAA](#), [USDA](#)



Updates Weekly - 03/15/22





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Visualizing Risk: Historic Drought Forecast in West and Southwest

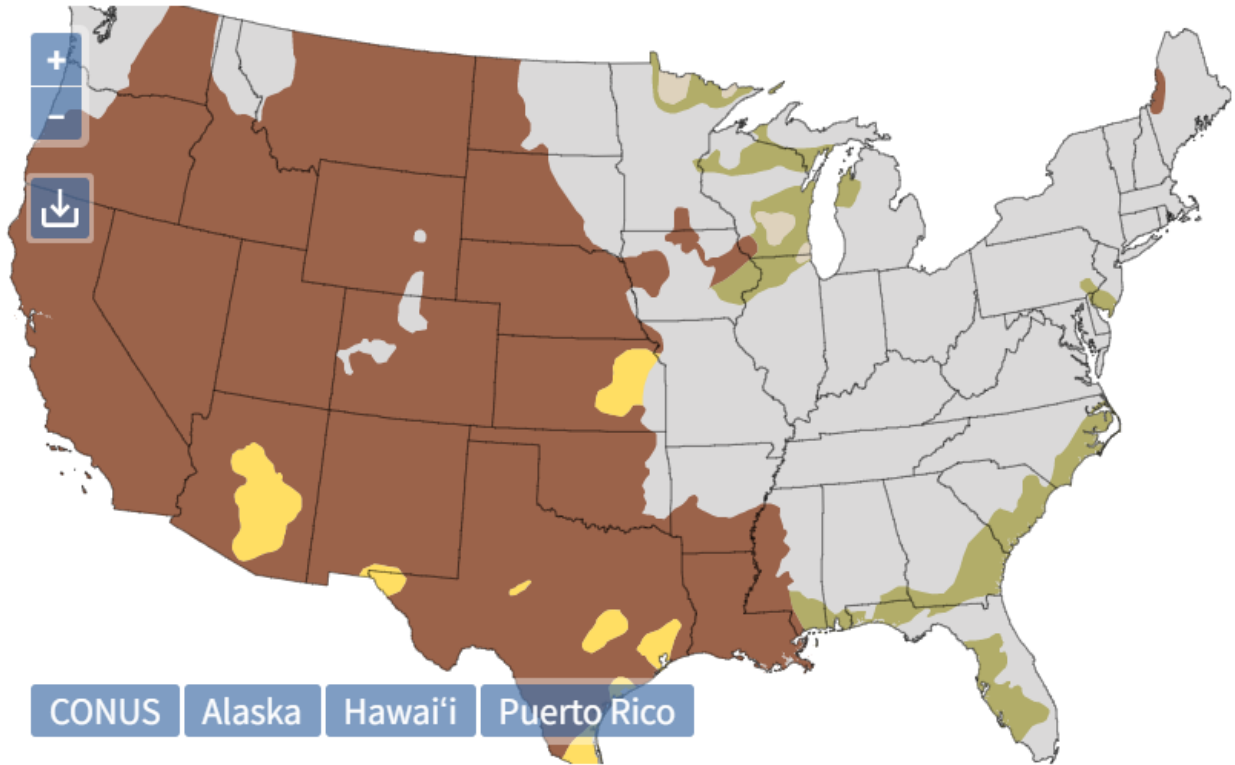
Seasonal (3-Month) Drought Outlook

The Climate Prediction Center's (CPC's) Seasonal Drought Outlook is issued monthly on the third Thursday of each month. The Outlook predicts whether drought will emerge, stay the same, or get better in the next three months.

Drought Outlook Category

	Drought persists	32.1%
	Drought remains but improves	2.2%
	Drought removal likely	5.3%
	Drought development likely	8.9%

Source(s): [CPC](#)



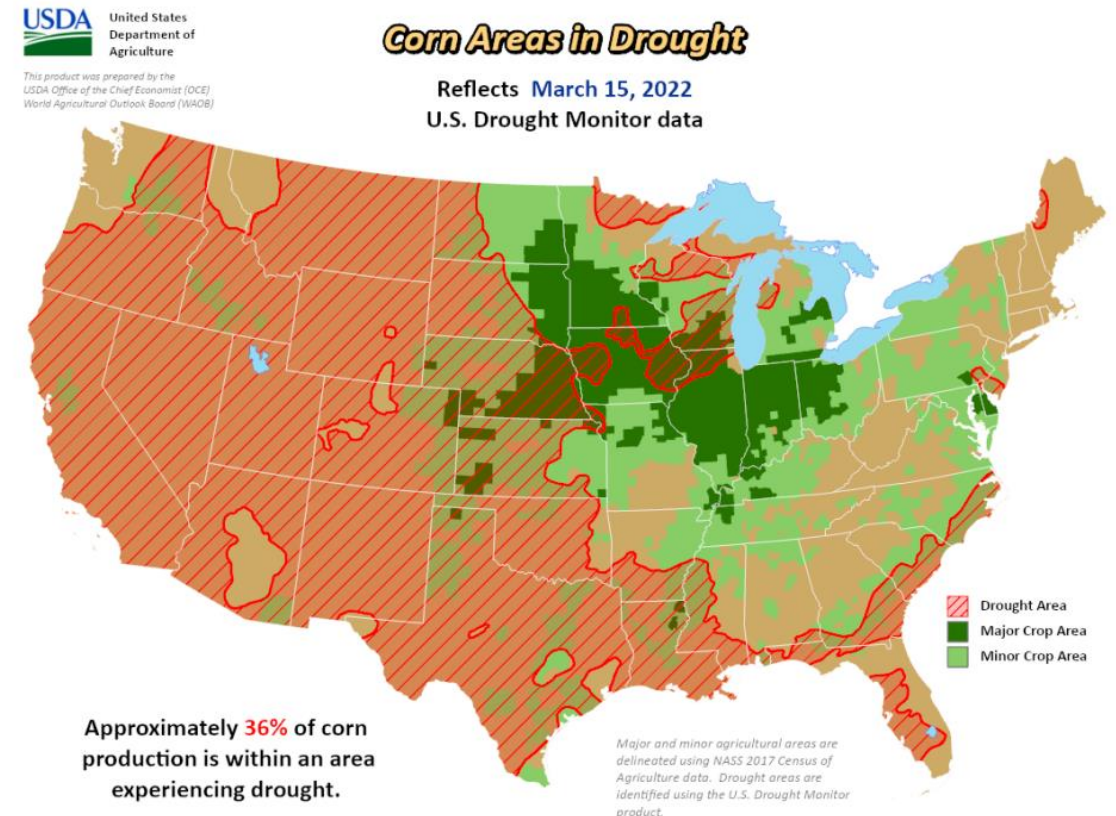
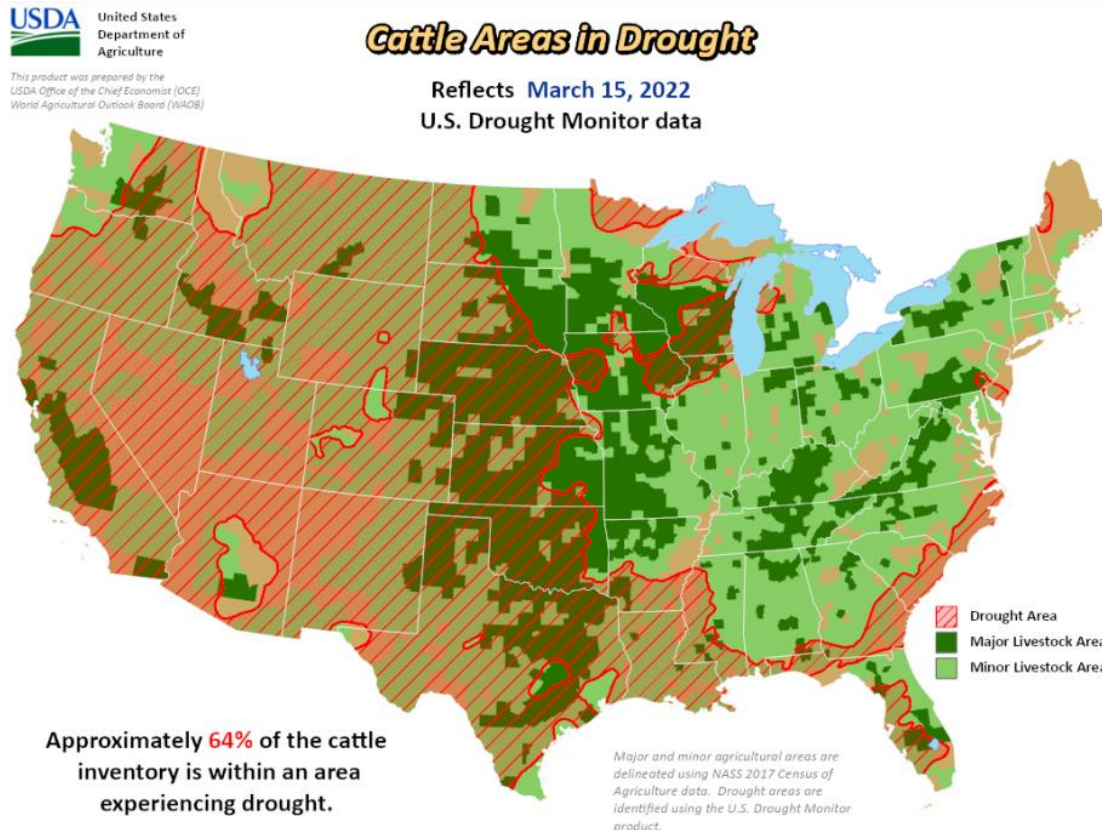
Updates Monthly - 03/17/22

Source: [Institute for the Study of War](#)

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Visualizing Risk: Historic Drought Forecast in West and Southwest

Drought conditions will have several consequences, chief among them negative impacts on US crop yields. Lower levels of soil moisture and water available to livestock (and the plants they feed on) will negatively impact food supply and prices, especially as global cereals remain seriously disrupted by conflict in Ukraine and restrictions on Russian exports. While drought will likely not result in dramatic shortages, prices may raise slightly and profits for farmers will suffer.



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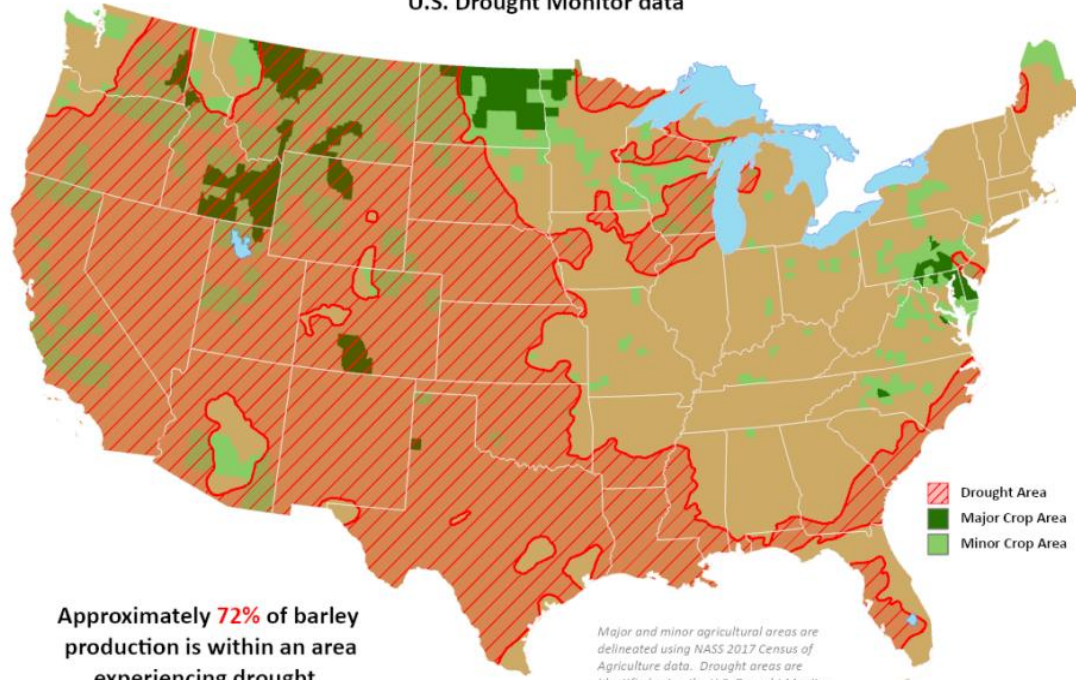
Visualizing Risk: Historic Drought Forecast in West and Southwest



This product was prepared by the
USDA Office of the Chief Economist (OCE)
World Agricultural Outlook Board (WAOB)

Barley Areas in Drought

Reflects **March 15, 2022**
U.S. Drought Monitor data



Approximately **72%** of barley production is within an area experiencing drought.

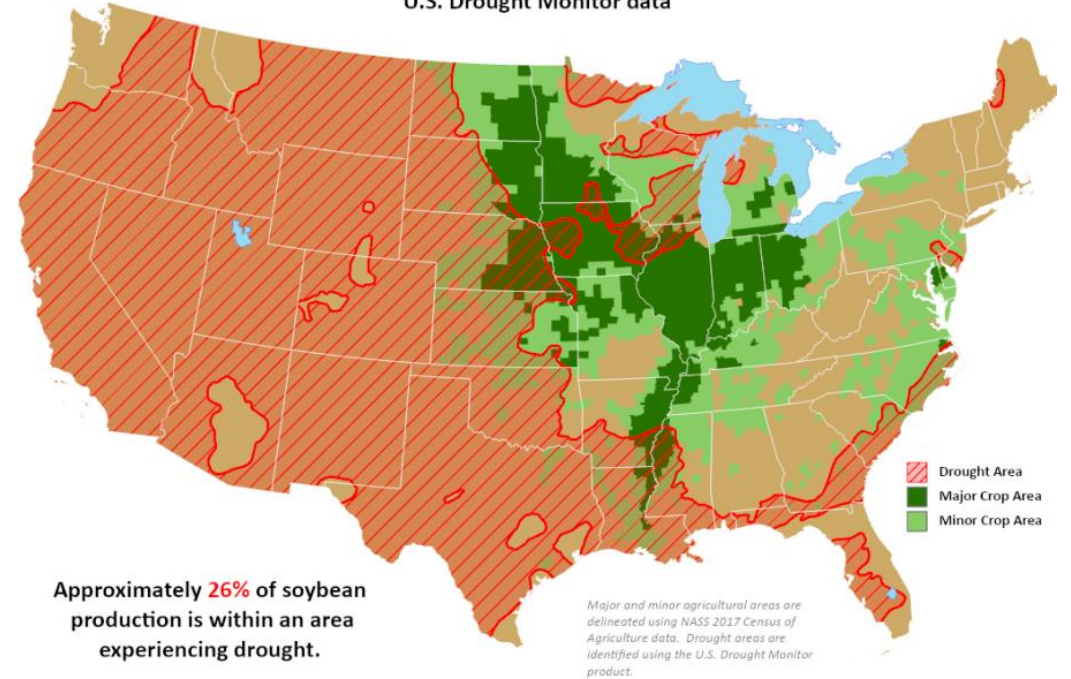
Major and minor agricultural areas are delineated using NASS 2017 Census of Agriculture data. Drought areas are identified using the U.S. Drought Monitor product.



This product was prepared by the
USDA Office of the Chief Economist (OCE)
World Agricultural Outlook Board (WAOB)

Soybean Areas in Drought

Reflects **March 15, 2022**
U.S. Drought Monitor data



Approximately **26%** of soybean production is within an area experiencing drought.

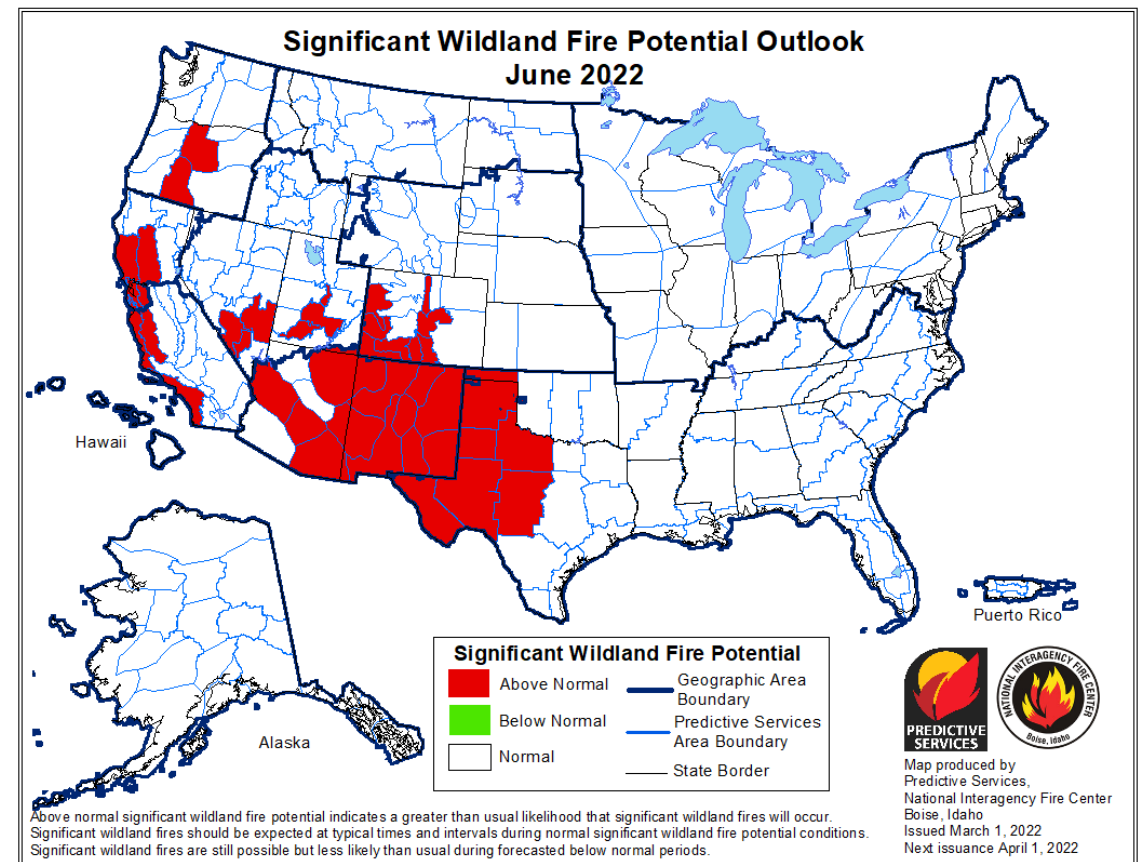
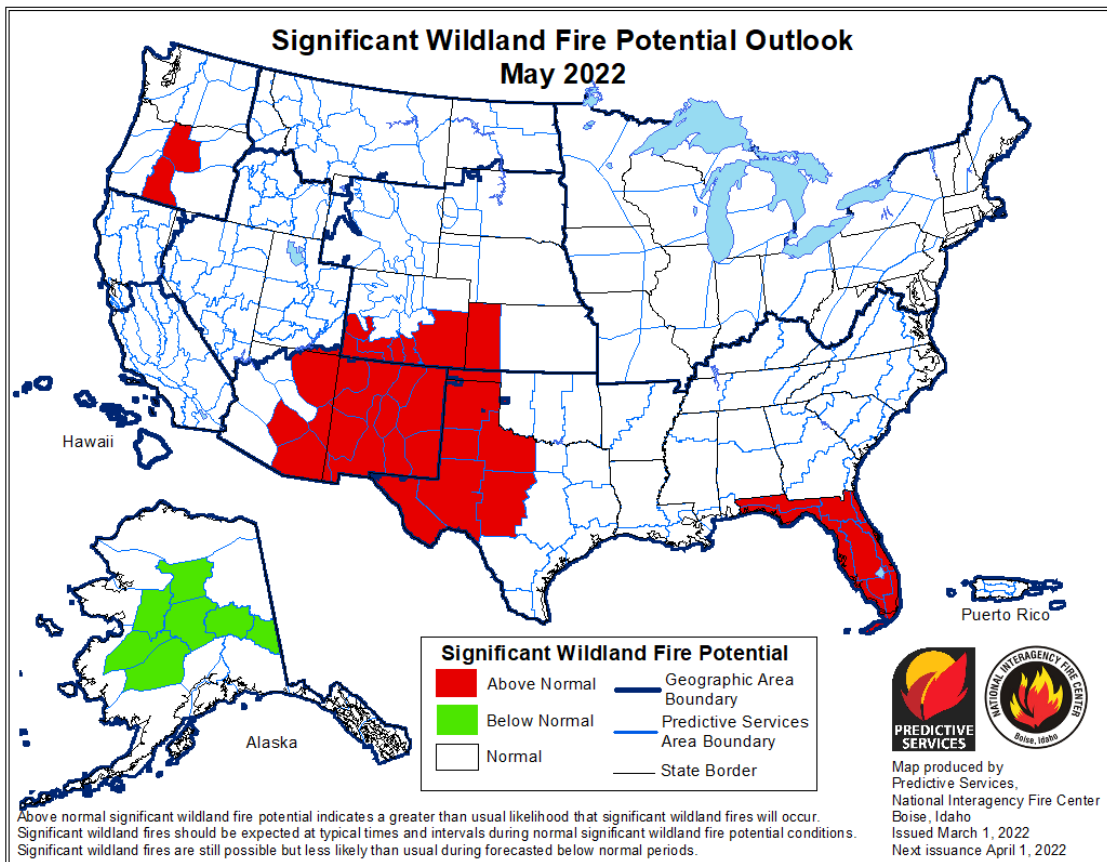
Major and minor agricultural areas are delineated using NASS 2017 Census of Agriculture data. Drought areas are identified using the U.S. Drought Monitor product.

In addition to cattle and corn, barley and soybean crops are also affected by drought conditions in the west and southwest.

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Visualizing Risk: Historic Drought Forecast in West and Southwest

Beyond agriculture, dry conditions will lead to higher than normal fire risk throughout the next season. As the late summer fire season in the west begins, the region could see another fire season on par with the destructive season of 2020, in which 10 million acres were destroyed (the second-most since recording began) and much of the country was blanketed in smoke.



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Ukraine War Update: Surrender Ultimatum, Stalled Talks, Food Emergency

Russia is digging in defensive positions around Kyiv, preparing for a long siege of the city. If Russian forces can break through Ukrainian lines and encircle Kyiv, the capital will face sustained bombardment and destruction as Mariupol is now experiencing.

Political Developments

Ukrainian President Zelensky continued his global campaign to convince countries to pressure Russia to engage in comprehensive peace talks to avert World War III. Zelensky warned Russians that it would take several generations to recover from its losses in the war. Zelensky addressed the Israeli Knesset via video call and raised the prospect of further peace talks with Russia hosted in Jerusalem. He urged China to condemn the Ukraine war.

China's ambassador to Washington said Beijing "*will do everything*" to de-escalate the war in Ukraine, while refusing to condemn Russia. The ambassador said China was sending "*food, medicine, sleeping bags and baby formula, not weapons and ammunition to any party.*" The Chinese Foreign Ministry announced that the Chinese Red Cross will offer an additional 10 million yuan (\$1.57 million) of humanitarian assistance to Ukraine.

Russia spokesperson Dmitry Peskov called peace talks "*stalled*," while thanking Israeli and Turkish mediators. He said Russia will not agree to a ceasefire before an agreement and said, "*It's important to make Ukraine more amenable.*"

This week will see a number of high-level meetings as the Western alliance seeks to coordinate policies in support of Ukraine and impose new costs on Russia. US President Biden will arrive in Brussels on Thursday for summits with NATO leaders, the EU and the Group of Seven (G7) (includes Japan).

Finland's president has warned that applying for NATO membership would carry a "*major risk*" of escalation in Europe.

The Patriot air defense system has started arriving in Slovakia from NATO partner countries, and the deployment will continue in the coming days, per Slovakia's defense minister. The Patriot system will

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Ukraine War Update: Surrender Ultimatum, Stalled Talks, Food Emergency

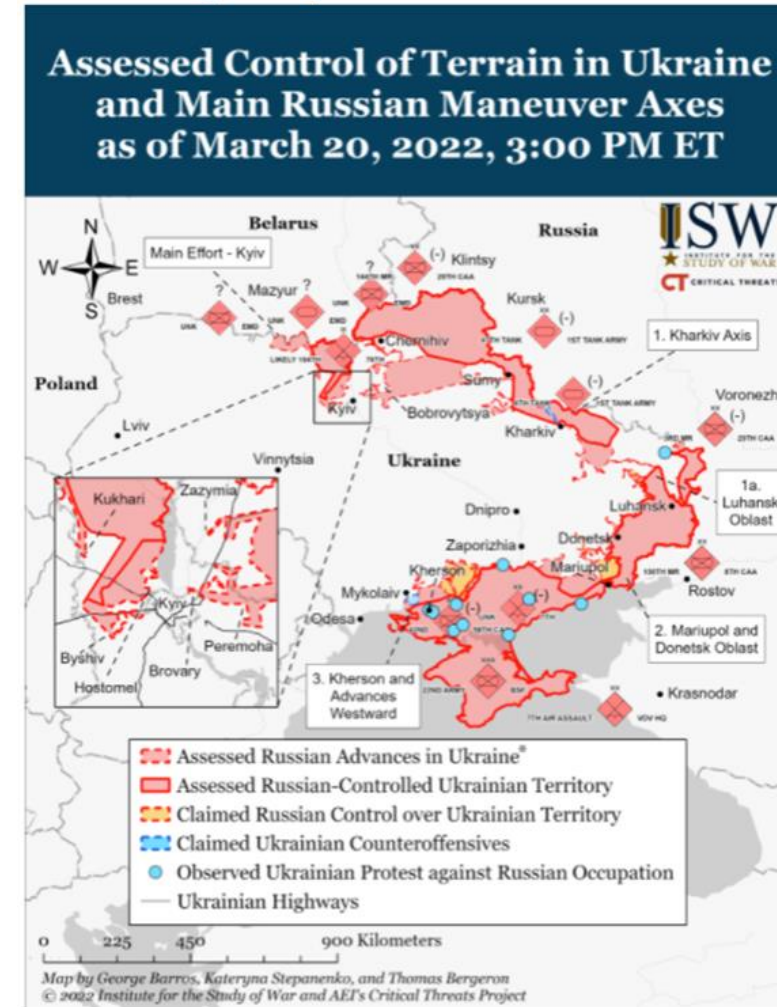
be part of a new NATO battlegroup in Slovakia. The Patriot system will be a complement and not a replacement of the Soviet-era S-300 system that Slovakia operates.

Battlefield Developments

Over the weekend, Russian forces did not make any major advances. Around Kyiv, Russian forces are digging into positions, reportedly deploying minefields. Analysts assess that Russia is preparing for a long siege of the city and are preparing to deploy further artillery and fire control assets. Russian shells hit houses and a shopping district in Kyiv's Podil district late on Sunday.

Russian forces continued their slow advance into Mariupol but did not achieve any major territorial gains. There is now fighting in the streets of the city. Ukraine has rejected a Russian deadline to surrender control of Mariupol. Capturing Mariupol is a strategic objective for Moscow as it attempts to open an overland corridor to Crimea and shift momentum in its three-week-old invasion.

The Ukrainian general staff reported that Russian forces were trying to cut off the cities of Chernihiv in the north and Sumy and Kharkiv in the north-east. Russian forces continue to make slow but steady progress on Luhansk Oblast.



Source: [Institute for the Study of War](#)

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Ukraine War Update: Surrender Ultimatum, Stalled Talks, Food Emergency

Russia's defense ministry claimed to have struck with cruise missiles a military training center for "*foreign mercenaries*" and Ukrainian troops in the Rivne area of northwestern Ukraine.

The war is entering the attrition phase. Ukraine has reported the loss of 1,300 troops, which US experts assesses under reports the combat losses. Russian losses are estimated 7,000 killed, wounded or imprisoned. Ukrainian officials claim to have killed six Russian generals and dozens of other senior officers. Moscow is also seeking to replenish its forces with troops from Russia's east and foreign fighters. On April 1, the current draft of conscripts end service, and they may face pressure to sign up as regulars, which would allow for their continued deployment.

Information on the mobilization of foreign fighters is contradictory. US defense officials reported that they have not observed mobilization of Syrian fighters. There are new reports that the Wagner Group is mobilizing Libyan fighters.

Recent air strikes that hit the Antonov aircraft works and Artem arms factory near Kyiv and an aircraft repair plant near Lviv indicate that Russia intends to cripple Ukraine's munitions manufacturing capacity.

Russia's defense ministry said on Saturday it had used its Kinzhal hypersonic missile to hit a munitions storage facility in western Ukraine on Friday. Hypersonic weapons can travel faster than five times the speed of sound.

There has been an increased use of drones in the past week, according to one western military official. Dozens are flying over Ukraine and being used to hit targets and provide intelligence, surveillance and reconnaissance capabilities to Russian battle groups.

Humanitarian Developments

The UN said on Sunday that 10 million people in Ukraine have now fled their homes since the Russian invasion.

Only four out of seven agreed humanitarian corridors were functioning on Sunday, with about 7,000 civilians evacuated, more than half from Mariupol, Ukrainian authorities said.

Mariupol's council said on Telegram that several thousand residents had been "*deported*" to Russia over the past week.

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Ukraine War Update: Surrender Ultimatum, Stalled Talks, Food Emergency

A World Food Program official said on Friday that food supply chains in Ukraine were collapsing, with key infrastructure such as bridges and trains destroyed by bombs and many grocery stores and warehouses empty. The disruption of the supply chain has global implications as well. Ukraine is the world's fourth and fifth largest exporter of corn and wheat, respectively, according to the USDA, and 85 percent of its crop exports travel by sea. With ports closed, some exports are being rerouted through Ukraine's western borders. Around 25 to 30 percent are now heading to Romania, Poland and Slovakia by train and on to other ports.

Economic Developments

EU foreign ministers will discuss today whether to impose an oil embargo on Russia over its invasion of Ukraine. The debate is expected to be contentious. Baltic countries, including Lithuania are pushing for an embargo as the next logical step. Germany opposes it, warning of the impact on already high energy prices. Moscow has warned that EU sanctions on Russian oil could prompt it to close a major gas pipeline to Europe. The EU relies on Russia for 40 percent of its gas, with Germany among the most dependent of the EU's large economies. Bulgaria, which is almost completely dependent on

gas supplies from Russia's Gazprom, has said it might seek an opt-out. All EU sanctions decisions require consensus. France, which heads the EU's six-month presidency, will likely prove crucial.

The International Energy Agency has called for member countries to adopt “*emergency measures*” to cut oil demand in the wake of Russia's invasion of Ukraine, including driving restrictions, lower speed limits and curbs on air travel. As much as 2.5 million barrels a day of Russian oil exports could cease from next month due to the impact of the war and consumer boycotts of Russian crude.

Australia banned exports to Russia of alumina and aluminium ores, critical ingredients in aluminium production.

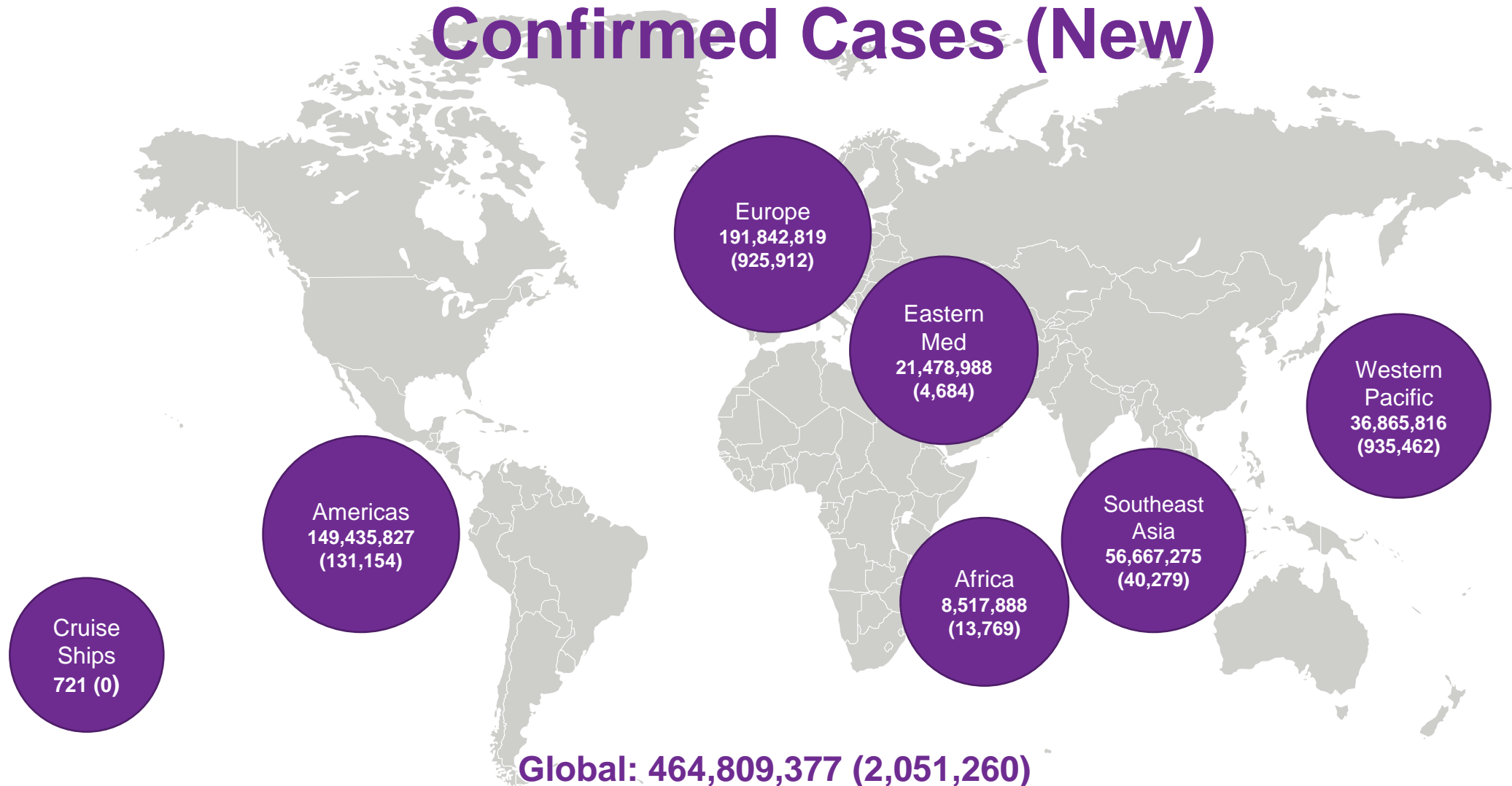
Russia's biggest cargo airline, Volga-Dnepr Group, said it has suspended flights with Boeing Co. 747 jumbo freighters and smaller 737 jets due to a lack of spare parts, removing capacity from a global air-freight fleet already stretched by pandemic-driven travel restrictions.

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Coronavirus Condition Updates

As of 7:33 pm CEST on March 18, 2022

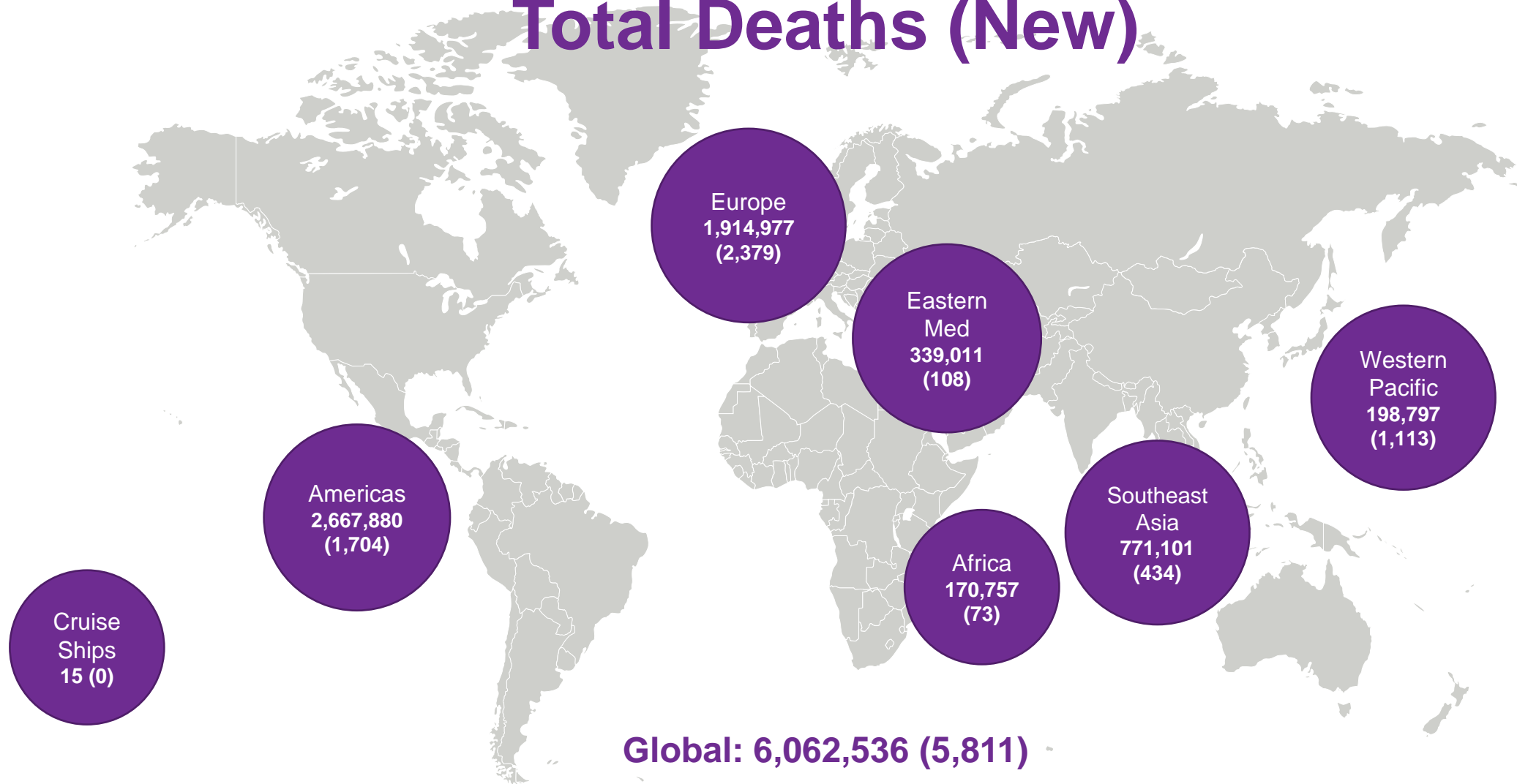
Confirmed Cases (New)



Reflects data as of 7:33 pm CEST on March 18, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 7:33 pm CEST on March 18, 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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