

Dentons Flashpoint

Daily Global Situation Report

March 22, 2022

Global Situation Update: March 22, 2022

KEY TAKEAWAYS

In Ukraine,
fighting intensifies
around capital Kyiv.

The US warns of
Russian plans to
launch cyber attacks
against
US businesses.

Fertilizer prices hit a
record high as
supplies from Russia
dwindle.

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

The US Securities and Exchange Commission (SEC) is pursuing one of the most ambitious regulatory agendas in decades and recent proposals would require more detailed disclosures from companies on certain risks they face. Yesterday, the SEC proposed to enhance disclosures regarding climate-related risks, including requiring companies to back up claims to be “green.” A proposal issued earlier this month would compel companies to disclose cybersecurity incidents.

Companies should prepare to be able to meet such new requirements as the disclosures will be available to shareholders and the general public. At present, more than 50 proposed rules are under consideration by the SEC, and many have a focus on ESG performance.



Securities and
Exchange
Commission

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Global

Ukrainian President Zelensky reiterated his call for a direct meeting with Russian President Putin and stated he is ready to consider committing Ukraine not to join NATO in exchange for a ceasefire and withdrawal of Russian armed forces from the country.

- The tone of **US-Russian relations** turned yesterday. President Biden warned Americans that US intelligence showed Russia was exploring options for possible cyberattacks against American targets. Russia is broadcasting that relations with the US are “*on the brink of collapse*” after Biden called President Putin a “*murderous dictator*,” “*war criminal*” and “*pure thug*.”
- Military analysts are pointing to multiple signs that Russia is trying to regain momentum to turn the course of the war and are warning of an increase in **indiscriminate bombings**.
- The **impact of sanctions** on Russian oligarchs is beginning to ripple through the financial system, with Evraz, the London-listed steelmaker part-owned by Roman Abramovich, warning it may be forced to default on its debt due to inability to process payments through the international financial system.

Markets & Business

Fertilizer prices hit a record high as supplies from Russia dwindled, adding further fears over food security, The fertilizer index from consultancy CRU has risen 30 percent since the start of the year, and is now higher than the levels reached during the food and energy crisis when prices spiked in 2008.

- **Nickel** volumes surged as prices traded within the London Metal Exchange's daily limits for the first time since reopening last week, in a sign that the market is starting to stabilize.
- Russia's **rouble-denominated bonds** dropped on Monday as trading resumed for the first time since the invasion of Ukraine, in the first tentative steps towards reopening Moscow's financial markets.
- New laws will allow Australia's media regulator to force **tech companies** to share data about how they have handled online disinformation.
- Japanese automaker **Suzuki Motor Corp** and 'flying car' firm **SkyDrive Inc** announced a deal to team up in research, development and marketing of electric, vertical takeoff and landing aircraft.

Environment, Sustainability & Governance

Not a single country managed to meet the World Health Organization's air quality standard in 2021, a survey of pollution data in 6,475 cities showed.

- In a landmark case, a South African court ruled that **air pollution** violates constitutional rights, compelling coal companies in a test case to limit airborne emissions.
- Ryanair clarified its 2050 net-zero goal, saying that the goal will be reached partially by using **green aviation fuels** and partially by carbon offsetting.
- The European Union will delay the publication of draft proposals on **sustainable food targets** after meeting to discuss obstacles posed by supply chain disruptions out of Russia and Ukraine.
- Activist investor Enkraft is demanding a shareholder vote to force RWE to prepare a spin-off of its **brown coal unit** at the utility's next annual general meeting in April,
- The US Securities Exchange Commission (SEC) unveiled a long-anticipated draft rule that would require US-listed companies to publish a range of **climate-related risks and greenhouse gas emissions**.

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Africa

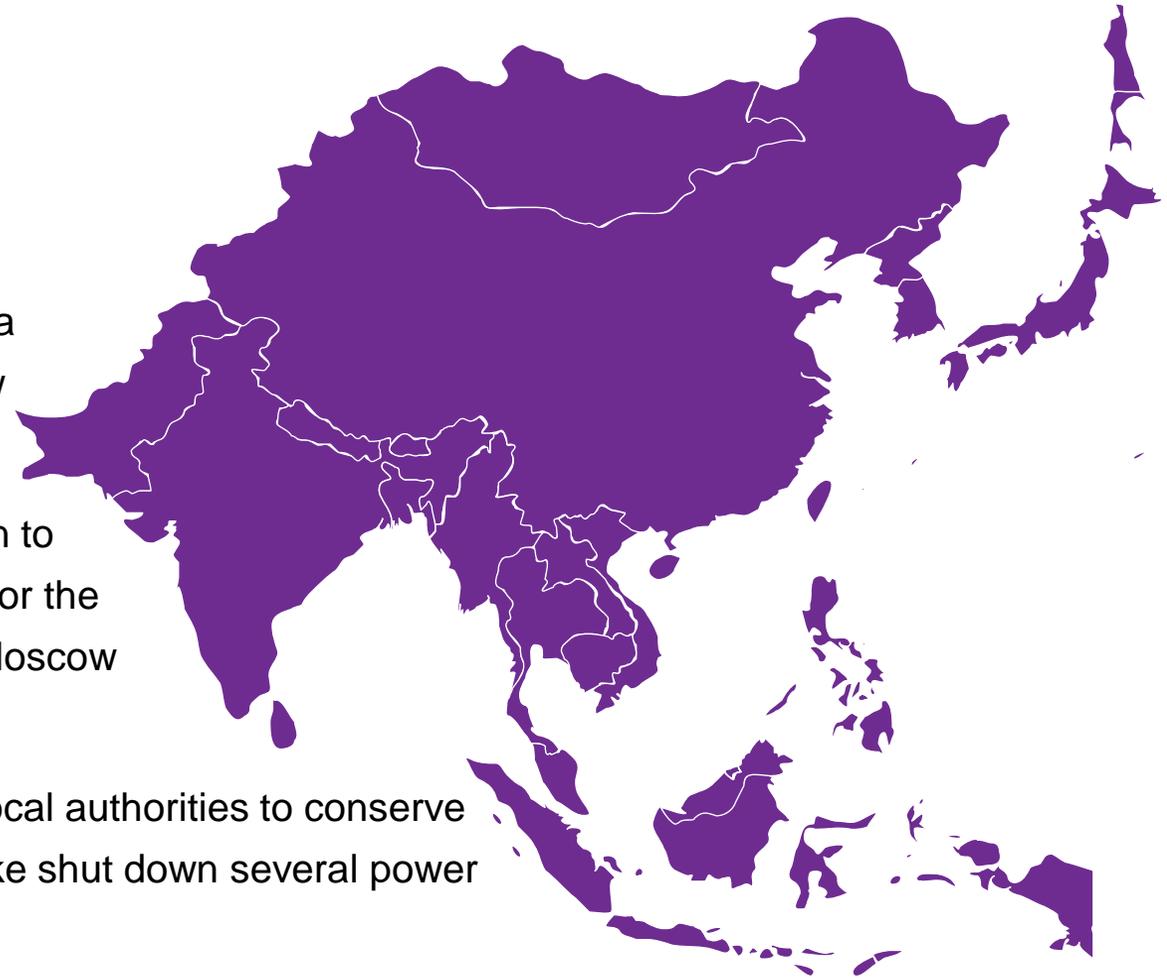
- The sanctioned **Sudan's** Central Reserve Police, denouncing a violent crackdown by the military junta-led government on anti-coup protesters. Save the Children warned of rising hunger in Sudan following trade interruptions **from Ukraine and Russia**.
- **Ghana** imposed its largest-ever interest rate hike – 250 basis points, raising it to 17 percent – in an effort to slow inflation.
- **Mali's** former prime minister Soumeylou Boubeye Maiga, arrested over corruption allegations last year, died of an undisclosed illness in hospital.
- The United Nations Conference on Trade and Development (UNCTAD), in a new report assessing the impact of the war in Ukraine, forecasts food shortages, a recipe for civil unrest in **Africa**. Twenty-five African countries imported wheat from **Ukraine and Russia** for R82 billion between 2018 and 2020.



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Asia

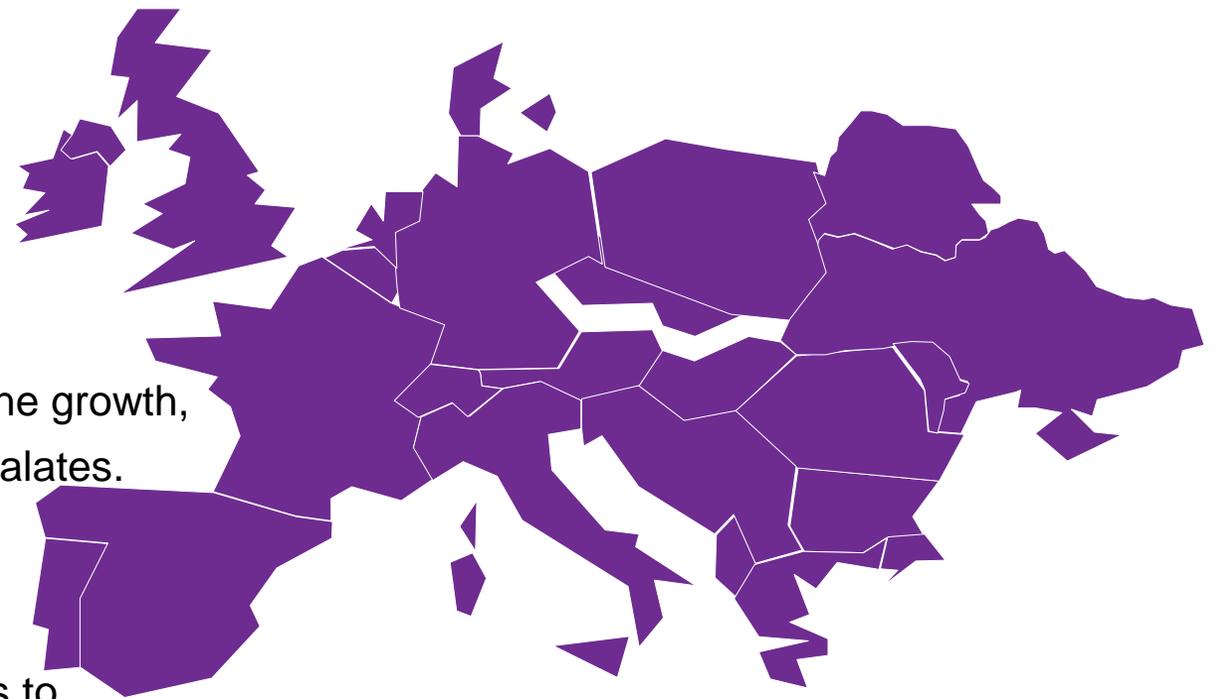
- **Australia** faces a “*national emergency*” unless it re-establishes a sovereign commercial shipping fleet to ensure critical goods flow during times of war and economic sanctions.
- **Japanese** Prime Minister Kishida condemned **Russia’s** decision to suspend negotiations on a post-second world war peace treaty for the disputed Kuril Islands in protest against sanctions imposed on Moscow following its invasion of Ukraine.
- **Japan** issued an emergency plea for citizens, businesses and local authorities to conserve energy, warning of potential blackouts after a massive earthquake shut down several power plants and unseasonably cold weather boosted demand.
- There are growing indicators of **Chinese** citizens protesting against lockdowns and testing requirements, part of the "zero-COVID" playbook to grapple with the more infectious Omicron variant. China's financial hub Shanghai reported a fifth consecutive daily record for locally transmitted COVID-19 asymptomatic cases.



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Europe

- **European** Central Bank Vice President Luis de Guindos assessed that **Russia's** war in **Ukraine** will dent euro zone growth, but the block is still set to expand, even if the conflict escalates.
- **EU** foreign and defense ministers adopted a security strategy meant to boost the bloc's military clout, establishing a rapid reaction force with up to 5,000 troops to be swiftly deployed in a crisis.
- **Spain's** government agreed to pay 500 million euros (\$551.35 million) in direct aid to the transport sector, hoping to end a strike by some truck drivers over surging fuel costs.
- Kremlin critic Alexei Navalny was found guilty of fraud on Tuesday in a case that could earn him up to 13 years in prison. Navalny is already serving a two-and-a-half-year sentence in **Russia** for another fraud.
- The **UK** government is preparing to step in and temporarily run Gazprom PJSC's British retail supply arm as it comes under increasing pressure from companies boycotting **Russian** business over the war in **Ukraine**.



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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.

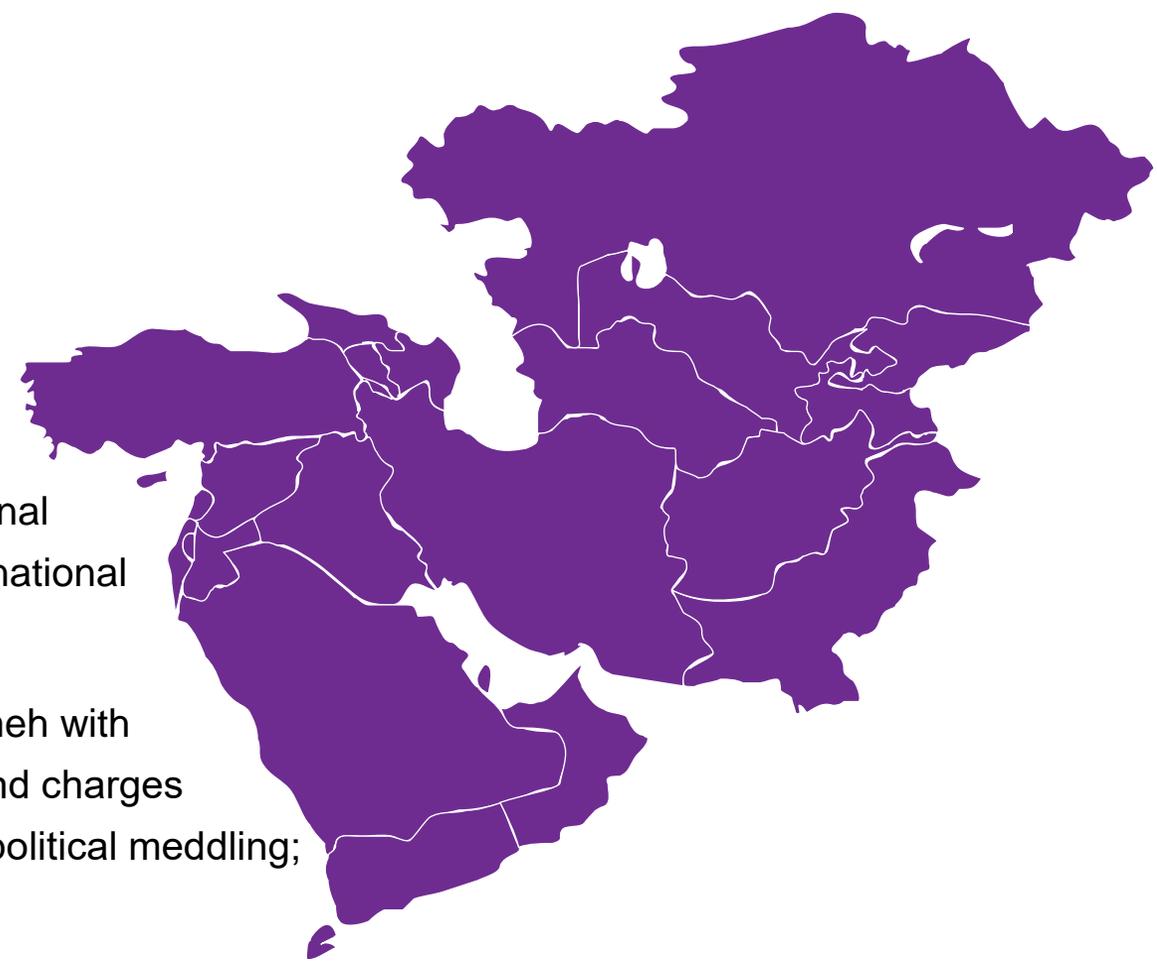
Dentons tabletop sessions are fluid, and designed to enhance preparedness with services, including:

- ❖ 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



- **Iranian** Supreme Leader Khamenei issued a rare statement of support for nuclear negotiations.
- **Tunisian** President Saied announced his intention to hold a national referendum on constitutional reforms on July 25 and promised a national dialogue on the proposed reforms without offering details.
- A **Lebanese** judge officially charged central bank governor Salameh with “*illicit enrichment*” following months of corruption investigations and charges against many of Salameh’s close associates and accusations of political meddling; Salameh denied the charges.
- **Egyptian** officials set a fixed price for unsubsidized bread in an effort to counter rising costs associated with trade interruptions from the conflict in Europe; the fixed price is still about 25 percent higher than pre-invasion costs. Egypt also devalued its currency and raised interest rates as the central bank moved to contain the impact of the war in **Ukraine** on the country’s economy.

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Americas

- **Canadian** Pacific Railway Ltd and union Teamsters Canada Rail Conference have agreed to a binding arbitration over a labor dispute, allowing for operations to resume from Tuesday at the country's second-largest railroad.
- **Brazilian** President Bolsonaro announced that his current vice president, a retired general, will not be his running mate in upcoming fall elections; it is widely expected that his defense minister will join him on the ticket.
- One of **Guatemala's** top judges, a leader in the fight against corruption, said that she had resigned amid threats against her family, a blow to anticorruption efforts in the country.
- Hours-long lines for fuel formed throughout **Cuba** after a media report of fuel rationing in one province sparked panic.



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Americas: US

- The city of Miami Beach declared a curfew from Thursday until Monday in response to **gun violence** and raucous spring break crowds that have stretched public services beyond their capacity to respond.
- As the California **drought** enters its third year, Gov. Gavin Newsom (D) announced an additional \$22.8 million in aid for what his office called “*an immediate drought emergency.*” The state officials have cut scheduled water deliveries for residential customers in Southern California to 5 percent, preserving water resources for farmers in the northern part of the state.
- Federal Reserve Chairman Powell said that the central bank needs to move “*expeditiously*” towards **tighter monetary policy** and is prepared to act even more aggressively if necessary to tackle excessive inflation. Powell said there was “*nothing*” to prevent the bank moving forward with a half point rate increase in May but added that the committee had not yet made a decision on the next policy move.



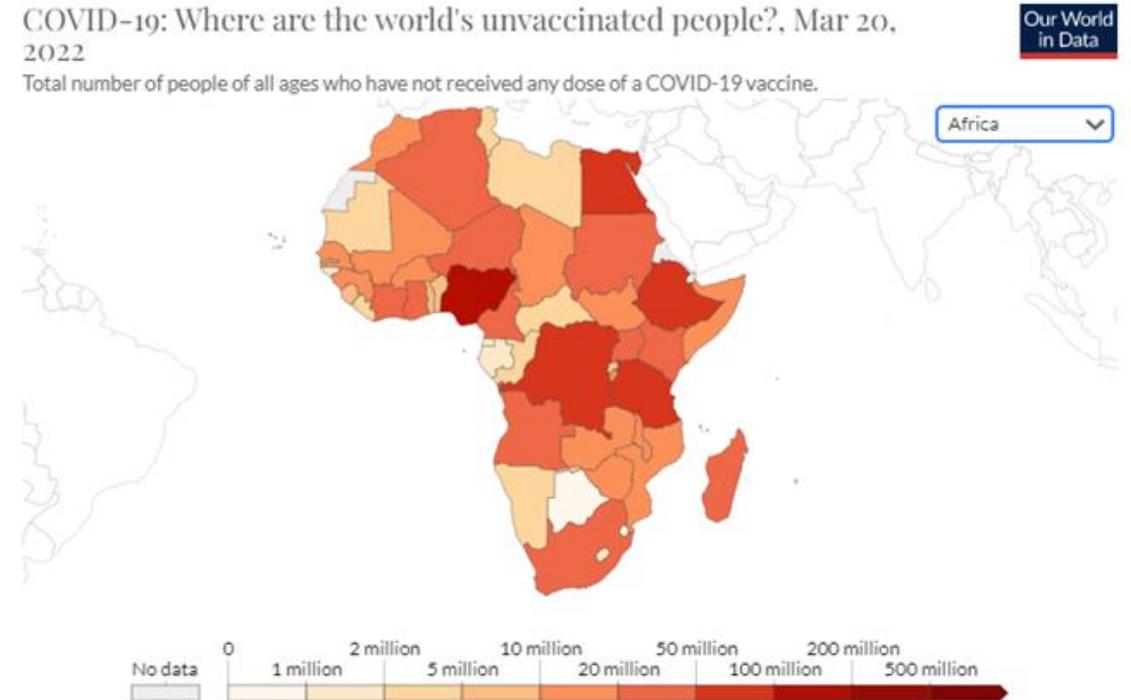
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Vaccinating a Continent: COVID-19 Risks in Africa

As many regions of the world begin to emerge from COVID-19 lockdowns thanks to high vaccine uptake and new antiviral treatments, other parts of the globe remain quite vulnerable to COVID-19 due to lower vaccination rates. This includes the African continent, where less than 10 percent of inhabitants are vaccinated.

If current trends continue, most of Africa may not be vaccinated until 2023 according to the Brookings Institution. Low vaccination rates present a twofold problem, the most immediate one being more needless deaths when lifesaving vaccines exist. Another problem, though, is how high community transmission of the virus can lead to new variants, as evidenced by the Delta and Omicron variants. This vaccine inequity in Africa presents risks for business operations across the continent, as pandemic disruptions will likely continue until a high enough vaccine threshold is reached. It will also mean risks for the rest of the world, as vaccine-evading COVID-19 variants have shown their ability to quickly spread around the globe from their place of origin in low-vaccinated communities.

Despite efforts by Europe and the United States to supply vaccine doses to Africa, obstacles remain to getting those vaccine jabs in arms. Some countries lack the necessary infrastructure to



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administer the doses in a timely manner, resulting in expired doses that are thrown out (although notably African countries have long accused Western countries of donating vaccine doses that are far too close to their expiration dates to feasibly distribute). Misinformation also plays a role, leaving some Africans fearful of getting vaccinated. Furthermore, COVID-19 is sometimes not the top priority for African public health entities. Malaria, for example, is estimated to have killed over 600,000 people in 2020 alone according to the World Health Organization (WHO). Public health authorities with limited resources may choose to prioritize combatting one virus over another depending on which is affecting their country more heavily. A positive development that could mitigate some of these challenges is a recent WHO announcement that six African countries, including Senegal, South Africa and Kenya, will be the first to receive needed technology to produce mRNA vaccines. The prospect of African nations being able to produce their own doses would alleviate supply issues significantly. However, so long as obstacles remain to administering vaccine doses, chronically low vaccination rates will keep COVID circulating among Africans, increasing the risk of new and disruptive variants

The continuation of the COVID-19 pandemic in Africa also presents

significant economic risks. For most African countries, especially Sub-Saharan Africa (SSA), recovery is expected to be slow due to low vaccination rates. The International Monetary Fund estimates that SSA's economic growth rate will be 3.8 percent in 2022, well behind most other advanced economies. The pandemic has pushed almost 30 million Africans into poverty, leaving government coffers severely stretched and hampering their ability to spend money on growth-producing projects. Furthermore, as a result of the pandemic, over half of the region's low-income countries are at high risk of debt distress, including some that are close to being unable to service their debt. The longer large parts of the population remain unvaccinated, the longer pandemic recovery will be handicapped by persistent infections, and the more risk there will be of economic instability.

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Ukraine War Update: Cyber Warnings, Odessa Bombed, Children Deported

The tone of US-Russian relations turned yesterday. President Biden warned Americans that US intelligence showed Russia was exploring options for possible cyberattacks against American targets in response to the western sanctions. Russia is broadcasting that relations with the US are “on the brink of collapse” after Biden called President Putin a “murderous dictator,” “war criminal” and “pure thug.”

Political Developments

EU Foreign ministers have reached a political agreement to give Ukraine another €500 million in arms and military equipment following a meeting in Brussels on Monday.

Ukrainian President Zelensky reiterated his call for a direct meeting with Russian President Putin, saying without such a meeting it would be “impossible to fully understand what they are ready for in order to stop the war.” Russia is insisting on first penning an agreement at the working level.

President Zelensky said on Monday night he is ready to consider committing Ukraine not to join NATO in exchange for a ceasefire and withdrawal of Russian armed forces from the country. Any agreement would need to be put to a referendum in Ukraine.

Zelensky is addressing the Italian parliament via video link this morning.

Moldova’s foreign minister has warned that his country faces a dramatic threat to its. Ukraine’s poorest neighbor has received the largest number of refugees from the war per capita, putting large strains on its economy. So far, 360,000 refugees cross its borders, with about a third of those staying inside the country. That means that today roughly 4 percent of its population are refugees. The country is attempting to remain non-aligned, trying to manage an internal threat with a breakaway region hosting 1,500 Russian troops. The separatist region poses a threat to the rest of the country.

Radiation monitors at Chernobyl have stopped working, Ukraine's nuclear regulatory agency said on Monday.

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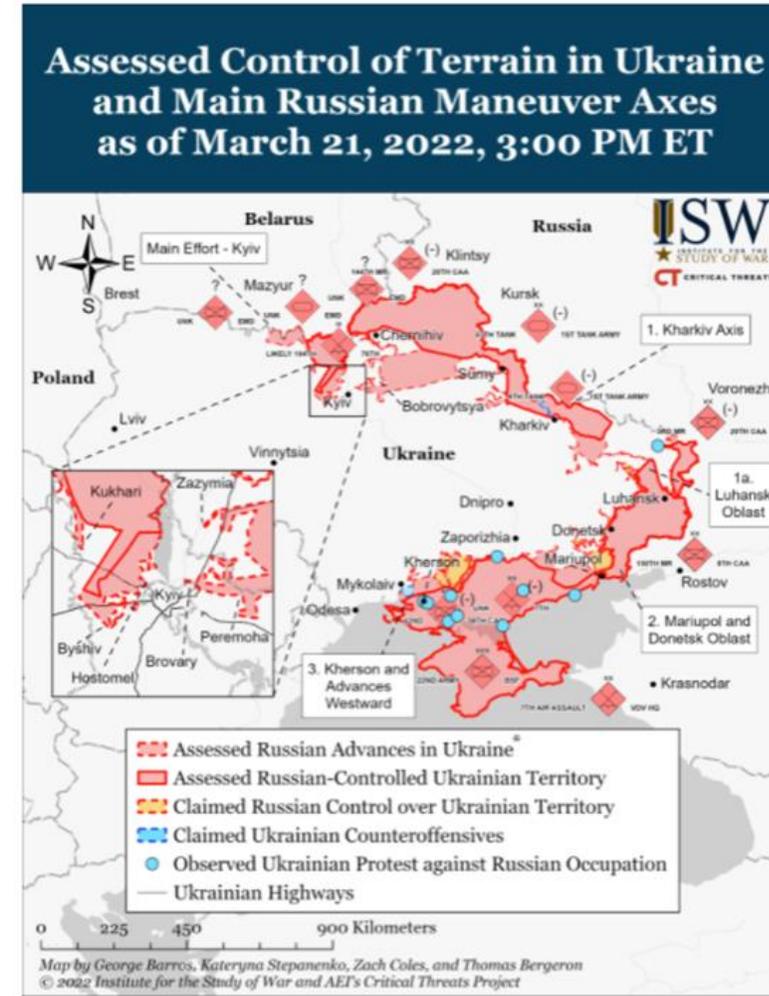
Ukraine War Update: Cyber Warnings, Odessa Bombed, Children Deported

In the information war, a Russian court has ruled the activities of Facebook and Instagram are “*extremist*,” confirming an earlier decision to ban the two platforms and restrict access to them in the country. The “*extremism*” designation in Russia previously targeted terrorist groups but more recently has been used to repress freedom of expression.

Battlefield Developments

Military analysts are pointing to multiple signs that Russia is trying to regain momentum to turn the course of the war. US President Biden warned that Russian forces may resort to increasingly desperate war tactics, including more indiscriminate bombing and use of chemical weapons, citing signs that Russia was setting up “false flags” to justify the use of unconventional weapons in Ukraine.

The US assesses Russia has committed more than 60 percent of its fixed wing and rotor wing aircraft capability to Ukraine as well as 75 percent of its conventional forces. Russian air forces increased their operational activity, flying over 300 sorties in 24 hours by early Tuesday. However, they have not established air dominance, according to Western intelligence. US officials noted increased naval activity around the Black Sea port of Odessa, which has been almost unscathed so far in the invasion. Russia



Source: [Institute for the Study of War](https://www.instituteforthestudyofwar.org/)

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Ukraine War Update: Cyber Warnings, Odessa Bombed, Children Deported

shelled Odessa's suburbs for the first time in the war on Monday. The Pentagon estimates Russia has launched more than 1,100 missiles since the invasion began.

Ukraine's military said on Tuesday residents should brace for more indiscriminate Russian shelling of critical infrastructure. Russian forces advanced into the suburbs of Kyiv and the city has been subject to heavy shelling. The Ukrainian army said it forced Russian troops out of Makariv, a strategically important Kyiv suburb, preventing Moscow forces from encircling the capital from the northwest.

The mayor of the Ukrainian city of Boryspil, which is close to Boryspil international airport, advised civilians on Tuesday to leave the city if they can because of fighting nearby as Russian troops push forward their offensive against Kyiv.

Ukrainian forces have repelled Russian forces in the port city of Mariupol, as the city continues to endure heavy Russian air and artillery bombardment. Kyiv on Monday accused Moscow of illegally deporting Ukrainian children to Russia, amid reports that troops in Mariupol were directing civilians to evacuate to the Russian-controlled breakaway eastern regions of Donbas.

Russian forces did not conduct any offensive operations toward the northeastern Ukrainian cities of Chernihiv, Sumy, or Kharkiv in the last 24 hours.

A Belarusian paratroopers brigade has been withdrawn from the border area near Brest after completing what the defense ministry said was "*the task of securing the areas of the state border.*"

In a video address to the nation, President Zelensky urged Ukrainians to continue to resist Russian forces. Pro-Ukrainian protesters in the occupied southern city of Kherson held a peaceful rally that was dispersed by Russian troops using stun grenades and gunfire on Monday.

Humanitarian Developments

About 8,000 Ukrainians were safely evacuated on Monday through seven humanitarian corridors from towns and cities under fire, including about 3,000 from Mariupol, per Ukraine's deputy prime minister.

UNHCR reported that 3.5 million people have fled Ukraine, with more than 2 million crossing the border into Poland.

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Ukraine War Update: Cyber Warnings, Odessa Bombed, Children Deported

Economic Developments

EU foreign ministers failed to agree to adopt an oil embargo on Russia during their meeting yesterday, with Germany leading a bloc arguing that the costs would be too high for states dependent on Russian oil. European Commission's proposals, due to be released on Wednesday, deal almost exclusively with gas storage.

At the upcoming summit with US President Biden and EU leaders, additional sanctions will be discussed, including closing loopholes on trust funds used by oligarchs, adding new names to the sanctions list, stopping Russian boats from docking in EU ports, and cutting more banks' access to the SWIFT global messaging system.

Ukrainian President Zelensky is pressing western oil companies, including BP and Shell, to cease trading Russian oil in the latest push to mount pressure on energy companies to cut off a key source of financing to the Kremlin. BP, Shell and Exxon have announced plans to dump stakes in Russian investments but along with commodity traders, they have largely continued to lift barrels of the country's oil that they are obliged to take under long-term contracts.

Shell has said it will halt all purchases of Russian oil on the spot market and phase out contractual volumes eventually.

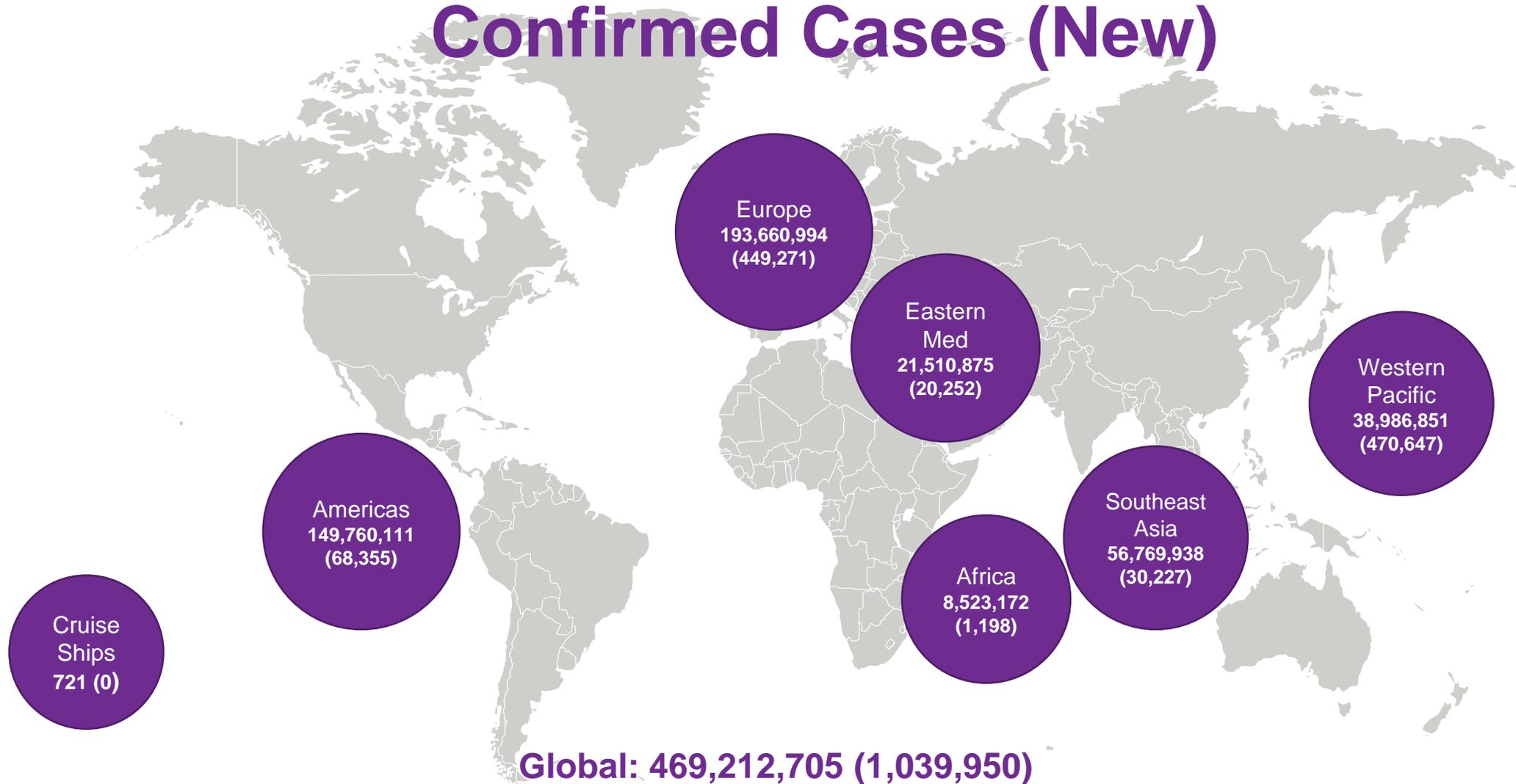
The impact of sanctions on Russian oligarchs is beginning to ripple through the financial system. Evraz, the London-listed steelmaker part-owned by Roman Abramovich, said it has been blocked from making an interest payment on one of its bonds in a move it believes is related to UK sanctions against the Russian-Israeli billionaire. Evraz warned that its inability to pay the coupon on a \$700 million bond that matures next year could push it to default on its debt.

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Coronavirus Condition Updates

As of 5:18 pm CEST on March 21, 2022

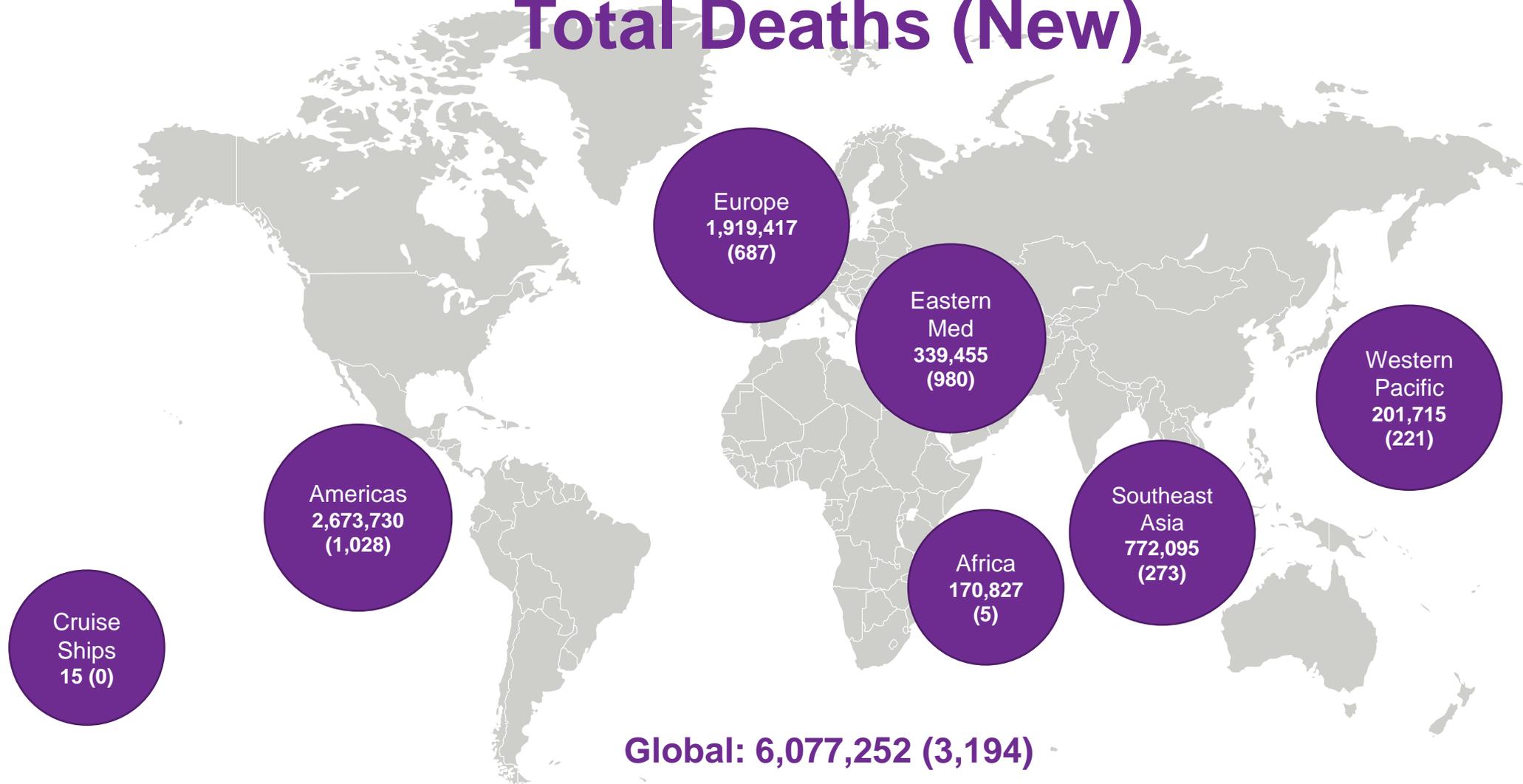
Confirmed Cases (New)



Reflects data as of 5:18 pm CEST on March 21, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 5:18 pm CEST on March 21, 2022.
Data Source: World Health Organization

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Contacts

This summary is based on reports sourced from among the 75 countries in which Dentons currently serves clients as well as from firms in other locations, some of which will formally join Dentons later in 2020. We are pleased to share this complimentary summary and contemporaneous assessment, with the caveat that developments are changing rapidly. This is not legal advice, and you should not act or refrain from acting based solely on its contents. We urge you to consult with counsel regarding your particular circumstances.

To read additional analysis, visit the [Dentons Flashpoint portal](#) for insights into geopolitics and governance; industry and markets; cyber and security; science, health and culture; and economic and regulatory issues.

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