

Dentons Flashpoint

Daily Global Situation Report

March 4, 2022

Global Situation Update: March 4, 2022

KEY TAKEAWAYS

Ukraine and Russia agree to humanitarian corridors.

Insurers withdraw coverage from exporters to Ukraine and Russia.

The fire at Ukraine nuclear power plant has been extinguished with no damage to the reactor.

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

Today, President Biden will meet Finland's President Niinistö at the White House to discuss the war in Ukraine. Finland shares an almost 1,000 mile border with Russia and recent public opinion polls there indicate more support than ever for the Scandinavian nation to join NATO. Biden and the Finnish president may also discuss Helsinki acting as a mediator between Russia and Ukraine.

Meanwhile, in neighboring Sweden, polls also suggest that there is a significant shift in support to join NATO. Choosing to apply to the military alliance will open up Finland and Sweden to new risks and threats after Russia warned both countries last week that doing so "would have serious military and political consequences, which would require our country to make response steps."



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Global

Representatives from Ukraine and Russia agreed on Thursday on setting up humanitarian corridors for the evacuation of civilians trapped by the conflict, and “a possible temporary ceasefire in areas where evacuation is happening.”

- There is a consensus among western military analysts that the **Russian military** is poorly executing invasion plans in Ukraine, failing to concentrate forces to leverage its overwhelming numbers and capabilities.
- In a video broadcast of a security council meeting, Russian President Vladimir Putin insisted the “**special military operation**” in Ukraine was “proceeding strictly in line with the timetable. According to plan.”
- Canada has **imposed tariffs** on almost all Russian imports and the US imposed additional sanctions on Russian oligarchs and government officials.
- Switzerland plans to freeze all **crypto assets** held within its borders that are owned by Russians and the country’s businesses.

Markets & Business

Russian First Deputy Prime Minister Andrei Belousov said foreign firms have three choices: stay, leave or hand over holdings to local managers.

- **Oil prices** stabilized somewhat on hopes that a renewed Iran nuclear deal could lift sanctions on Iranian oil and increase supply.
- **Accenture, Mckinsey, Boston Consulting, IKEA, TJ.Maxx** and Italian insurer **Generali** became the latest businesses to end operations in Russia.
- **Intesa Sanpaolo**, Italy's largest bank, is reviewing its business in Russia.
- **Citigroup** said that it risks losing \$4 billion due to exposure in Russia.
- Index provider **MSCI** dropped Russian stocks from its emerging markets indices, saying that the country has become "uninvestable."
- **Microsoft** has announced they have suspended selling their products and services in Russia.
- Wholesale **gas prices** in Europe have surged above €200 a megawatt hour for the first time as big consumers seek to lock in supplies.

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Environment, Sustainability & Governance

Japan's Supreme Court upheld an order for utility Tokyo Electric Power to pay damages of 1.4 billion yen (S\$16.5 million) to about 3,700 people whose lives were devastated by the Fukushima nuclear disaster.

- Billionaire activist investor Carl Icahn called on McDonalds to sign a global pledge to end the use of metal enclosures for pregnant pigs, escalating his campaign for McDonalds to address **pig welfare**.
- Canadian financial services provider BMO pledged \$5 billion in financing over the next five years to support **women-owned businesses**.
- Australia's Victoria state set targets of at least 2 gigawatts (GW) of **offshore wind power** by 2032, and 9 GW by 2040, designed to help fill a gap in power supply as coal-fired plants shut down.

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Africa

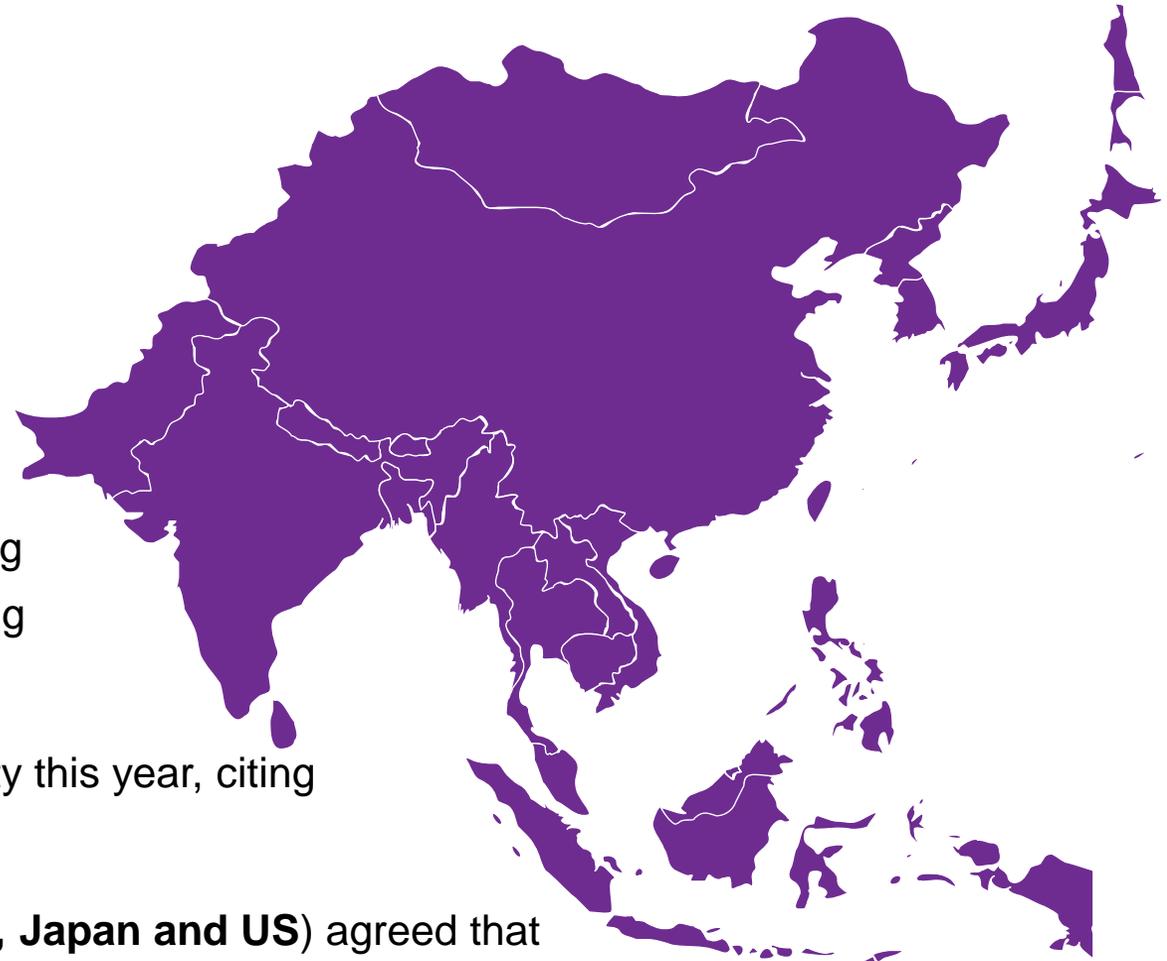
- The deputy head of **Sudan's** military junta said that he would be open to Russia constructing a Red Sea port in the country.
- **Mozambican** President Nyusi dismissed his prime minister and much of his cabinet in a reshuffle apparently aimed at minimizing fallout from ongoing corruption trials.
- ECOWAS leaders canceled an upcoming trip to **Burkina Faso** after the military junta inaugurated the coup leader and approved a three-year transition plan.



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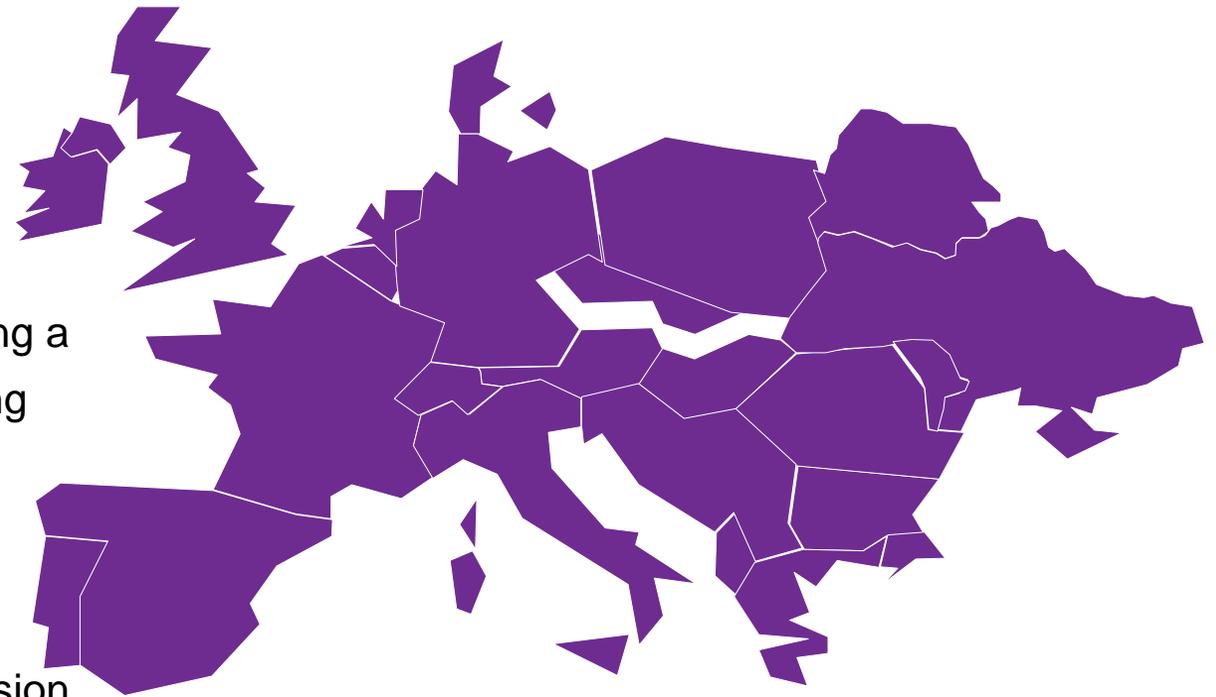
Asia

- The Asian Infrastructure Investment Bank, which is based in **China**, suspended all payments and projects in **Russia and Belarus**.
- Heavy fighting has closed off parts of the Black Sea, affecting shipments of wheat, oats and other cereals to **Asia**, upsetting supply chains and driving up prices.
- **Taiwan** announced plans to nearly double its missile capacity this year, citing rising tensions with **Russia**.
- Leaders of the Quad grouping of countries (**India, Australia, Japan and US**) agreed that what is happening to **Ukraine** should not be allowed to happen in the Indo-Pacific. While the joint statement made no reference to **Taiwan**, the group is concerned that **China** might seek to take advantage of a distracted West to move against the island.



Europe

- An opinion poll in **Sweden** shows for the first time showing a majority of its population in favor of joining NATO following **Russia's** invasion of **Ukraine**.
- The IEA called on **EU** countries not to sign new supply agreements with Gazprom as part of a plan to reduce dependence on **Russian** gas. A draft European Commission report proposes that the EU double the amount of gas in its reserves before next winter.
- **Georgia and Moldova** submitted formal applications to join the **EU**, as expected.
- The **UK** is reportedly unlikely to trigger a measure ending some elements of its post-Brexit trade agreement with **Ireland** as the **Ukraine** crisis causes broader supply chain disruptions.
- **French** President Macron officially launched his campaign for reelection.



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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.

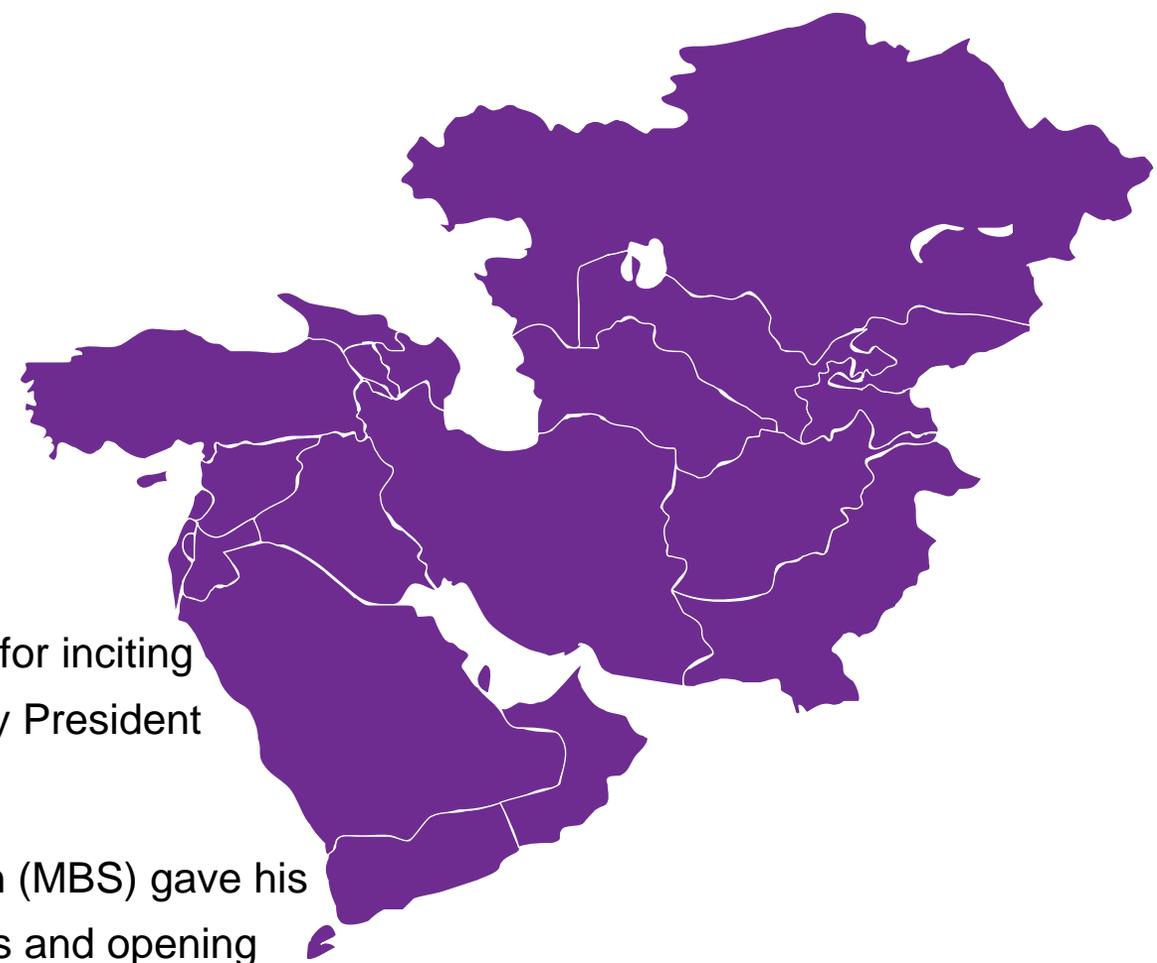
Dentons tabletop sessions are fluid, and designed to enhance preparedness with services, including:

- ❖ 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 head of the IAEA will travel to **Iran** on Saturday for nuclear discussions; **US** and Iranian officials have said that a new nuclear deal is days away. Iran said that it could flood oil markets, stabilizing prices, when a deal is reached.
- A military judge in **Tunisia** sentenced an opposition politician for inciting followers to break the law, demonstrating tightening control by President Saied.
- De factor **Saudi** leader Crown Prince Mohammed bin Salman (MBS) gave his first interviews in over three years, highlighting social changes and opening the door for relations with **Israel** while denouncing negative western sentiment. In a call with **Russian** President Putin, MBS reiterated the importance of sticking to OPEC+ agreements, forecasting no significant increases to energy supply in the near future.
- The **UAE** Ambassador to the **US** said that bilateral ties are undergoing a “stress test” amid divisions on **Ukraine**.

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Americas

- **Argentina** secured a \$45 billion IMF deal to restructure debt from 2018, several weeks ahead of the deadline.
- A **Peruvian** indigenous community once again blocked roads to a major copper mine, part of an ongoing battle over profits.
- **Honduran** lawmakers repealed a so-called “secrets law,” which allowed for the classification of public documents, amid an effort combat corruption.
- **Mexican** President Andres Manuel Lopez Obrador declined a request from Ukraine for military equipment.



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Americas: US

- The CDC reported that rural areas are falling even further behind on **vaccination rates**. The NFL suspended all **COVID-19 protocols**, effective immediately.
- Calstrs, the second-biggest public pension plan in the US, has become one of the first large pension funds to confirm it is facing heavy losses around \$500 million on its **Russian investments**.
- The Congressional committee tasked with investigating the **January 6 riots** found that President Trump and allies may have “*engaged in a criminal conspiracy to defraud the US*” in efforts to block the certification of President Biden’s election.
- The White House rejected a bipartisan call to ban **Russian oil exports**, saying it would increase prices for consumers.



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Russian Invasion of Ukraine to Cause Global Spike in Food Insecurity

By Anni Coonan

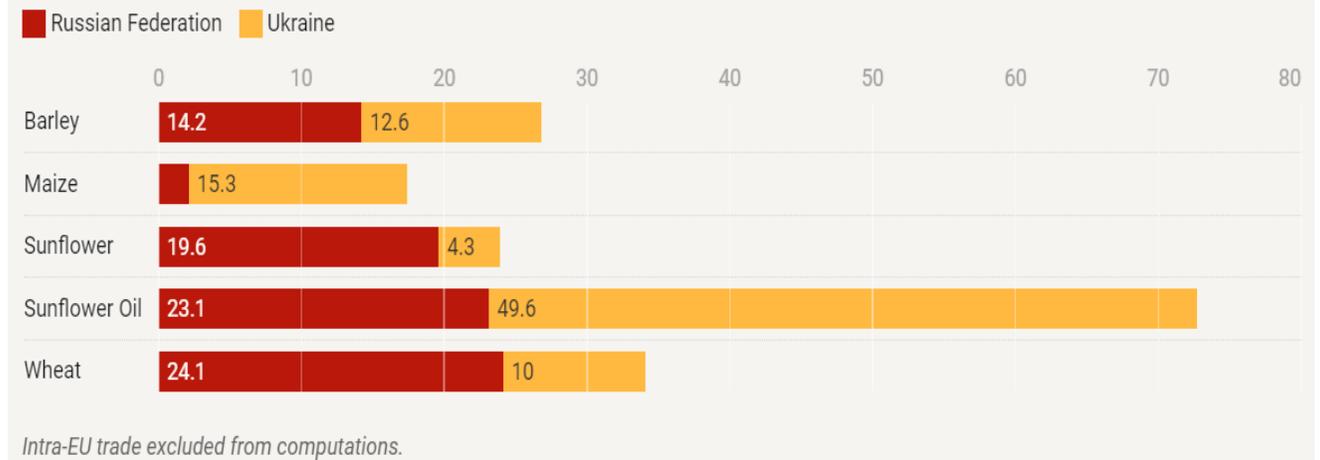
Market disruptions resulting from the Russian invasion of Ukraine have dominated headlines in recent days, from oil soaring above \$110/barrel to a growing list of businesses that have opted to cease operations in Russia. However, more instability in global trade loom, perhaps most ominously the risks posed to global food supplies by restrictions on exports from Russia and Ukraine.

The countries together account for a large share of global wheat, corn, and sunflower exports, and are major producers of fertilizer components; likely interruptions in exports risk further limiting food supply in low-income countries already seeing the highest food prices in a decade, which could cause knock-on affects like political instability and refugee flows.

Scope of Restrictions

Last year, Russia and Ukraine together contributed 29% of global wheat exports, as well as 19% of global corn and almost 80% of sunflower oil. In coming months, all of these shipments will cease or slow to a crawl as export restrictions and sanctions choke trade out of Russia and wartime disruptions disrupt Ukrainian agriculture and

Share in global markets, volume



Source: International Food Policy Research Institute

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Russian Invasion of Ukraine to Cause Global Spike in Food Insecurity

and shipping. These restrictions have already impacted food prices (last week, wheat futures on the benchmark Chicago Board of Trade jumped 12%), and will continue to inflate prices for months, with poor countries likely bearing the brunt of price hikes. Countries like Bangladesh, Sudan, and Pakistan, for example, received roughly half or more of their wheat from Russia and Ukraine in 2020, and countries in the Middle East and North Africa import more than 50% of their cereal needs, including wheat and barley, from Russia and Ukraine. Even countries who choose not to join in western-led sanctions will see prices soar due to a lack of middlemen and disruptions to shipping lanes. While cereals harvests for the season have concluded, hostilities will almost certainly impact planting cycles: spring barley planting is set to begin this month, maize in April, and wheat in September.

In addition to exports of foodstuffs, Russia and Belarus are both important exporters of nitrogen and potassium fertilizers. Russia accounts for 15% of global trade in nitrogenous fertilizers and 17% of global potash fertilizer exports, while Belarus makes up another 16% of global potash exports. Dependency on these exports is extreme

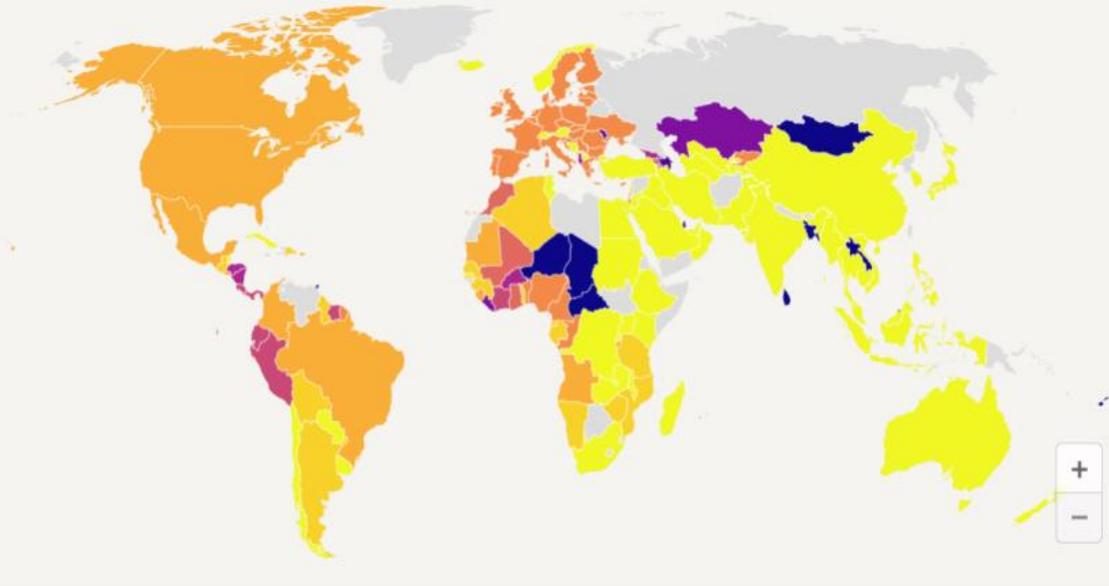
for some countries in Africa and Latin America, who receive up to 80 or 90% of their fertilizer from Russia and Belarus. Just this week, the EU imposed new sanctions on Belarus after the country acted as a launchpad for Russian incursions into Ukraine, ending a previous carveout for potash exports. Shortages of fertilizer and components will drive up costs, making fertilizers less available to low-income and especially dependent countries in Africa and Latin America, reducing crop yields and further exacerbating food shortages worldwide.

Taken together, these disruptions will severely impact global food supplies, especially in areas that are already struggling to cope with historically high food prices. This week, wheat prices broke record prices set in 2008, and in early February, before the invasion began roiling food markets in earnest, the UN's Food and Agricultural Organization (FAO) reported that food prices had reached their highest levels since 2011. While prices in the US are unlikely to rise considerably, Europe and, to an even greater extent, dependent and lower-income countries in the Middle East and Africa will see significant spikes in food prices.

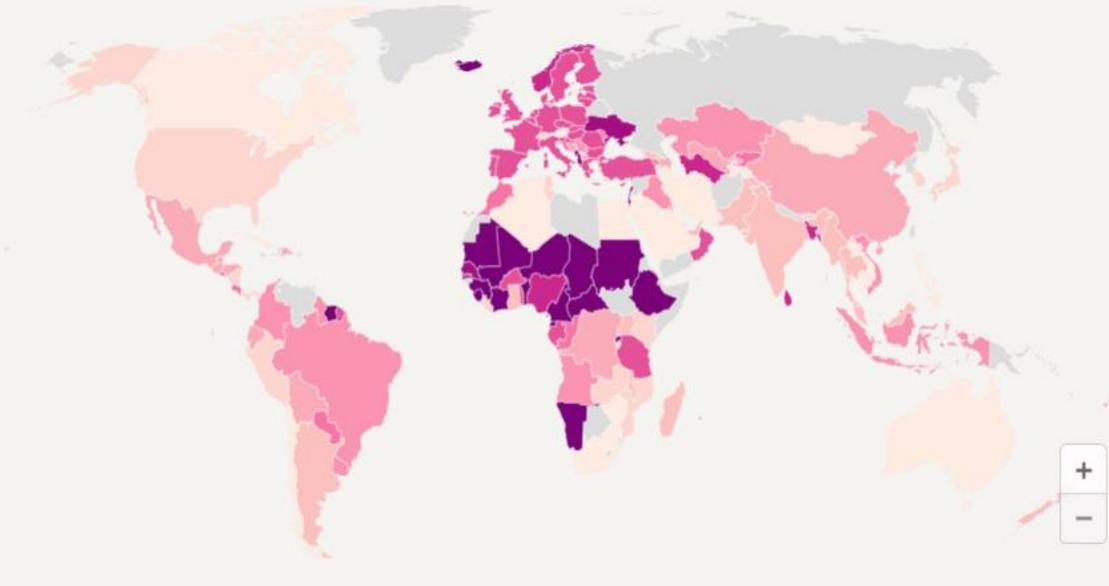
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Russian Invasion of Ukraine to Cause Global Spike in Food Insecurity

Percentage of the Russian Federation and Belarus in nitrogenous fertilizer imports by country



Percentage of the Russian Federation and Belarus in potassium fertilizer imports by country



Source: International Food Policy Research Institute

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Russian Invasion of Ukraine to Cause Global Spike in Food Insecurity

Political Instability

Food shortages have a history of sparking social unrest, and experts assess that political destabilization is likely to follow in areas that are the hardest hit by spiking food prices. Previous food crises sparked waves of anti-government protests and riots in the Middle East and Africa in 2008 and in 2011, in the latter case contributing to social grievances that fed the Arab Spring. In addition to fueling social unrest, food shortages could exacerbate famine conditions in areas of the world already experiencing severe hunger, such as Yemen or Ethiopia, ramping humanitarian suffering and refugee flows. Experts have been calling for significant investment in global humanitarian funding to combat the destabilizing effects of hunger, as well as for unconventional fixes like temporarily diverting soybeans and corn away from biofuel production. As the conflict in Ukraine persists, food shortages will likely become more dire, demonstrating the wide fallout of conflict in an increasingly globalized world.

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Ukraine War Update: Humanitarian Corridors, Nuclear Power Plant Fire, Media Censorship

The head of Russia's foreign intelligence agency said yesterday it was wrong to speak of a new Cold War between Russia and the West because the situation was already "hot."

Political Developments

Representatives from Ukraine and Russia agreed on Thursday on setting up humanitarian corridors for the evacuation of civilians trapped by the conflict, and “a possible temporary ceasefire in areas where evacuation is happening.” In Syria, Russia has strategically used ceasefires for humanitarian reasons in the past to resupply and regroup troops.

Investigators from the International Criminal Court are in Ukraine, beginning to look into possible war crimes, crimes against humanity and acts of genocide, at the request of Ukraine. Ukraine signed a declaration in 2014 giving the court jurisdiction over alleged grave crimes committed on its territory from 2014 onwards regardless of the nationality of the perpetrators. Moscow does not recognize the tribunal, which opened in The Hague in 2002.

The US, along with 44 other countries and the agreement of Ukraine, have invoked the OSCE Moscow Mechanism. This action will establish an expert mission to address grave concerns regarding the

humanitarian and human rights impacts on the people of Ukraine caused by Russia’s further invasion with the support of Belarus.

Ukraine has warned of a “humanitarian catastrophe” and has sought help from the International Committee of the Red Cross to evacuate civilians and deliver emergency aid to areas hit by the war.

Some 7,669 people have been detained at anti-war protests since the invasion began on Feb. 24, according to the OVD-Info protest-monitoring group.

The Kremlin denied reports that it plans to impose martial law. Such action would enable Russia to increase conscription for the military beyond the current one-year service requirement, further reduce political space for criticizing or protests against the government, enable the government to requisition supplies as imports grow scarce, effectively shut borders for entry and exit, limit internal travel, authorize military censorship of media, replace civilian courts with military tribunals for breaches of martial law and put civilian agencies under military control.

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Ukraine War Update: Humanitarian Corridors, Nuclear Power Plant Fire, Media Censorship

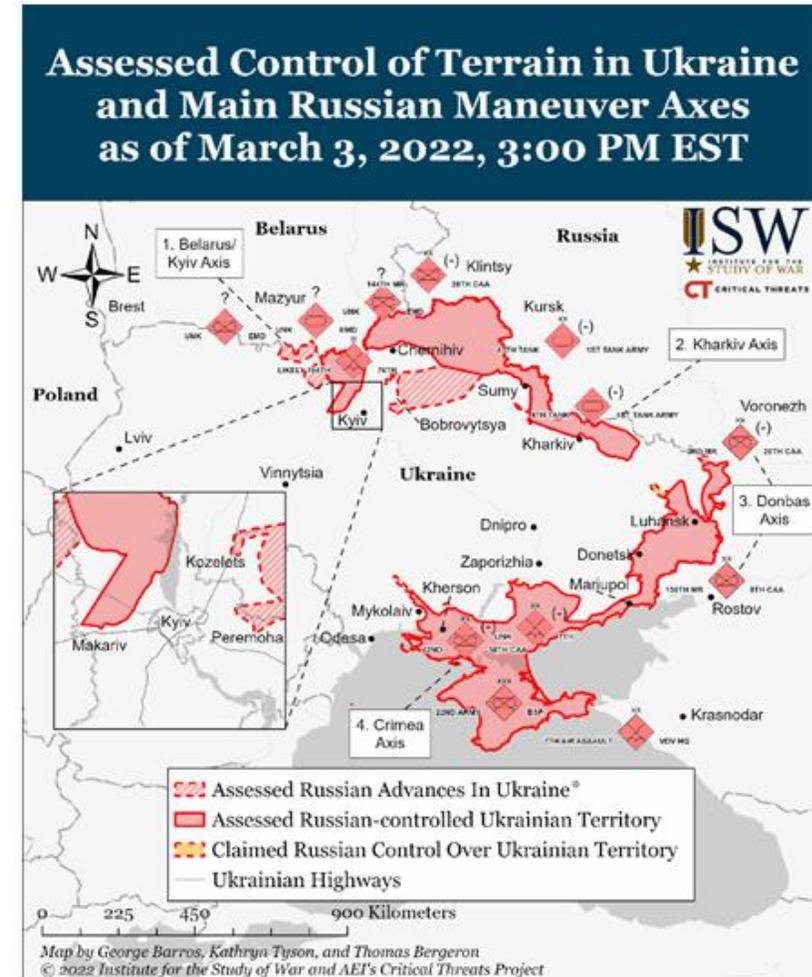
Russia's parliament passed a law today, imposing a jail term of up to 15 years for spreading intentionally "fake" information about the armed forces as Moscow fights back in what it casts as an information war over the conflict in Ukraine.

The state media watchdog Roskomnadzor banned the websites of BBC, Deutsche Welle, Voice of America, Radio Free Europe/Radio Liberty and Russian-led outlet Meduza over spreading "fake news" about the war.

Battlefield Developments

There is a consensus among western military analysts that the Russian military is poorly executing invasion plans in Ukraine. The Russians continued to attack piecemeal, committing a few battalion tactical groups at a time rather than concentrating overwhelming force to achieve decisive effects. Russian military has failed to gain air superiority or at least to ground the Ukrainian Air Force. Even as the Russian conventional military continues to underperform badly, it still has overwhelming numbers and can defeat the conventional Ukrainian military by sheer force and brutality.

The stalled convoy, which western intelligence officials said had made no discernible progress in the past two days, illustrated what analysts said



Source: Institute for the Study of War

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Ukraine War Update: Humanitarian Corridors, Nuclear Power Plant Fire, Media Censorship

was Russia's belief that it could achieve a lightning-fast victory in Ukraine without the need for reinforcements and significant supply lines.

The southeastern port city of Mariupol remains under Ukrainian control, but it has been encircled by Russian forces and subjected to intense strikes, destroying civilian infrastructure.

Russian forces seized the largest nuclear power plant in Europe after a building at the complex, but not the reactor, was set ablaze during intense fighting near the southern city of Zaporizhzhia.

NATO foreign ministers meet in Brussels today to discuss support to Ukraine, hardening NATO defenses and longer-term strategic implications of Russian's assault. Ukrainian President Zelenskiy continues to press for a NATO-imposed no-fly zone to protect Ukrainian civilians, or provision of more military aircraft to the Ukrainian air force. NATO remains opposed to a no-fly zone.

The head of Russia's foreign intelligence agency said yesterday it was wrong to speak of a new Cold War between Russia and the West because the situation was already "hot," reflecting the Russian belief that NATO is already a combatant against Russia. Western

military analysts have seen no indication that Russia has changed its nuclear posture through either mobilization of forces or movement of equipment.

Stockholm said that four Russian aircraft briefly flew over Swedish airspace on Wednesday, east of the island of Gotland in the Baltic Sea. Swedish fighter jets were scrambled and took photos of the Russian jets and the Swedish government summoned the Russian ambassador for a demarch.

Economic and Commercial Developments

S&P Global Ratings has cut Russia's credit rating for the second time in a week.

The US announced additional sanctions on several Russian oligarchs to block property use in the US and government officials close to President Putin. Sanctions also include visa restrictions on 19 oligarchs and 47 of their family members and close associates. So far, the US has largely spared Russian oil from sanctions. The US imported an average of about 198,000 barrels of Russian oil per day in 2021, according to federal estimates, enough to prompt a concern a new blockade could hit gas prices at a moment of intensifying

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Ukraine War Update: Humanitarian Corridors, Nuclear Power Plant Fire, Media Censorship

inflation. The Biden Administration has rejected calls from Republican and Democratic lawmakers to impose a ban on Russian oil imports into the US.

Canada has imposed tariffs on almost all Russian imports by withdrawing its “most favored nation” trade status in response to its invasion of Ukraine.

Russian air carrier S7 Airlines has cancelled all its international flights as of Saturday, following moves by western countries to ban Russian airlines from their airspace.

Saudi Arabia’s Crown Prince Mohammed bin Salman said the Kingdom remained committed to the OPEC+ agreement in a phone call with Russian president Vladimir Putin, who warned against politicizing energy.

Russian authorities announced that Moscow’s stock exchange will remain closed until at least next Tuesday. The stock market shed about 40 per cent of its value in US dollar terms in the year to Friday last week.

Russia’s second-largest oil producer Lukoil has become the first Russian company to denounce publicly the conflict in Ukraine, calling for a “diplomatic” solution.

Three big consulting companies have announced plans to exit Russia. Accenture PLC said it was discontinuing its entire 2,300-people strong business in Russia. Rival consulting firms McKinsey & Co. and Boston Consulting Group each said they are suspending operations in Russia.

Dassault Aviation SA will suspend deliveries of its Falcon business jets to Russian clients.

Italy’s insurer Assicurazioni Generali has decided to pull out of Russia.

The London Stock Exchange on Friday suspended trading on more Russian stocks because of the continuing market deterioration and to "maintain orderly markets." On Thursday, the exchange suspended trading in more than 50 Russian stocks.

German chemical company G BASF SE said it has halted new business in Russia and Belarus but will continue to conduct existing activities there in accordance with Western sanctions.

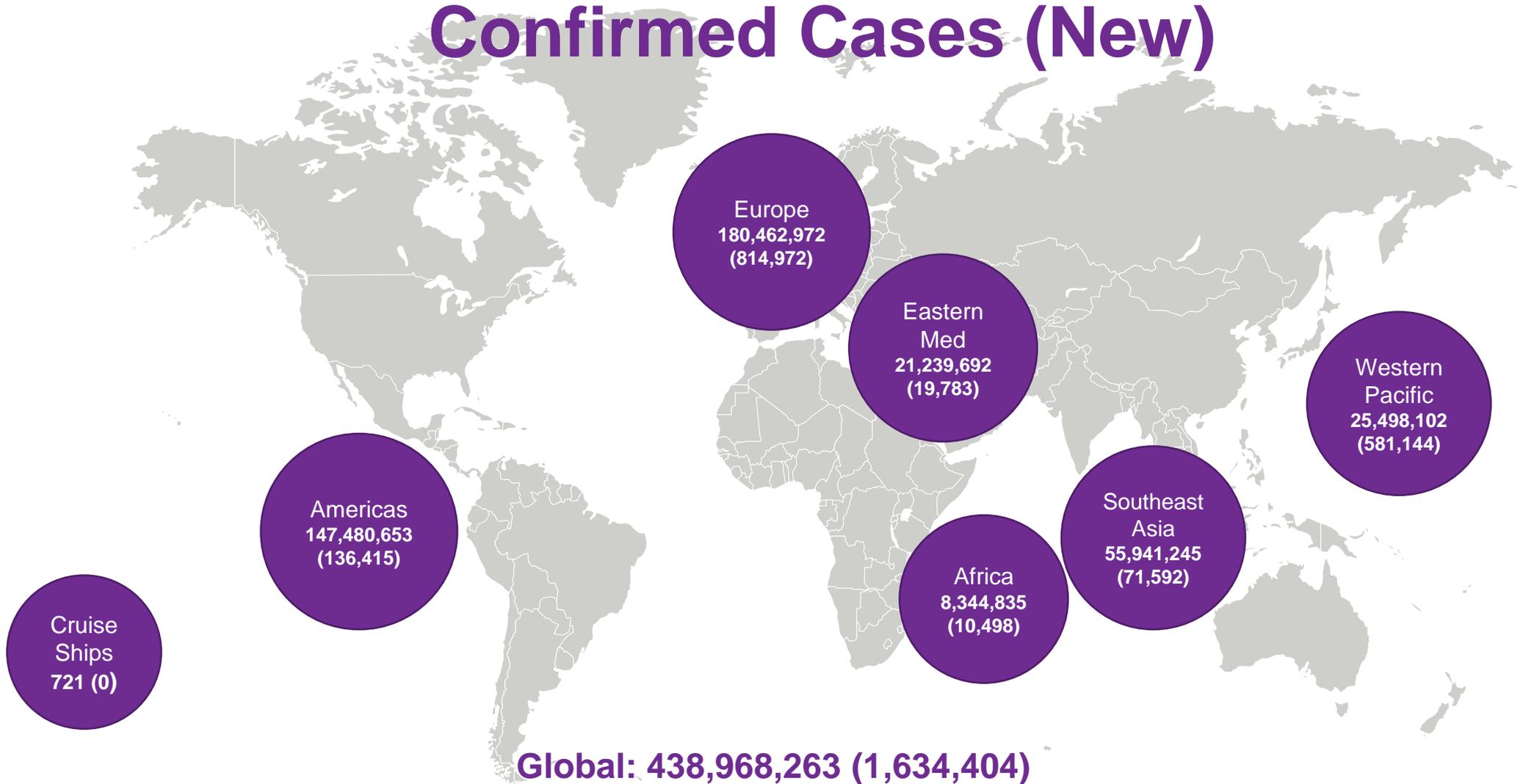
Airbnb Inc. is suspending operations in Russia and Belarus.

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Coronavirus Condition Updates

As of 6:38 pm CEST on March 3, 2022

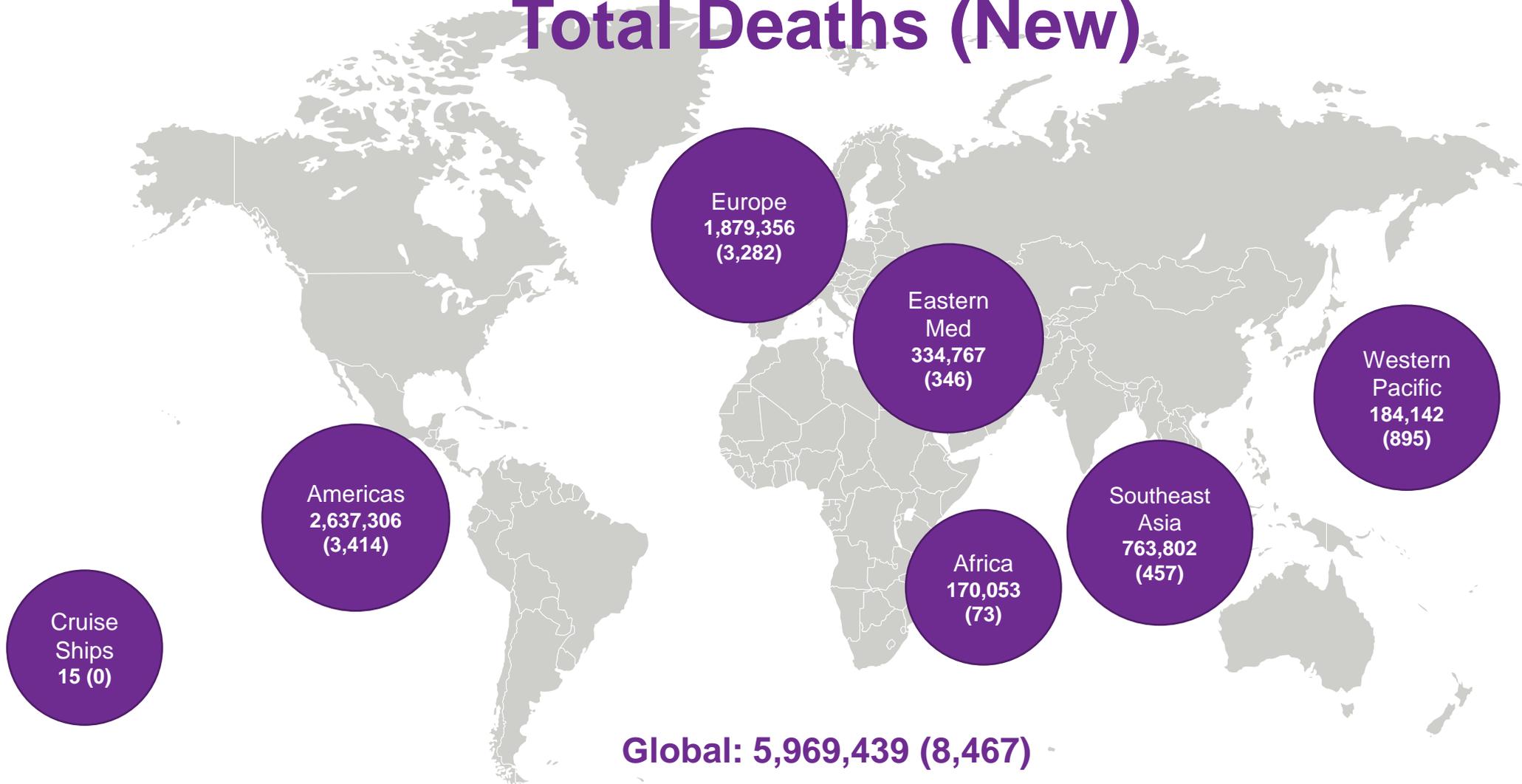
Confirmed Cases (New)



Reflects data as of 6:38 pm CEST on March 3, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 6:38 pm CEST on March 3, 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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