

Dentons Flashpoint

Daily Global Situation Report

May 20, 2022

Global Situation Update: May 20, 2022

KEY TAKEAWAYS

Canada bans China's Huawei and ZTE Corp 5G equipment from its networks.

Sri Lanka's prime minister warned of a food shortage.

Russia ties opening of Ukrainian grain exports to sanctions relief.

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

Australian voters will go to the polls on May 21st in the first parliamentary election since 2019. All the seats in the House of Representatives and half the seats in the Senate are on the ballot. The result in the House will determine which party forms the next government, as 76 of the 151 seats are needed for a majority. Nearly 6 million out of 17 million eligible voters have already cast ballots through early or postal voting, meaning a clear winner may not be known on election night.

Polls indicate a tight race between the Labor party and the ruling Liberal-National coalition. While the rising costs of basic goods have been a major issue in the campaign, climate change has also been a concern among voters due to recent bushfires and floods. Both major parties have pledged net zero emissions by 2050. However, both also support the Australian coal industry, meaning this could push some voters to support the Green party.



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Global

Russia's foreign ministry has said it will only consider opening up Ukraine's Black Sea ports to alleviate pressure on global food supplies if sanctions against it are reviewed.

- The G7 agreed yesterday to provide **Ukraine** with \$18.4 billion (€17.6 billion) in **budgetary support**. The US announced another package of security assistance \$100 million in additional military equipment.
- **Monkeypox** cases have been detected in Europe, the UK, Australia and the US. UK authorities are considering offering smallpox vaccine to some healthcare workers and others who may have been exposed. Monkeypox is a usually mild viral illness, characterized by symptoms of fever as well as a distinctive bumpy rash.

Markets & Business

Taiwan's export orders, a measure for global technology demand, fell for the first time in 25 months in April, impacted by COVID lockdowns in China and broader global supply chain disruptions.

- Portugal intends to close a legal loophole that currently prevents the taxation of virtual assets and has made the country particularly attractive to **cryptocurrency** investors, per Portugal's finance minister.
- **Shell** and Brazil's **Porto do Açu** have agreed to jointly build a green hydrogen plant, a deal that could result in the debut of the up-and-coming technology in South America's largest nation.
- Autonomous delivery truck startup **Gatik** announced it will be running its box trucks on the road in Kansas after state officials gave approval.
- Pharmaceutical companies including **Novartis** and **Roche** have teamed up with Access to Oncology Medicines Coalition, aimed at getting more oncology medications to poorer countries.

Environment, Sustainability & Governance

The Group of Seven economic powers expect to meet a climate change financing goal for developing countries by next year, G7 finance chiefs said in a draft communique from a meeting in Germany.

- Tesla was **removed from the S&P 500 ESG Index** due to its lack of a low-carbon strategy and exposure to risk from concerns including racial discrimination, working conditions, and safety-related governance.
- Investors in utility owner NextEra Energy Inc did not approve a shareholder measure calling for the company to **disclose race and gender details** about specific directors.
- Advisory group PIRC recommended shareholders vote against Shell's **non-binding climate resolution** at the energy company's annual general meeting (AGM) on Tuesday, saying that the plan does not provide sufficient clarity on who is accountable for meeting emissions targets.
- Japanese Prime Minister Fumio Kishida laid out a plan to issue an estimated 20 trillion yen (\$157 billion) worth of "**green transition**" **bonds** to help finance investment to achieve a carbon-neutral society.

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Africa

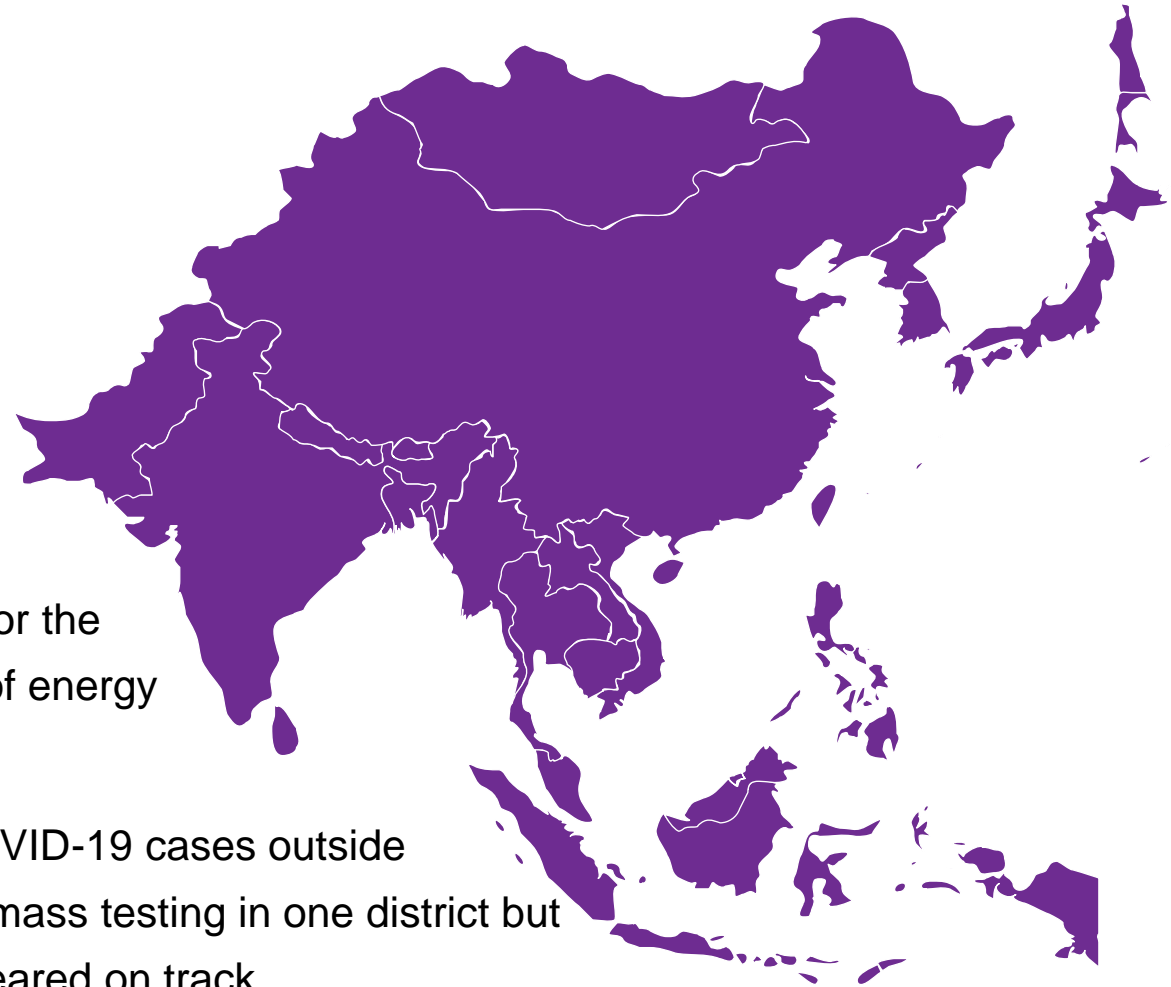
- **Sudanese** authorities reported that they had arrested dozens of anti-coup leaders amid persistent protests against last year's military coup.
- The **African Union** announced an extraordinary summit next week focusing on violent extremism and unconstitutional regime changes.
- Human Rights Watch released a new report accusing **Burundi's** intelligence service and members of its ruling party of having killed, arbitrarily detained, tortured and harassed members or suspected members of opposition parties.
- **Rwanda** said that it expects the first 50 British asylum seekers to be transferred to the country by the end of May as part of a controversial scheme to house people seeking asylum in the **UK** there while their cases are under review.



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Asia

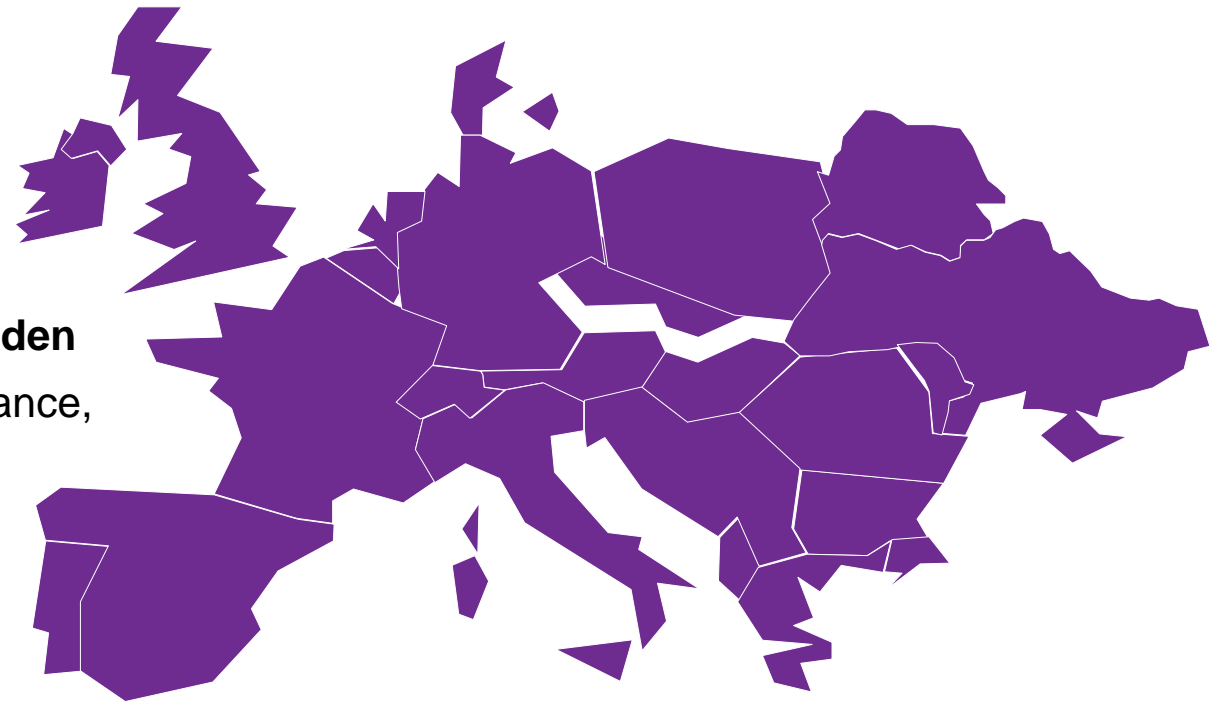
- **China** cut its benchmark reference rate for mortgages by an unexpectedly wide margin today, its second reduction this year as Beijing seeks to revive the ailing housing sector which is a drag on the economy.
- Consumer prices in **Japan** rose at a pace above 2 percent for the first time in more than 13 years, a sign of how higher costs of energy and raw materials are impacting inflation-resistant regions.
- **Chinese** authorities in Shanghai announced its first new COVID-19 cases outside quarantined areas in five days, triggering stricter curbs and mass testing in one district but plans to end a prolonged city-wide lockdown on June 1 appeared on track.
- **Sri Lanka's** prime minister warned of a food shortage as the island nation battles a devastating economic crisis, while vowing the government will buy enough fertilizer for the next planting season to boost harvests. A decision in April last year by President Rajapaksa to ban all chemical fertilizers drastically cut crop yields. Although the government has reversed the ban, no substantial imports have yet taken place.



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Europe

- NATO Secretary General Jens Stoltenberg believes **Sweden and Finland** will quickly be accepted into the military alliance, despite **Turkey's** temporary veto.
- **Germany's** top court has approved a mandate for health workers to be vaccinated against COVID-19.
- **German** Chancellor Scholz, under fire for opposing quick accession of **Ukraine** to the **EU**, is on a trip to the Western Balkans and is advocating for the six Balkan countries, **Montenegro, Serbia, Albania, North Macedonia, Bosnia and Herzegovina and Kosovo**, to be accepted as they have been engaged in many years of reform efforts to meet EU criteria.
- The **EU's** population is decreasing, the latest official figures show. According to Eurostat, the number of people living in the 27-country bloc fell by 278,000 in 2021 to reach 447.2 million.



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



- **Iran** announced that they had seized a foreign ship attempting to smuggle oil out of the country and detained its crew.
- **Pakistan's** new Foreign Minister Bilawal Bhutto-Zardari said he would like to pivot away from single-issue transactional relationship with the **US** as he seeks to repair frayed ties with Washington.
- **Jordan's** King Abdullah issued a decree further restricting the movements and communication of his half-brother Hamzah, who has been in family custody for a year since allegedly organizing a coup against his brother and later renouncing his princehood in protest of Abdullah's government.
- A British security organization reported that a **Hong Kong**-flagged tanker had come under attack near **Yemen**, raising fears of renewed Iranian naval aggression or a breach of the Houthi-Saudi truce.

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Americas

- **Latin American** oil exports to the **US** hit a seven-month high as buyers began replacing **Russian** supplies.
- **Canada** is banning the use of China's Huawei and ZTE Corp 5G gear, joining the rest of the so-called Five Eyes intelligence-sharing network.
- Moody's rating agency assessed that **El Salvador's** economy is doing "*relatively well*" but that a prospective IMF deal, held up by the country's adoption of Bitcoin, would grant needed credibility.
- **Nicaraguan** President Ortega said that he is "*not interested*" in attending President Biden's upcoming Summit of the Americas after several of his peers said they would not attend if all countries, including Nicaragua, are invited to attend. Ortega has been accused of human rights violations and shifts towards authoritarianism.



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Americas: US

- The CDC recommended the **COVID-19 vaccine booster** for children ages 5 to 11. The FDA authorized booster doses of the Pfizer vaccine on Tuesday.
- The number of Americans filing new claims for **unemployment** benefits unexpectedly rose last week, reaching a four month-high and potentially hinting at some cooling in demand for workers amid tightening financial conditions.
- A New York state agency has accused Amazon.com Inc in a complaint of **discriminating against pregnant and disabled workers** at its worksites.
- Joint Chiefs of Staff Gen. Milley, spoke by telephone with **Russia's** Chief of General Staff Gerasimov, the first conversation between the two since Russia's invasion of Ukraine in February with the military leaders agreeing to keep the lines of communications open.



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Ukraine War Update: How the Ukraine War will Continue

With the war switching focus to the battle over the Donbas, once again analysts are asking how, and when, the war will end. The more instructive question at this time, however, is how it will continue. All parties are preparing for a long war, but in different ways.

Analysis

Ukraine has doubled down on its political outreach for long term support for its troops, seeking – and receiving – financial assistance to shore up its budget this year and to begin reconstruction in territory reclaimed from Russian occupation. Kyiv has convinced western governments to reopen diplomatic missions in the capital as an important signal of confidence that not only will Ukraine be successful in resisting another offensive against the seat of government but will prevail in the overall conflict. Ukraine has won agreement from NATO for long term military support to keep Ukrainian fighters armed and capable with modern classes of military equipment to outpower Russian forces. Ukrainian President Zelensky has excelled as a statesman, making Ukraine's case for a just war of defense to win support of people around the globe, through engaging civil society groups, sending the message that their sacrifices are needed too. Finally, President Zelensky has

prepared his people, through nightly video addresses, for a long war, more sacrifices and a patriotic call for popular resistance in occupied territories.

Ukraine's supporters have also mobilized for long term support, approving billions in military, economic and humanitarian assistance. The US \$40 billion in new aid for Ukraine to keep military assistance flowing is just one national effort. The EU is all in, providing long term assistance to Ukraine. While there continues to be intense debate on sending more sophisticated – and deadly – classes of military equipment, the character of the debate has changed to focus more on the benefits rather than the costs, as fears recede that Russia will expand the war to retaliate against NATO countries. Indeed, Russia's efforts to deter NATO have failed. Western powers are more focused today on containing the economic spillover of the war, by focusing on global food security. It is likely that not only will there be a coordinated global effort to boost the supply of grain sourced

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Ukraine War Update: How the Ukraine War will Continue

outside of Russia and Ukraine, but a concerted effort to break the Black Sea blockade imposed by Russia to free up Ukrainian exports. The US consideration to send high power antiship missiles to Ukrainian forces is an early indicator of this emerging offensive.

As military planners like to say, the enemy gets a vote in the progress of war. Russia is preparing for a long slog. The Kremlin has defied expectations to authorize a general mobilization with a formal declaration of war on Ukraine. For now, Moscow remains focused on taking territory, inch by inch, despite the degradation of its forces. While the western narrative is that Ukraine is successfully resisting the Russian Donbas offensive, even a quick study of the maps reflects the slow advance of Russian troops in the Donbas. The fall of Mariupol is strategically important, opening up a corridor from the south, for Russia to press north through the Donbas and to the west towards Odessa. Russian generals are adjusting their strategy, now concentrating power in ways not previously seen, to win control over the Donbas. Russia is also beginning to introduce new weapons into battlefield, from greater use of hypersonic missiles to new anti-drone weapons. It is likely that Russia will seek anew to establish air superiority over the Donbas.

Timelines are important. Sanctions are impacting Russia's ability to resupply their warfighters and repair equipment. Degradation of their forces through attrition without an organized mobilization process and appropriate training will weaken the effectiveness of Russian forces over time. Russia, however, is betting that its will to prevail will be superior to Ukraine's backers, as the global economic impact is felt on Main Streets across Europe and North America. Currently, there are no meaningful negotiations between Moscow and Kyiv because conditions are still being set, both on the battlefield and in the global economy.

Political Developments

Russia's foreign ministry has said it will only consider opening up Ukraine's Black Sea ports to alleviate pressure on global food supplies if sanctions against it are reviewed.

Biden announced another package of security assistance that will provide \$100 million additional artillery, radars, and other equipment to Ukraine, as a drawdown from US stocks.

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Ukraine War Update: How the Ukraine War will Continue

The White House is working to put advanced anti-ship missiles in the hands of Ukrainian fighters to help defeat Russia's naval blockade. Two types of powerful anti-ship missiles, the Harpoon and the Naval Strike Missile are in active consideration for either direct shipment to Ukraine, or through a transfer from a European ally that has the missiles.

Ukraine's foreign minister has criticized the "*second-class treatment*" of Kyiv by some EU countries. The comments came after Germany said the country's bid to join the bloc cannot be accelerated.

China is seeking to replenish its strategic crude stockpiles with cheap Russian oil, a sign Beijing is strengthening its energy ties with Moscow.

Twitter has introduced a new policy to crack down on online misinformation about the war in Ukraine and other humanitarian crises. The social media platform will no longer recommend and amplify tweets that have been identified as false. Users will also be unable to like, retweet or share content that violates the new "crisis misinformation" rules.

The Russian parliament is considering a bill to allow Russians over 40 and foreigners over 30 to sign up for the military. The Duma said the planned initiative would also make it easier to recruit civilian medics, engineers and operations and communications specialists.

Battlefield Developments

Russian forces intensified their offensive in Ukraine's eastern Donbas region using artillery, rocket-launchers and aircraft to damage defenses around Donetsk, per Ukraine's general staff.

Ukrainian soldiers have blown up a bridge linking towns in the eastern Luhansk region to deter a Russian offensive in the area. The destruction of a bridge between Rubizhne and Severodonetsk seeks to prevent Russian troops from advancing towards the cities of Lysysychansk and Severodonetsk. Severodonetsk is one of a few Ukrainian strongholds standing in the way of Russia seizing full control of the Donbas region.

Ukrainian military officials reported that some Russian troops withdrawn from the Kharkiv City axis have redeployed to western

Ukraine War Update: How the Ukraine War will Continue

Donetsk Oblast on May 19 to provide reinforcement to a battalion located 20 km southwest of Donetsk City.

Russia claimed Thursday that more than 1,700 Ukrainian soldiers had surrendered at the Azovstal Steel Plant in Mariupol this week.

Economic Developments

The G7 agreed on Thursday to provide Ukraine with \$18.4 billion (€17.6 billion) to pay its bills, funds that Ukraine's Prime Minister Shmyhal said would speed up Kyiv's victory over Russia and which were just as important as *"the weapons you provide."*

EU Commission President von der Leyen said the EU is looking at ways that frozen assets of Russian oligarchs could be used to fund the post-war reconstruction of Ukraine.

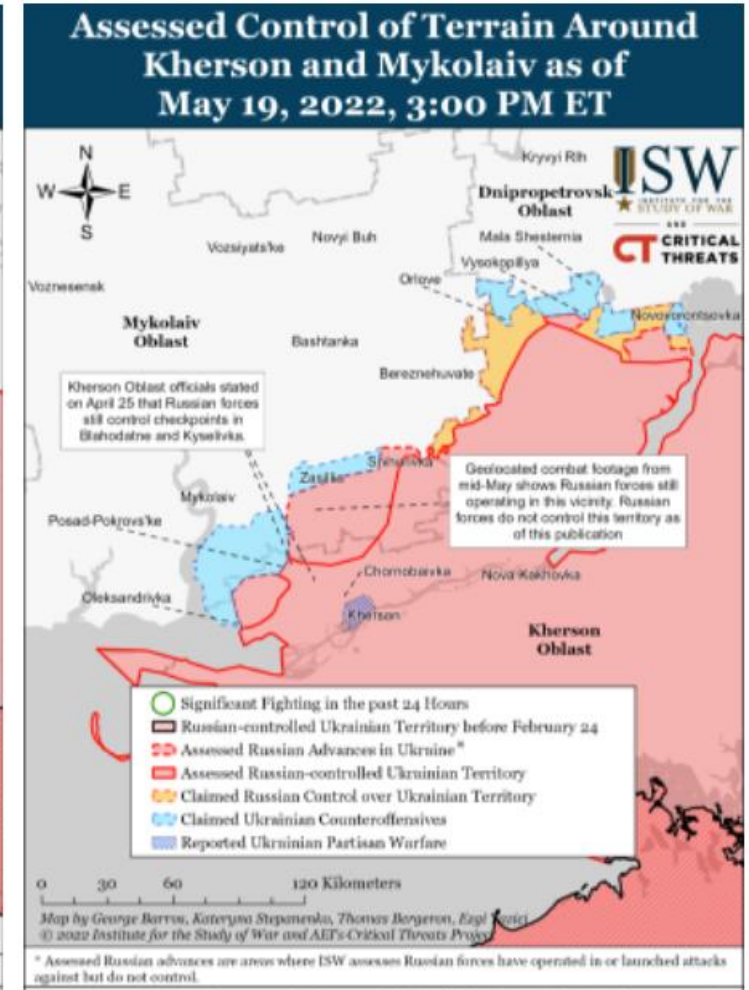
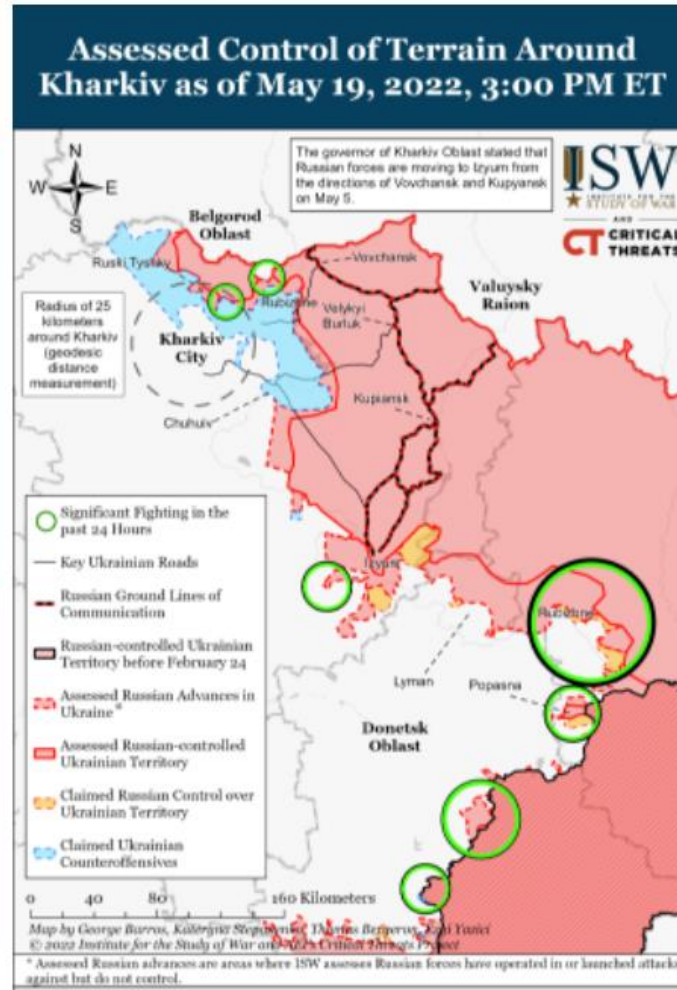
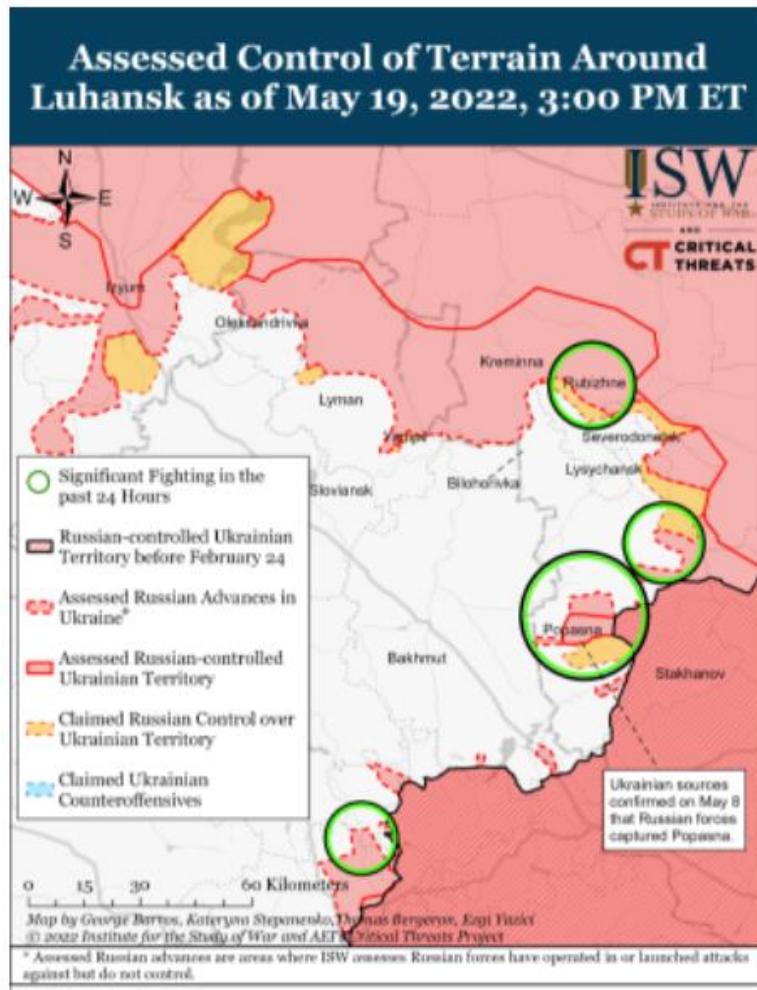
Former German chancellor Gerhard Schröder is facing pressure from his own party, as well as from the EU, to resign from his board position with Russian state energy giant Rosneft.

Zurich Insurance has agreed to sell its Russian business to members of the local team, as the Swiss insurer became the latest Western firm to exit Russia.



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Ukraine War Update: How the Ukraine War will Continue



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

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Ukraine War Update: How the Ukraine War will Continue

Five foreign nationals working as vice-presidents at Russian oil giant Rosneft have resigned due to EU sanctions that block European citizens or Russians residing in the EU from working for the company, Reuters reports.

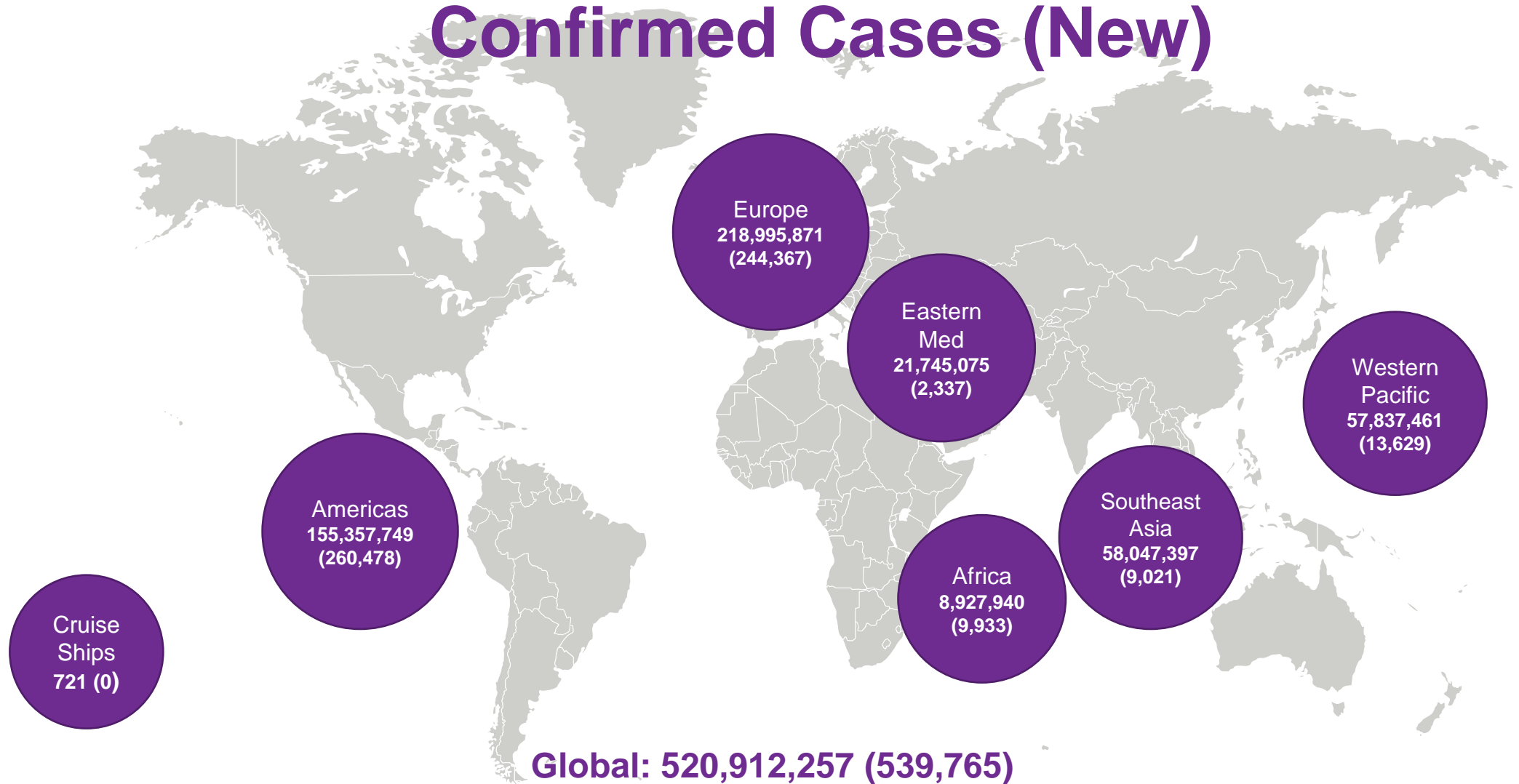
Days after announcing that it was selling all of its restaurants in Russia, McDonald's announced it had found a local buyer. Alexander Govor, the owner of 25 restaurants in Siberia, has agreed to purchase all the company's restaurants with the view to operating them under a different name. Govor agreed to keep on all 62,000 employees of the chain for at least two years.

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Coronavirus Condition Updates

As of 7:28 pm CEST on May 19, 2022

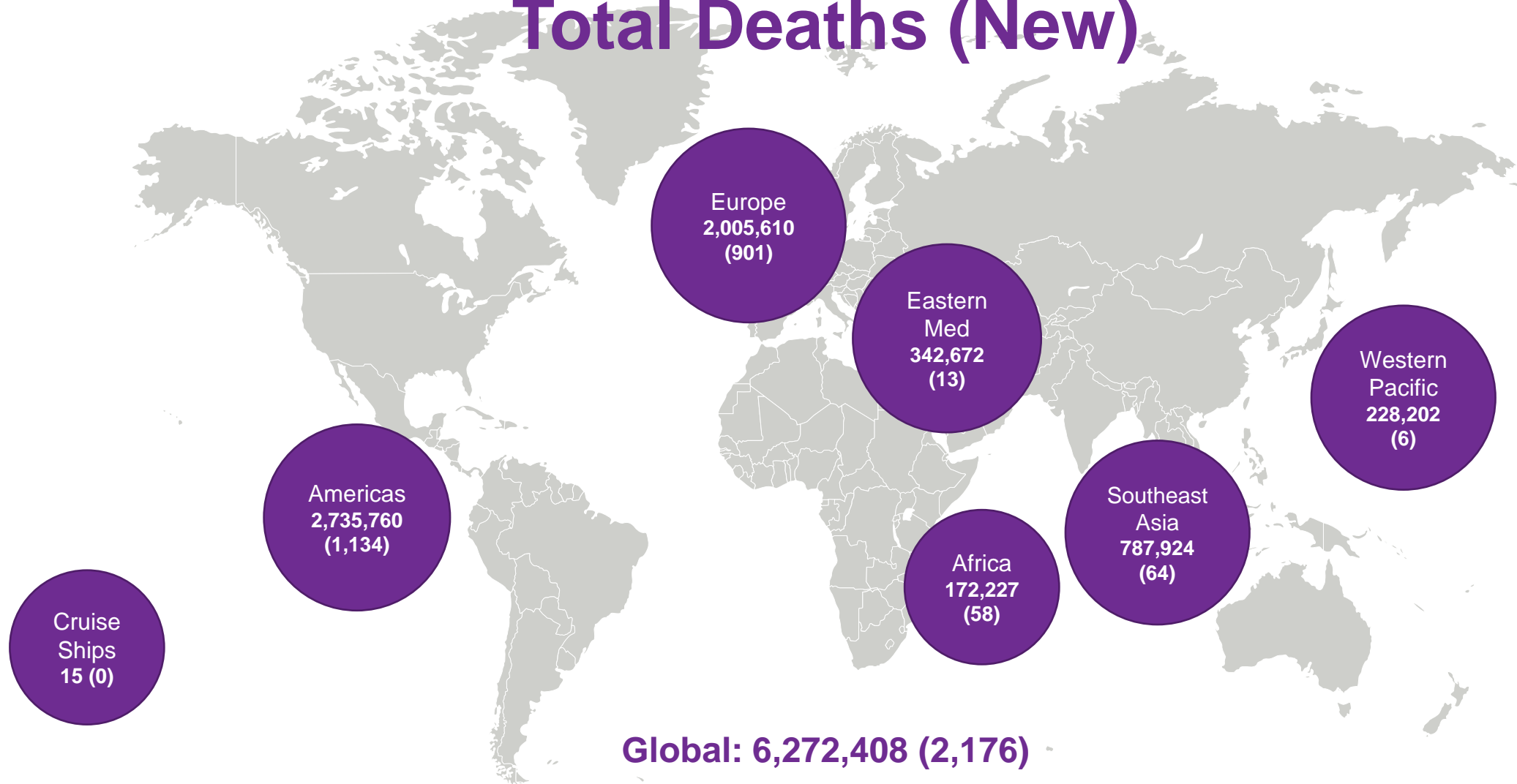
Confirmed Cases (New)



Reflects data as of 7:28 pm CEST on May 19, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 7:28 pm CEST on May 19, 2022.
Data Source: World Health Organization

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Contacts

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

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