

# Dentons Flashpoint

## Global Situation Report

October 12, 2022

# Global Situation Update: October 12, 2022

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## KEY TAKEAWAYS

NATO again warns Russia that attacks on allied critical infrastructure will be met with a NATO response.

US Securities and Exchange Commission expands investigation into improper use of messaging apps on Wall Street.

French workers at refinery plants vote to continue strike in defiance to back-to-work order by French government.

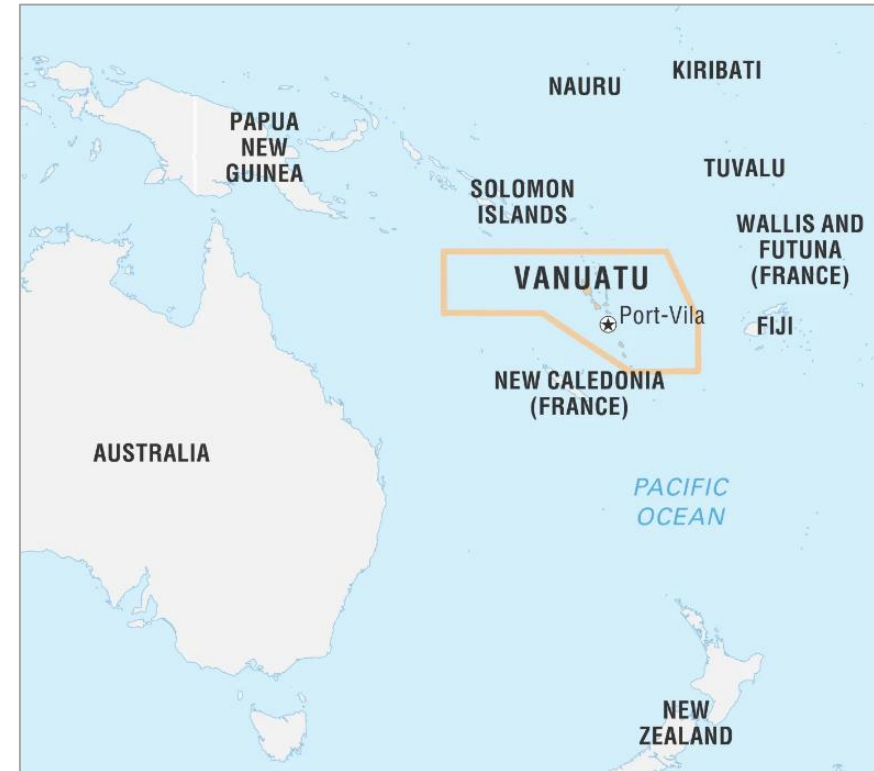
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## WHAT WE'RE WATCHING

Vanuatu will hold snap general elections tomorrow two years ahead of schedule after its parliament was dissolved in August to avoid a vote of no confidence against the prime minister. Politics across the Pacific islands are of great interest nowadays to those watching an emerging rivalry in the region between the US and China.

In recent years, the construction of many government and public buildings in Vanuatu were financed by China, in addition to a deep-water port built with funds from Beijing. China's foreign minister visited Vanuatu in June with offers of closer ties, while Washington hosted the small nation at the US-Pacific Islands Summit in September. A new government in Vanuatu may look to extract further concessions and cooperation in the months ahead.



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# Global

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## The US urged G20 finance and agriculture ministers to take urgent steps to help the 70 million people at risk of acute food insecurity as a result of Russian war in Ukraine.

- NATO told Moscow it would meet attacks on allies' **critical infrastructure** with a *"united and determined response"* and was monitoring Russia's nuclear forces closely as the country was *"losing on the battlefield"* in Ukraine. NATO will go ahead with nuclear exercises next week, despite escalating tensions with Russia following President Putin's thinly veiled threats to use **nuclear weapons**.
- Today, the United Nations votes on a **draft resolution condemning Russia's annexation** of four parts of Ukraine. The US and allies have been working to convince nonaligned countries in Latin America, Asia and Africa to refrain from taking a neutral position and condemn the Kremlin outright.
- A new **long-COVID study** based on the experiences of nearly 100,000 participants found that between six and 18 months after infection, 1 in 20 people had not recovered and 42 percent reported feeling only somewhat better. People with asymptomatic infections are unlikely to suffer long-term effects, and vaccination appears to offer some protection from long COVID.

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# Markets & Business

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**S&P Global Mobility warned that, under a worst-case scenario, Europe's energy crisis could cut its car production by close to 40 percent, or more than 1 million vehicles, per quarter through the end of 2023.**

- The US Securities and Exchange Commission has expanded its investigation on how Wall Street handles **work-related communications** on personal devices and apps such as WhatsApp beyond broker-dealers to investment funds and advisers.
- **Delta Air Lines** invested \$60 million in air taxi startup Joby Aviation for a 2 percent equity stake, in a partnership that will initially offer passengers air taxi transport to and from airports in New York and Los Angeles.
- **Passenger airline traffic** in the Asia-Pacific region should recover to around 73 percent of 2019 levels by year-end as travel restrictions relax, up from 53 percent in August, per the Asia-Pacific head of airline industry group IATA. Recovery of airline travel in Asia is lagging because of China's ongoing border closures that have kept its international passenger numbers averaging only 2 percent to 3 percent of pre-pandemic levels.
- **Nissan Motor Co Ltd** will take a costly exit from doing business in Russia, handing over its business in Russia to a state-owned entity for 1 euro (\$0.97), taking a loss of around \$687 million.

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# Environment, Sustainability & Governance

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**German trade union Verdi called on workers at nine Amazon distribution centers across Germany to go on strike this week, during the company's second major sales event this year.**

- Workers at Esso-ExxonMobil and TotalEnergies refineries and fuel depots in France's northern Normandy region voted to continue a **strike over wage disputes** even as the government launched a requisition ordering essential staff to resume work at the Port-Jérôme fuel depot.
- Britain set out plans for a temporary revenue limit on **low-carbon electricity generators**.
- A group of European **telecom regulators** does not support the idea of having big tech firms such as Google and Netflix paying for telecommunications infrastructure, it said in initial findings.
- Investment giant BlackRock set up a new website aimed at responding to growing claims accusing the firm of "boycotting" oil and gas companies in pursuit of an **ESG-focused social agenda**.

# Africa

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- **Lesotho's** newly formed populist party Revolution for Prosperity (RFP), which won the most seats in last week's election but fell short of an overall majority, has formed a coalition government with two other opposition parties.
- Diplomats said that AU-sponsored peace talks between **Ethiopia's** federal government and Tigrayan rebels, planned for last weekend, were delayed due to logistical problems.
- Two major unions initiated strikes at **South Africa's** largest ports over pay disputes; agriculture and industry leaders warned the strike could threaten billions in commerce.
- The IMF seeks to complete debt restructuring deals for **Zambia** and **Chad** by the end of the year, which would pave the way for more countries to seek help.



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# Asia

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- The IMF cut **Asia's** economic growth forecasts, with rising inflation forcing many central banks to tighten monetary policy even as exports slow with trade partners such as the **US**.
- Beijing has stepped up security and COVID curbs and decorated the capital with red political banners as it gears up for a **Chinese** Communist Party congress, which opens on October 16.
- With **Hong Kong's** decision to provide safe harbor to a yacht belonging to a billionaire close to **Russian** President Putin, the **US** warned the use of Hong Kong by individuals evading sanctions could carry reputational risks and call into question the "*transparency*" of the financial hub's business environment.
- Beijing's efforts to exert control over technology both internationally and within **China's** borders threaten future global security and freedom, per the chief of the UK's electronic intelligence agency.

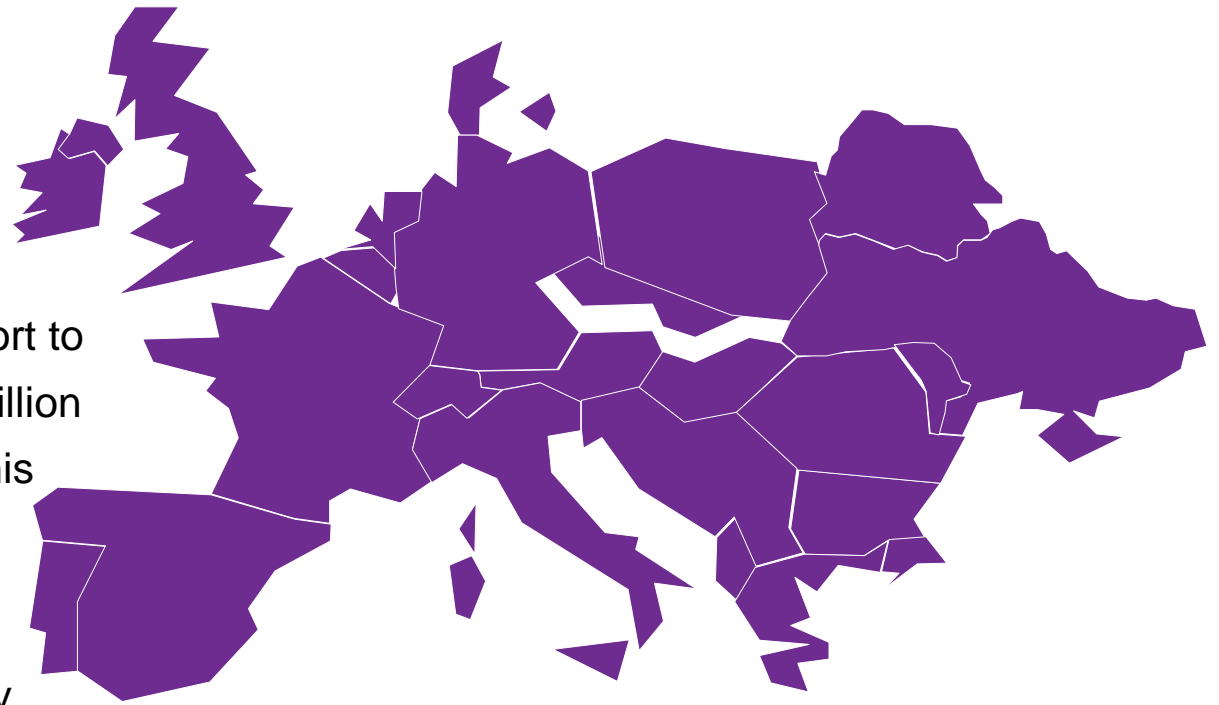


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# Europe

- The **German** government pledged to provide more support to cities and towns struggling to house the more than 1.1 million refugees and migrants who have arrived in the country this year, mostly from war-torn **Ukraine**.
- **Poland** detected a leak in one of the Druzhba pipelines bringing oil from **Russia** to Europe, saying t was probably caused by an accident, although the event may still stoke concerns about the security of Europe's energy supplies.
- The **UK** economy shrank in August, with GDP falling 0.3 percent, as the cost-of-living crisis hit household budgets and business activity. The Bank of England has confirmed its £65 billion gilt buying program will end on Friday.
- The G7 nations said that they were “*undeterred*” by **Russia’s** military escalation in **Ukraine**. **Germany** sent the first of four promised IRIS-T air defense systems to Ukraine. The **US** is also speeding up delivery of sophisticated National Advanced Surface-to-Air Missile Systems (NASAMS) air defenses to Ukraine. Russian missiles again hit Ukrainian cities but with less intensity than on Monday.



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# How do You Manage Incident Response?

*2022 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:*

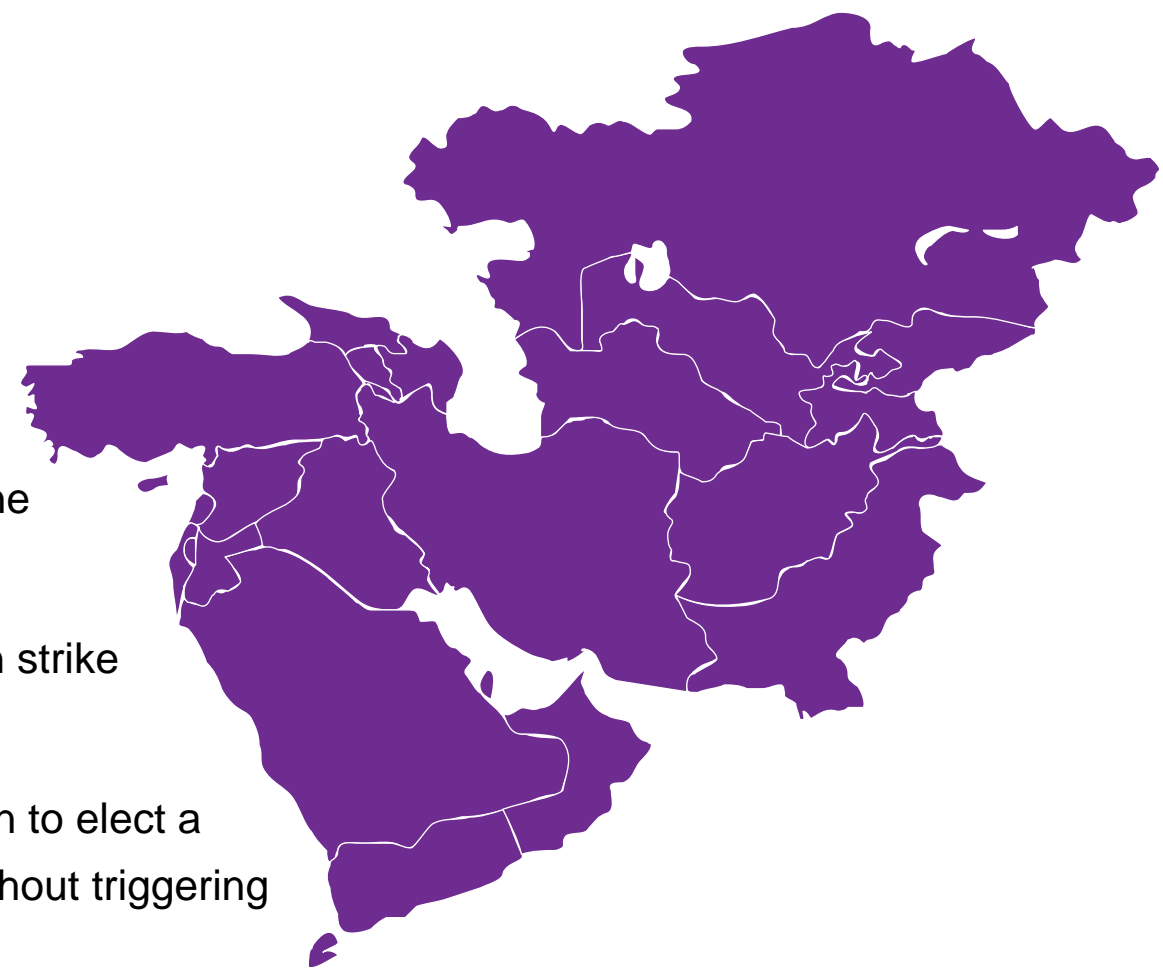
- ❖ Ransomware tabletop exercises
- ❖ Post-tabletop action reports
- ❖ Maturity assessments for preparedness
- ❖ Supply-chain attack simulation
- ❖ Comprehensive incident response plan
- ❖ Threat analysis and monitoring

*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

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- **Israel and Lebanon** announced a **US**-mediated deal to resolve a yearslong maritime boundary dispute. The deal will allow both countries to take advantage of long-disputed marine gas fields.
- Workers at **Iran's** largest oil refinery in the southwest went on strike as protests spread to Iran's critical oil industry.
- **Iraq's** parliament will meet on Thursday to attempt once again to elect a president, aiming to end a months-long political stalemate without triggering early elections.
- An **Israeli** soldier was killed near a settlement in the occupied **West Bank**, the second deadly attack on armed forces in less than a week.

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# Americas

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- **Peruvian** prosecutors detained five allies of embattled President Castillo, who is facing several criminal investigations over corruption allegations. Peru's attorney general also filed a constitutional complaint accusing embattled President Castillo of criminal organization and corruption, an action that could lead to the suspension of the leftist leader.
- **Canada** will send 40 more combat engineers to help support Polish efforts to train **Ukrainian** forces, resuming elements of combat training that have been paused since February.
- **Mexico's** government filed a lawsuit against five Arizona gun dealers accusing them of participating in illicit weapons trafficking, part of an ongoing push to hold retailers responsible for the deadly trade.
- **Argentine** President Alberto Fernandez again reshuffled his Cabinet and appointed three women to lead the labor, social development and women's ministries, as a deep economic crisis has sparked weeks of protests.



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# Americas: US

- A new study the journal Geophysical Research Letters finds **climate change** is bringing more intense rains to almost every region in the US. A warmer world is, on balance, a wetter world. As global temperatures continue to rise, an uptick in precipitation extremes is expected.
- The Biden Administration is proposing a new rule that could result in more **gig workers** being listed on company payrolls, cancelling a Trump Administration rule from 2021 that made it easier for firms to classify workers as independent contractors.
- The **federal deficit** declined to \$1.4 trillion in the just-ended fiscal year, as tax revenues increased and pandemic-related spending fell sharply, per the nonpartisan Congressional Budget Office.
- The US's pre-eminence among the world's **top research universities** continues to decline, according to a new global ranking, while Chinese universities are on the rise, producing a greater quantity and higher quality of research than ever before.



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# Iranian Protests: Context, Prospects and Regional Impacts

By Anni Coonan

**Late last month, the death of an Iranian woman at the hands of the country's so-called morality police over violating public modesty laws sparked widespread and increasingly violent anti-government protests. Since the onset of the demonstrations, Iranians throughout the country have spoken out against the increasingly (and unevenly) repressive regime, as well as ongoing issues of economic hardship and inequality.**

President Raisi and the Supreme Leader Ayatollah Khomeini have doubled down, responding with escalating violence and blaming the demonstrations on foreign agitation. Despite the scale of the protests, they are unlikely to seriously threaten an entrenched regime willing to respond with significant violence; nonetheless, the protests provide a new view of the level of Iranian discontent, especially among the young, and could have regional and global impacts.

## *Drivers of Protest*

While the immediate cause of this round of protests is the well-documented death of Mahsa Amini at the hands of Iran's morality police, anti-government sentiment has long been brewing in Iranian society. The Raisi administration has faced recurring anti-regime demonstrations since it took office, over issues ranging from economic hardships (the country was especially hard-hit by the COVID-19 epidemic and the current global downturn, although it is somewhat insulated by its economic isolation) to climate impacts (a 2021 wave of protests were called the "uprising of thirsty" after being spurred by water shortages). Even before Raisi's tenure, the country saw several waves of protest; among the most prominent took place in 2009 following a disputed election won by President Ahmedinejad. Called the Green Movement, the protests relied on the internet to organize mass protests calling for political freedoms, but were eventually quashed by security forces.

Amini's death was a flashpoint for growing concerns over the regime's increasing repressiveness, especially surrounding so-called morality laws, which many Iranians feel are

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# Iranian Protests: Context, Prospects and Regional Impacts

Unevenly enforced on the poor and built upon longstanding grievances around economic hardships and political freedoms. The protests are also overwhelmingly driven by the young – according to one statistic, the average age of those arrested by government forces is just 15. The current protest demonstrations also come after a conservative shift in government – in an election orchestrated by the Supreme Leader Ayatollah Khomeini last year, hardline Islamic conservatives took power in all three branches of government. The move cemented hardliner control in Tehran (potentially a move to safeguard the revolution in the event of Khomeini’s death) and led to a further tightening of social restrictions.

## *Prospects for Change*

Despite the persistence and scale of the demonstrations, analysts warn that current protests are unlikely to result in a change of government. The Islamic Republic has weathered several rounds of anti-government movements, all of which have been eventually quelled by security forces and, occasionally, mild concessions from the government. Protesters face several roadblocks to securing the freedoms for which they call: for one, although the protests currently appear to span broad swaths of Iranian society, they lack a real leader (unlike the Green Movement of 2009), as well as a rallying cry

more specific than opposition to the Ayatollah. Over the years, the regime has become more efficient at quashing dissent online via sophisticated Internet surveillance and control and has also tightened its control of civic space in general, engaging in “preventative” arrests of journalists, artists and thinkers (arrests that have picked up over the last several weeks). Another complicating factor for the protests is their growing ethnic slant – Amini was Kurdish, and the majority of deaths related to the protests have occurred in the Sistan and Balochistan Province, which is primarily populated by the Baloch minority. If the regime is successful in casting the protests as ethnic in nature, rather than driven by uniting factors such as political freedoms, it could be successful in fragmenting popular support. Most importantly, though, Khomeini sees the protests as an existential threat to the ongoing Islamic revolution and is evidently willing to employ increasingly brutal tactics to quash dissent. While such violence may increase negative sentiment in the long term, defiance will become less and less feasible for the average Iranian in the short term.

## *Regional Impacts*

At the moment, the impact of Iranian protests appears limited, but continued unrest, or even regime change, could have significant

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# Iranian Protests: Context, Prospects and Regional Impacts

regional effects. Even those most staunchly in support of the protests resulting in regime change must weigh the benefits of destabilizing the region's top malign actor and the risks posed by a violent revolution in Iran and the power vacuum that would likely result. With no credible leader among the protest movement nor real opposition party poised to take over, an escalation in anti-government violence or loss of government control in some areas could result in violent vacuums and an eventual failed state, similar to Syria in the post-Arab Spring period. Nonetheless, some neighbors would likely take advantage of widening cracks in the Islamic Republic's foundation to fuel opposition groups there, in a bid to eliminate a regional rival or at least weaken its reach.

Barring that worst-case scenario, however, a Tehran facing persistent internal unrest, a failing economy, and faltering legitimacy could have other impacts on the regional scene. Historically, Iran has sought to maintain funding to its proxies, even in times of economic hardship, and that trend is likely to continue; however, any decrease in support or perceived lack of attention from the main hub could nonetheless impact the activities of its farther-flung proxies. For example, Yemen's Houthis, sensing a potential lack of military support or attention from Tehran, could seek to operate more

independently, potentially becoming more amenable to truce negotiations with the Yemeni government and Saudi-led coalition (although it is unclear to what extent Iran is currently guiding Houthi thinking). Iranian leaders may have less time to devote to proxy relations, but much of the proxy system is well-entrenched and ideologically aligned, and Iran sees the maintenance of its regional influence networks as an existential matter of national security; thus, they are unlikely to be allowed to deteriorate, even in times of severe domestic turmoil.

Finally, the protests may have some impact on Tehran's calculus in nominally ongoing nuclear negotiations with the US and European partners. Apparently promising negotiations appeared to encounter issues following the onset of the Russian war in Ukraine, when Iran gambled that increased international demand for oil could lead to greater concessions. The need for economic growth as a palliative for anti-government sentiment could lead the government to return to the negotiating table; more likely, however, the hardliner government could double down on its criticisms of foreign meddling and eschew negotiations in order to maintain its ideological purity and continue to pursue its nuclear program as it sees itself under increasing threat from outside and in.

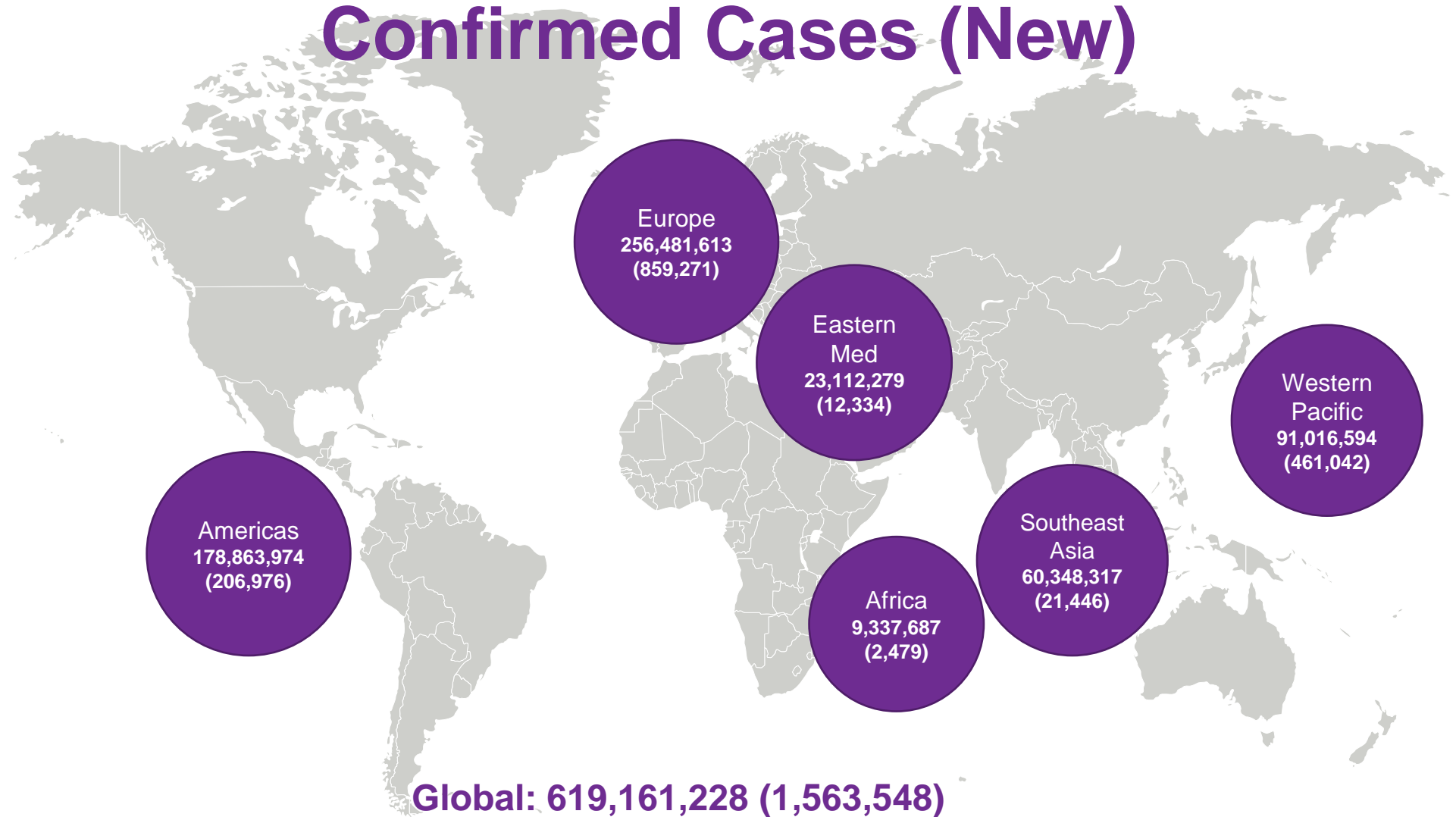
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# Coronavirus Condition Updates

As of 5:59 pm CEST on October 11, 2022

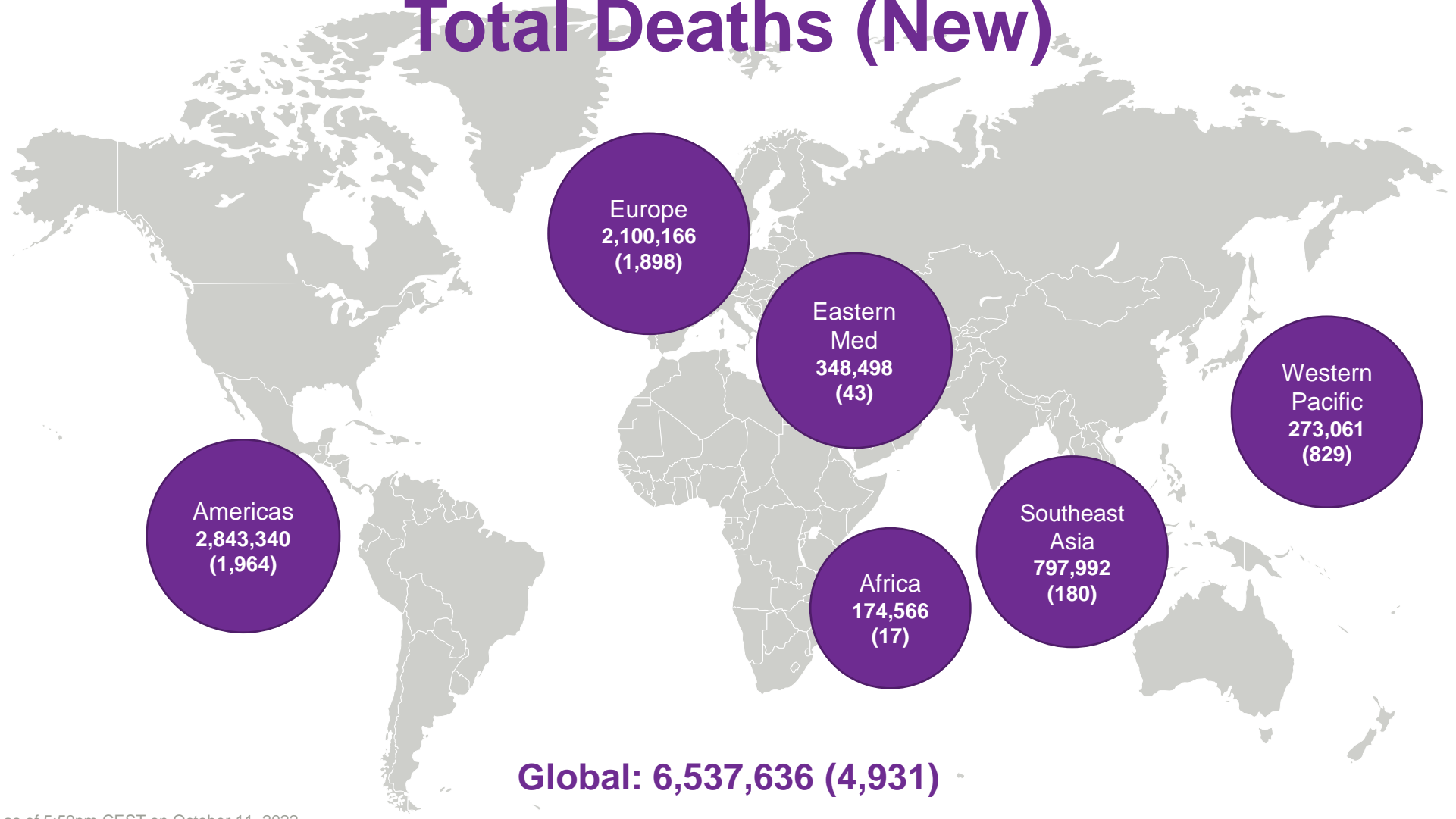
# Confirmed Cases (New)



Reflects data as of 5:59pm CEST on October 11, 2022.  
Data Source: World Health Organization

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# Total Deaths (New)



Reflects data as of 5:59pm CEST on October 11, 2022.  
Data Source: World Health Organization

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# Contacts

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*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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