

Dentons Flashpoint

Daily Global Situation Report

September 1, 2022

Global Situation Update: September 1, 2022

KEY TAKEAWAYS

Shelling at the Zaporizhzhia nuclear plant complex delays visit of UN nuclear experts to the Ukrainian facility.

Eurozone inflation rose to a record 9.1 percent in the year to August.

Clashes between rival Shiite groups in Iraq spread to the southern oil hub of Basra.

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

A volatile dispute between Serbia and Kosovo over license plates, and national identity, will now fester until next month. Kosovo imposed a September 1 deadline for roughly 50,000 ethnic Serbs living in northern Kosovo to use Kosovo-issued license plates rather than those issued by the Serbian government. This is in response to Serbian non-recognition of Kosovo-issued documentation and license plates.

The EU has called for an extension of discussions on the license plate issue. Earlier this week, both nations agreed to a dispute over the mutual recognition of identity documents. As the new deadline moves closer, ethnic Serbs on the Kosovo side of the border may engage in protests and road blockades. Kosovo accuses Serbia and its ally Russia of encouraging unrest among ethnic Serbs inside its borders.



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Global

In a long-anticipated report that was opposed by Beijing, the UN High Commissioner for Human Rights found that the Chinese government has committed “*serious human rights violations*” in its treatment of Uyghurs and other Muslim ethnic minorities in Xinjiang.

- Shelling at the **Zaporizhzhia nuclear plant** complex continued, halting plans for the team of UN nuclear experts to visit the site. Ukraine accused Russia of the shelling, while Moscow said it had thwarted a Ukrainian attempt to seize the plant. Shortly afterwards, operator Energoatom announced the shutdown of one of only two operational reactors at the plant.
- G7 finance ministers are expected to lay out their plan for setting a cap on the price of **Russian oil** this week as they push to put together a workable policy before a December deadline. Under the plan, the G-7 nations would bar financing and insuring Russian oil shipments unless the oil is sold below a set price.
- **German manufacturers** are halting production in response to the surge in energy prices caused by Russia’s squeeze on gas supplies, a trend the government has described as “*alarming*.”

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Markets & Business

Oil prices shed nearly 8 percent over the past two days and posted their third straight monthly decline, signs that recession worries are taking hold.

- **Bed Bath & Beyond Inc** will close 150 stores, cut jobs and overhaul its merchandising strategy in an attempt to turn around its money-losing business.
- **Exxon Mobil Corp** and **Shell Plc** are seeking to divest their California Aera joint venture in an effort to shed older operations to reduce greenhouse gas emissions and focus on larger-scale oil fields and liquefied natural gas projects.
- Italy is in exclusive talks to sell a controlling stake in **ITA Airways**, the successor company to bankrupt Alitalia, to **Delta Air Lines**, **Air France-KLM** and US private equity firm **Certares**.
- The US order chip designer **Nvidia Corp** to stop exporting two of its top computing chips for artificial intelligence work to China, hampering a business that accounted for \$400 million in sales in the current quarter.
- **Rio Tinto** reached an agreement in-principle to buy the rest of Canadian firm **Turquoise Hill Resources** for \$3.3 billion, which gives the global miner direct ownership of a giant copper mine in Mongolia.

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Environment, Sustainability & Governance

Renault Trucks announced the creation of the Used Parts Factory, its “Disassembly Plant” focused on recycling trucks and reusing the parts and raw materials to boost the circular economy.

- Qatar announced plans to build the world's largest **"blue" ammonia plant**, in which carbon dioxide is captured and stored, to produce 1.2 million tons per year.
- China's **carbon emissions** fell almost 8 percent in the April-to-June quarter compared with the same period last year, the sharpest decline in the past decade, a byproduct of the dramatic slowing in Chinese economic growth.
- Starbucks executives and directors have been sued by a conservative think tank that believes the coffee chain's efforts to promote **diversity** amount to **racial discrimination**.
- Pilots working for Germany's Lufthansa are set to go on **strike** begin Friday, with the company and union failing to reach an agreement over a **pay raise**.

Africa

- Another **Sudanese** protester was killed in Khartoum amid mass anti-government protests.
- **Kenya's** Supreme Court began hearing arguments in opposition-led challenges to the presidential election. Concurrently, the court ordered the recount of ballots cast at 15 polling stations.
- At least 50 civilians were killed during a military operation conducted by **Mali's** army and "foreign troops" on April 19, the United Nations said in a new report.
- The **Ethiopian** government reported that fighting in the Tigray civil war has erupted along a new front near Sudan following a breakdown of the ceasefire last week.



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Asia

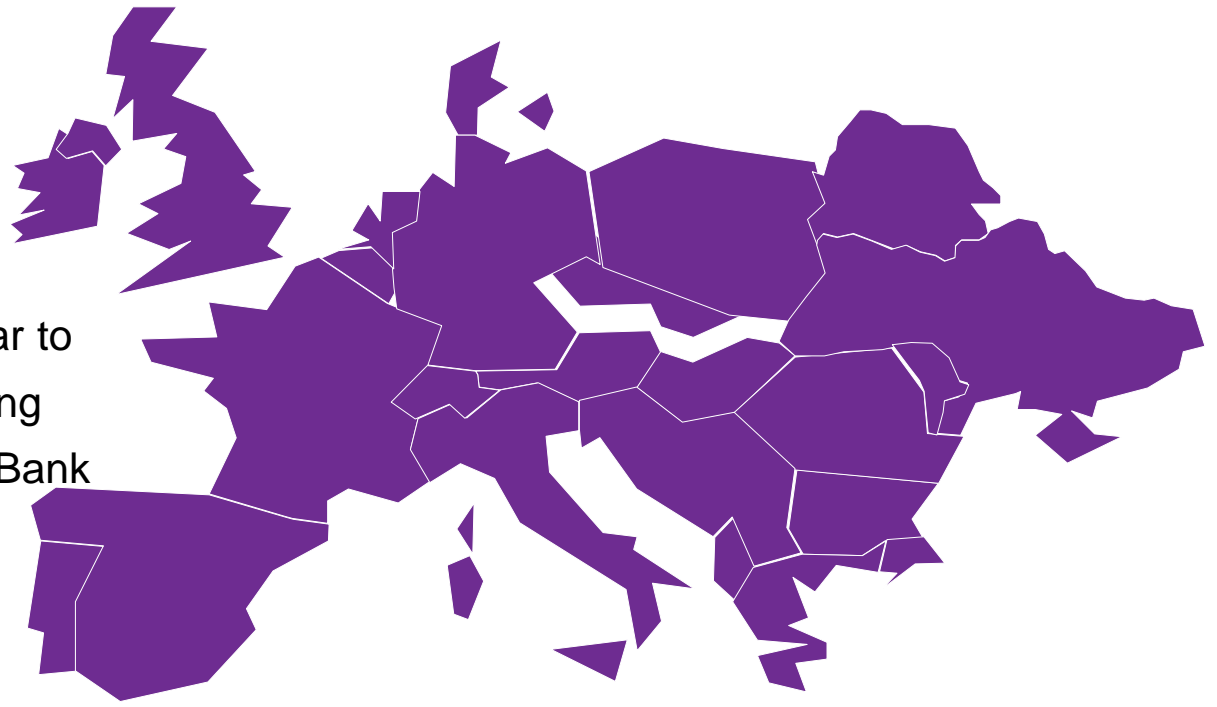
- **India** reported year-on-year GDP growth of 13.5 percent in Q2, reflecting the rebound of Asia's third-largest economy from the severe hit it took from the COVID-19 pandemic a year ago.
- **Germany** will expand its military presence in the **Indo-Pacific** by sending more warships and joining drills with allies as it keeps an eye on the "enormous" build-up of **China's** armed forces.
- **Japan** will upgrade its cruise missiles and research hypersonic weapons as it seeks to significantly increase military spending to counter what Tokyo sees as the rising threat from **China**, with the defense ministry making a record ¥5.6 trillion (\$40 billion) budget request for the year to March 2024, compared with ¥5.4 trillion in planned spending for the current fiscal year.
- Activity in **China's** manufacturing sector contracted for second straight month in August, as power shortages triggered by a historic drought hammered output in the world's second largest economy.
- One of **China's** biggest cities, Chengdu, announced a lockdown of its 21.2 million residents as it launched four days of citywide COVID-19 testing, as some of country's most populous and economically important urban centers battle outbreaks.



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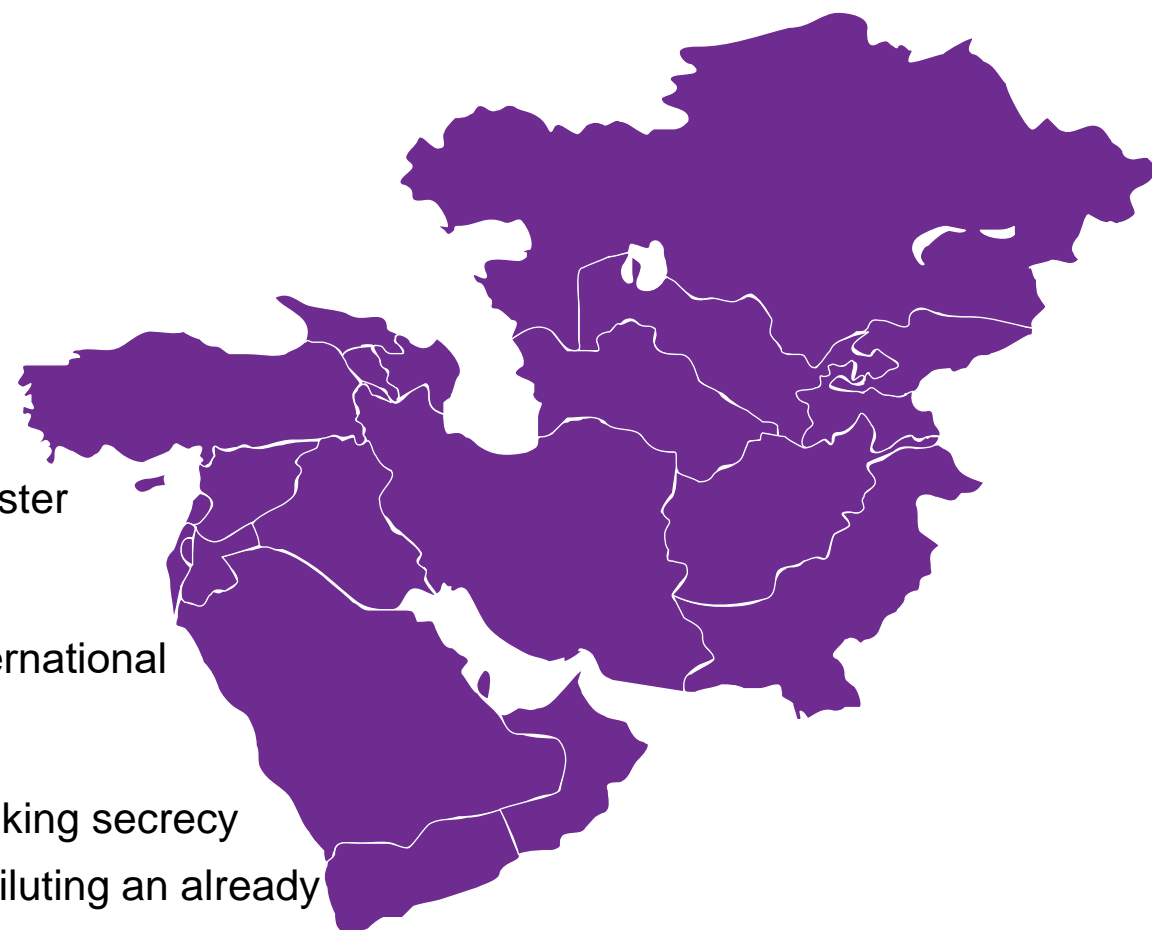
Europe

- **Eurozone** inflation rose to a record 9.1 percent in the year to August, intensifying fears that soaring prices are becoming embedded and bolstering calls for the European Central Bank to raise interest rates more aggressively next week.
- **EU** foreign ministers decided to make it more expensive and lengthier for **Russians** to obtain visas to travel to the bloc but stopped short of agreeing to the EU-wide visa ban sought by Ukraine and several member states.
- **Montenegro** government requested the assistance of the **US** FBI to investigate cyber attacks against their government IT services last week, suspected to have been launched by **Russian** hackers.
- The chair of **Russia's** second-largest oil producer Ravil Maganov has died after falling out of a hospital window in Moscow. Maganov is the second senior Lukoil manager to die in suspicious circumstances after the company's board released a statement criticizing Russia's military operation in **Ukraine**.



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Middle East



- The **EU's** foreign policy chief said that he was hopeful the **Iran** nuclear deal could be revived “*within days*,” meanwhile, **US** President Biden spoke on the phone to **Israeli** Prime Minister Lapid.
- **Syrian** state media reported that **Israel** targeted Aleppo’s international airport with rockets.
- **Lebanon’s** president returned to parliament an amended banking secrecy law that lawmakers passed around a month ago, potentially diluting an already watered down banking secrecy law that is among the steps demanded by the  IMF for financial aid. Much of Lebanon was hit by internet shutdowns after telecommunications workers went on strike over low wages.
- Clashes among rival Shi'ite Muslim militants in the southern **Iraqi** city of Basra that took place overnight and on Thursday morning, in the latest violence linked to the political crisis that pits followers of the powerful Shi'ite cleric Moqtada al-Sadr against mostly Iran-aligned parties and paramilitary groups.

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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](#).

Americas

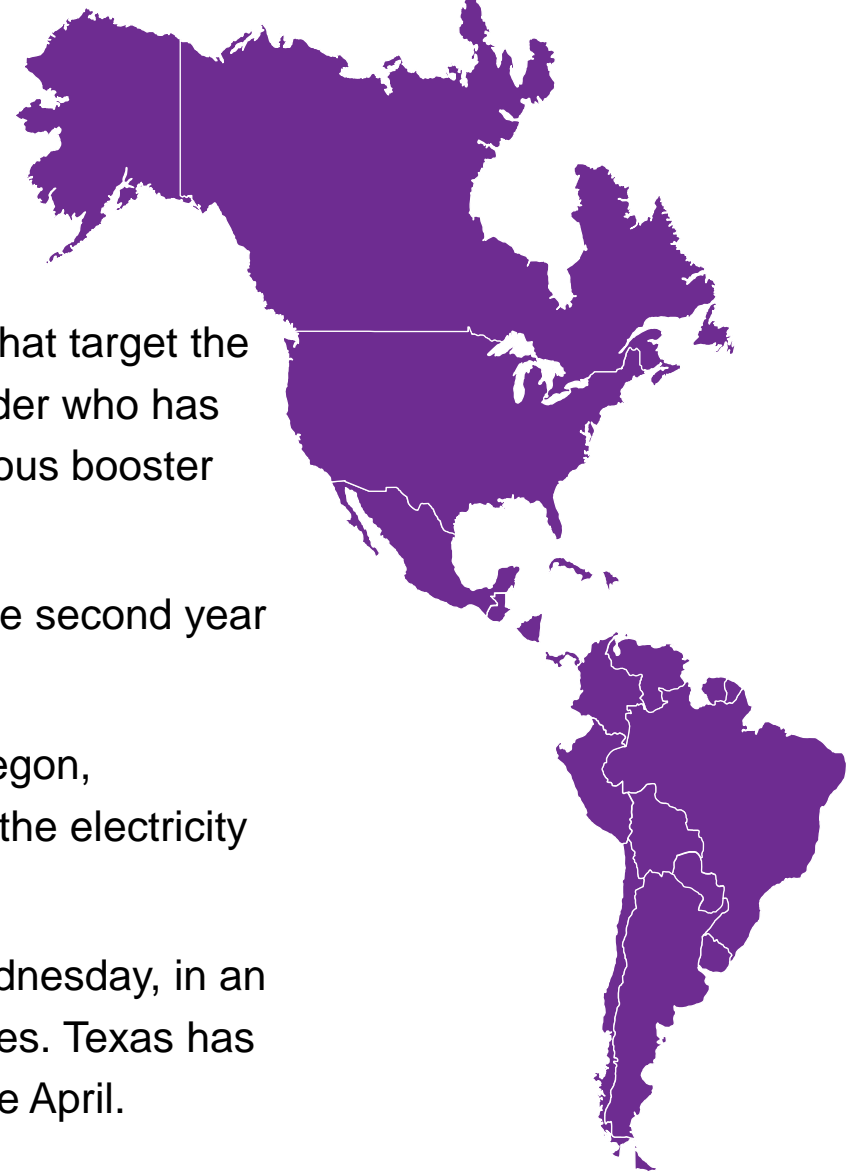


- **Brazilian** presidential frontrunner Lula is looking to gradually boost the country's main welfare program, starting with an extra 18 billion reais (\$3.47 billion) if he is elected in October, per an aide. Brazil's government said that it will return to a primary deficit in 2023 after an expected surplus for this year, in large part due to extended tax reductions on fuel.
- **Cuba**, with an energy crisis that has brought frequent blackouts, is negotiating with a **Turkish** company to have it double the megawatts it currently produces for the country from shipboard generators just offshore.
- Violence against women and girls in **Mexico** has increased over the last five years to the point that 70 percent have experienced violence, according to a new report by the national statistics agency.
- Fires in **Brazil's** Amazon rainforest surged in August to the highest for the month since 2010. Most of Amazon fire alerts in an average year come in August and September – considered the burning season in the region, when rains often subside to let ranchers and farmers often set fire to deforested areas.

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Americas: US

- The FDA authorized updated **COVID-19 booster shots** from and Moderna that target the dominant BA.4 and BA.5 Omicron subvariants, for everyone ages 12 and older who has had a primary vaccination series and is at least two months out from a previous booster shot, shorter than prior recommended intervals.
- **Life expectancy** fell in the United States in 2021 to its lowest since 1996, the second year of a historic retreat due to COVID-19 deaths.
- A **heat wave** expected to last several days will hit California and parts of Oregon, Washington, Nevada and Idaho, affecting millions of people, likely stressing the electricity grid and raising the risk of wildfires in a region already in a historic drought.
- Texas bused a group of about 60 newly arrived **migrants** to Chicago on Wednesday, in an effort to push responsibility for border crossers to Democratic controlled states. Texas has bused more than 7,000 migrants to Washington, DC and New York City since April.



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Dangers of Disinformation for the Private Sector

By Emilio Iasiello, Global Cyber Threat Intelligence Manager, Scott Muir, Senior Analyst, and Courtney Barnard, Global Cyber Threat Intelligence Coordinator

The impact of disinformation campaigns in the private sector often fails to attract the same level of attention as those against governments and publics around the world. However, businesses and brands are increasingly targets of disinformation campaigns by state and nonstate actors that seek to gain a competitive advantage for their clients in the marketplace.

Today, there are even disinformation-as-a-service purveyors with customizable offerings that include fake news article creation and dissemination, comments under articles and news stories, social media promotion, and search engine optimization. Cost-effective for attackers, disinformation campaigns can quickly become expensive for victims, and thus, companies should consider developing a disinformation response strategy.

Who is at Risk?

Disinformation campaigns were recently detected in the private sectors of at least 48 countries worldwide, according to researchers at Oxford University. Companies most at risk are involved in controversial political, social, economic, and environmental issues. Also, businesses that are engaged in public transaction deals, or

experiencing a surge in popularity because of specific products or services are susceptible to disinformation attacks. Businesses and brands that become targets can suffer damage to reputations and their bottom lines.

Elements of a Campaign

There are three primary threats, according to the Prague Security Studies Institute, targeting the private sector today: foreign flags, profiteers, and trolls.

- ‘Foreign flags’ refer to state-backed groups that use disinformation to damage brands and drive business to a company or industry in their own country. A prime example of this is a long running campaign by Russian state-media outlet RT (formerly Russia Today) to tarnish the reputation of electric vehicle

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Dangers of Disinformation for the Private Sector

- would reduce global reliance on oil and gas, RT regularly publishes unfavorable stories about the American company to tarnish its brand. In the past, fake news campaigns of the Kremlin-controlled channel have even caused Tesla's stock to temporarily drop.
- Profiteers are highly organized, financially motivated individuals, groups or corporate adversaries that stand to profit from dissemination operations. They engage in "click bait" tricks that lead users to potentially misleading or inaccurate stories on hosted sites. Russia's Internet Research Agency (IRA) is a leading example of a profiteer that pushes online propaganda and influence operations on behalf of Moscow and its commercial interests. Over the past couple of years in the West, profiteers have found a lucrative revenue stream from disinformation campaigns against companies that manufacture coronavirus vaccines that are coupled with sales of books, videos and other products about 'medical freedom.'
- Trolls aim to provoke a company or its staff into online arguments and discussions that can tarnish reputations and they typically engage in harassment, denigration, and trickery. Savvy trolls may even leverage bot networks with hundreds or thousands of fake

social media accounts to perpetuate disinformation, making removal of them from prominent platforms an ongoing and often unsuccessful task.

Way Ahead

Private sector organizations should develop a disinformation response strategy, like a security or incident response plan, that considers what puts them at risk and how they might respond to a damaging disinformation campaign. If an entire industry comes under attack, then business associations should assess why they are under attack, which adversary stands to benefit, and how to push back.

Dentons offers business leaders a full complement of counseling and advice for cyber risk management, including the detection of potential disinformation campaigns and development of response plans. Analysis and intelligence products from Dentons can help to better understand fast-changing information environments and, importantly, all interaction is attorney-client privileged. To learn more about the bespoke cyber intelligence and risk services from Dentons, please contact us today.

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Coronavirus Condition Updates

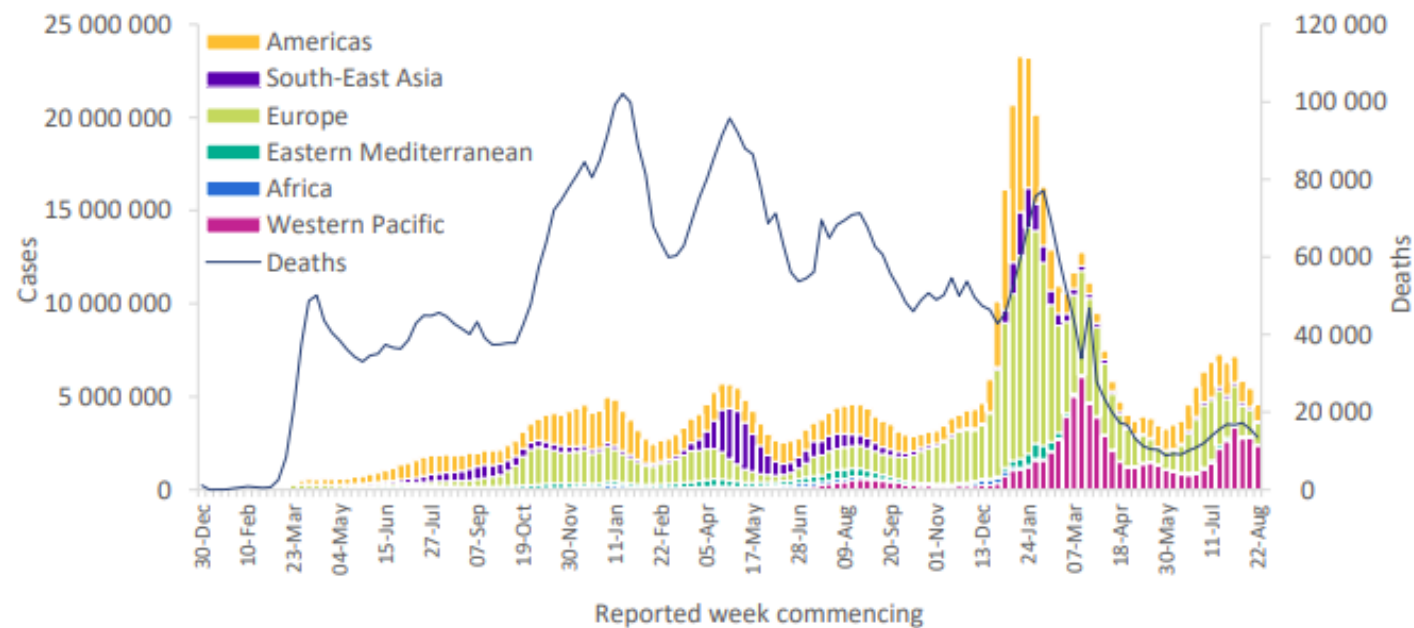
As of 6:03 pm CEST on August 31, 2022

Coronavirus Snapshot

Globally, confirmed coronavirus cases topped 599.8 million with 6.4 million deaths; more than 12.4 billion vaccine doses have been administered.

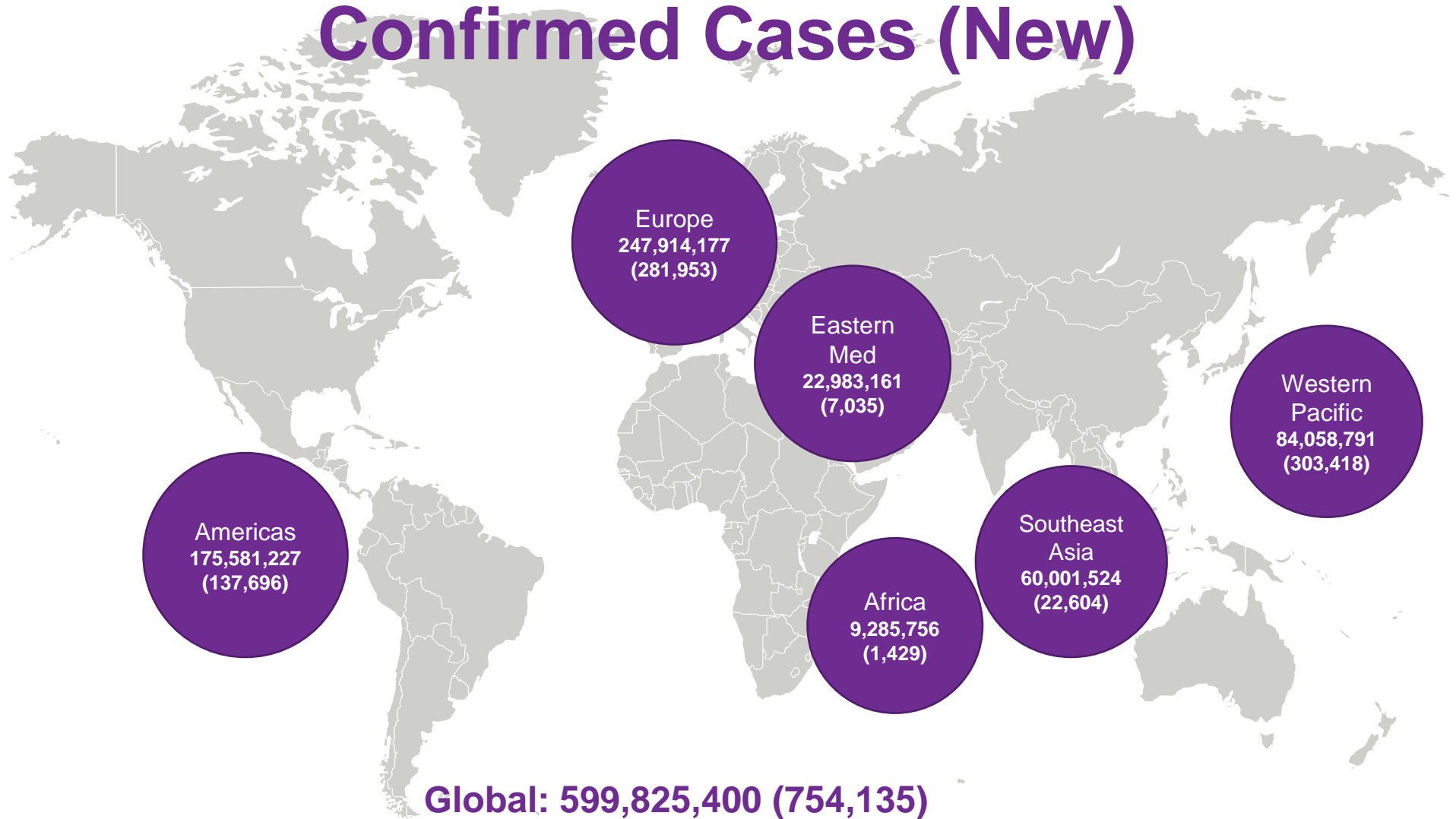
- Globally, the number of weekly cases decreased by 16 percent during the week of 22 to 28 August 2022 as compared to the previous week, with over 4.5 million new cases reported.
- The number of new weekly deaths also decreased as compared to the previous week, with over 13,500 fatalities reported.

Figure 1. COVID-19 cases reported weekly by WHO Region, and global deaths, as of 28 August 2022**



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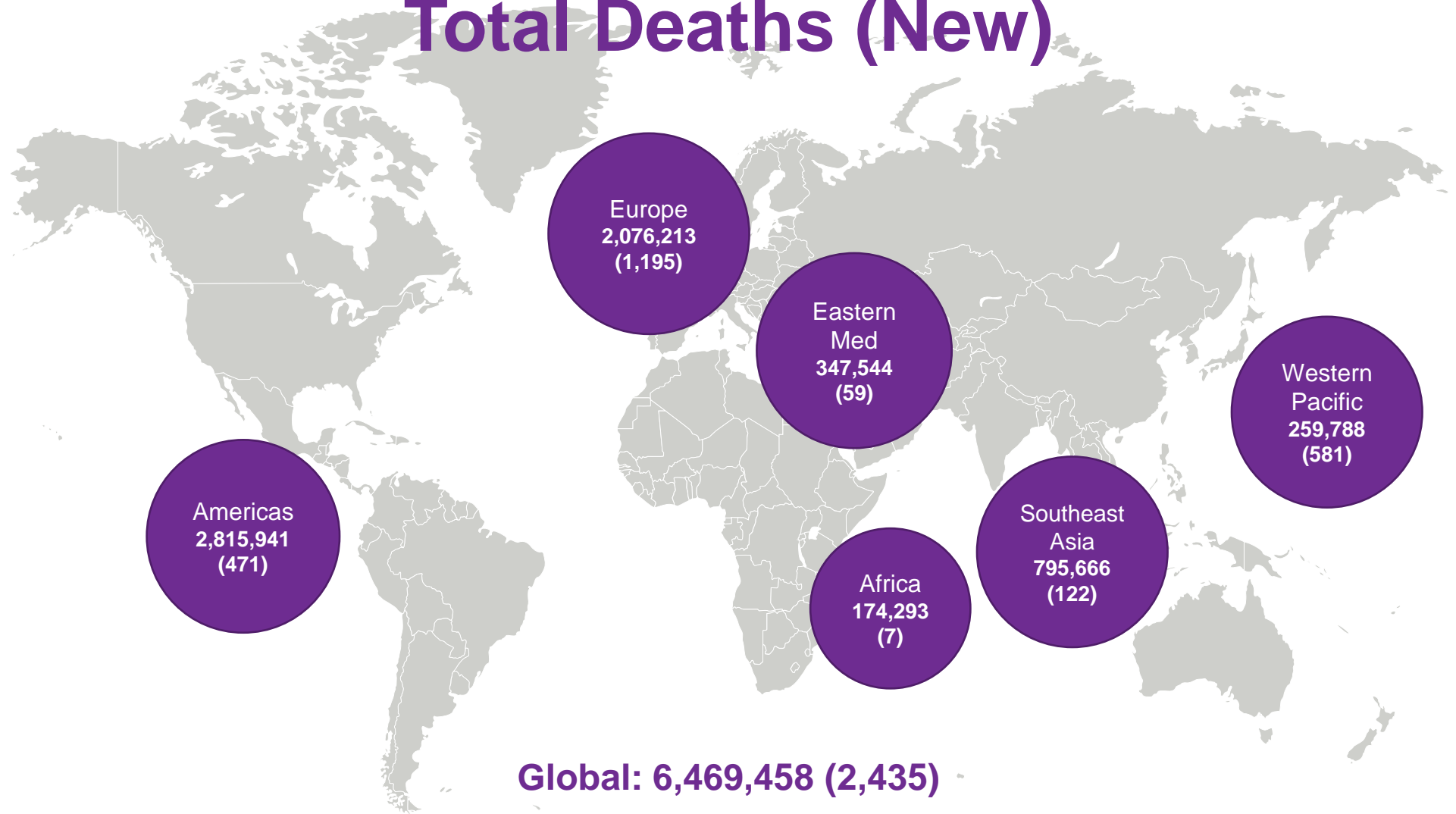
Confirmed Cases (New)



Reflects data as of 6:03pm CEST on August 31, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 6:03pm CEST on August 31, 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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