

Dentons Flashpoint

Daily Global Situation Report

December 16, 2021

Global Situation Update: December 16, 2021

KEY TAKEAWAYS

Omicron multiplies itself 70 times more quickly in tissues that line airway passages than the Delta variant, facilitating its rapid spread.

Six European supermarket chains plan to stop selling some or all beef products from Brazil due to links with destruction of the Amazon rainforest.

Euro zone business growth slowed more than expected this month as renewed COVID-19 restrictions curtailed the recovery in the bloc's dominant services industry.

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WHAT WE'RE WATCHING

A new progressive supply chain law in Switzerland will come into effect on 1 January 2022 and could become a model for other countries in the future. The ordinance increases reporting requirements for business on supply chain risks, making them more stringent than comparable international frameworks. Large companies registered in Switzerland will have to draft an annual risk assessment of their supply chains examining the potential for environmental, social, worker rights, human rights and corruption violations.

Although the law will increase the burden of compliance for many, there will be opportunities for companies to initiate counter-measures to eliminate violations. Also, to ensure a stable regulatory environment for companies, the Swiss government is unlikely to further strengthen related compliance requirements over the next two-to-three years.



Note: This report is based on sources and information deemed to be true and reliable, but Dentons makes no representations to same.

Global

Globally, confirmed coronavirus cases topped 270.7 million with 5.3 million deaths; almost 8.2 billion vaccine doses have been administered.

- According to a new study, compared to the earlier Delta variant, **Omicron multiplies itself 70 times more quickly** in tissues that line airway passages, which may facilitate person-to-person spread, But in lung tissues, Omicron replicates 10 times more slowly than the original version of the coronavirus, which might contribute to less-severe illness.
- Vaccine alliance Gavi's chief executive warned that countries **"hoarding" vaccines and withholding donations** because of the new omicron variant could result in **"inequality 2.0."** Donors are beginning to delay delivery of vaccines amid uncertainty over the Omicron variant.

Global

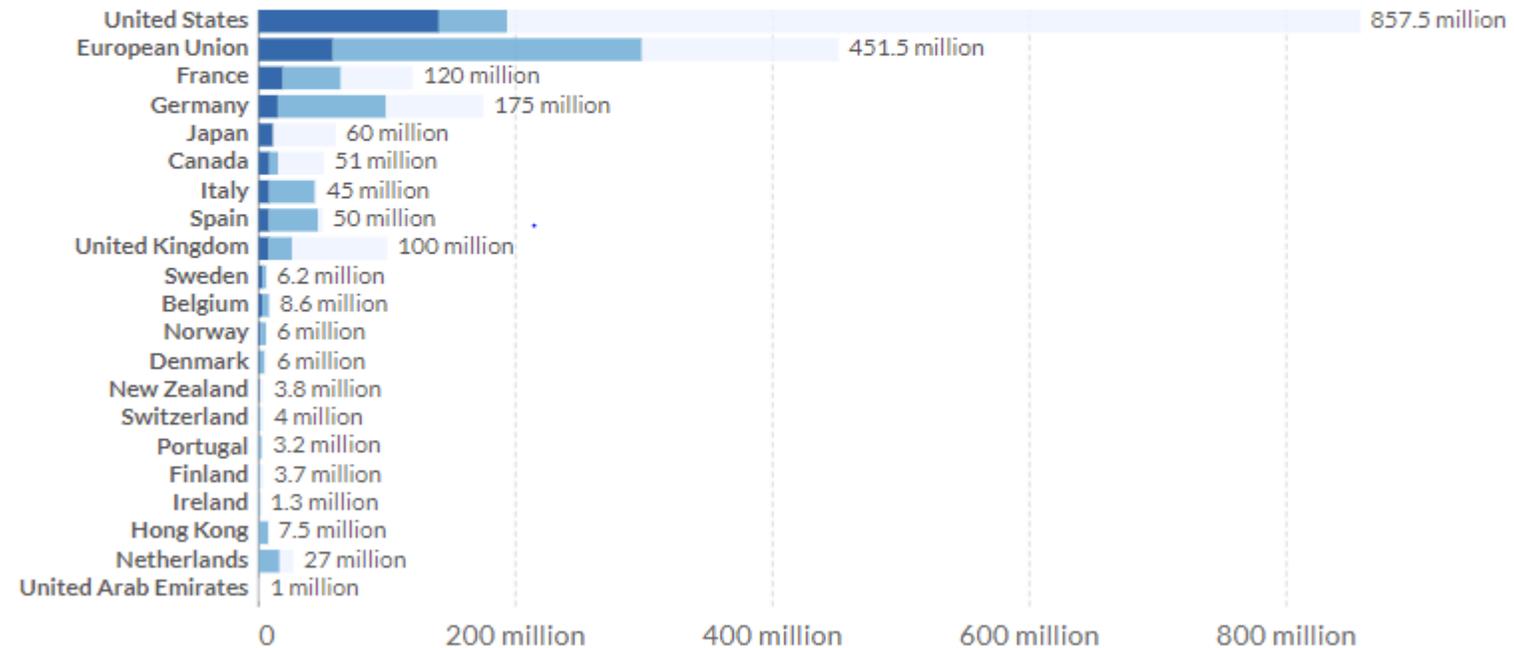
COVID-19 vaccine doses donated to COVAX

Number of vaccine doses donated to the COVAX initiative by each country. Donations are broken down by whether they have been only announced, donated to COVAX, or shipped to a recipient country.



+ Add country Relative

■ Shipped by COVAX to a recipient country ■ Donated to COVAX ■ Announced but not yet donated



Source: COVAX, ACT-Accelerator Hub. Data as of November 29, 2021.

OurWorldInData.org/coronavirus • CC BY

Note: COVAX is a worldwide initiative aimed at equitable access to COVID-19 vaccines. It is directed by Gavi, CEPI, and the WHO.

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Markets & Business

In person conferences are beginning to be moved to virtual gatherings as concerns about the spread of the Omicron variant drive businesses to adopt measures to limit in-person gatherings.

- Brazilian energy company **Eneva SA** has reached a deal to acquire **Focus Energia** for 920 million reais (\$161.93 million), to diversify Eneva's portfolio in renewable energy.
- **Qantas Airways** picked **Airbus** as the preferred supplier to replace its domestic fleet, switching from **Boeing** in a major win for the European plane manufacturer.
- **Nissan Motor Co Ltd** plans to build new battery recycling factories in the United States and Europe by the end of fiscal 2025, in that recycling batteries and re-using them in electric vehicles will help lower production costs.
- Major **US air carriers** warned that plans by wireless carriers to use C-Band spectrum for 5G wireless services starting January 5 could disrupt thousands of daily flights and cost air passengers \$1.6 billion annually in delays.

Environment, Sustainability & Governance

The number of companies sharing climate data with CDP, the world's leading disclosure platform, increased by nearly 40 percent in 2021 as investors and policymakers pressured boards.

- JP Morgan Asset Management launched its first **active climate-focused ETF strategy**.
- Australian rail freight operator Aurizon Holdings Ltd is partnering with global mining firm Anglo American Plc to develop **hydrogen-powered trains** for bulk freight using the miner's hydrogen fuel cell technology.
- Six European supermarket chains, including two owned by Dutch firm Ahold Delhaize and a Carrefour subsidiary, plan to stop selling some or all beef products from Brazil due to links with **destruction of the Amazon rainforest**.

Africa

- A **South African** court ordered former President Zuma to finish his jail sentence, ordered for failure to comply with corruption investigations, after a previous medical exemption. Zuma's original incarceration sparked an unprecedented wave of violent protest around Johannesburg.
- **Sudan** announced that its army had been deployed along the contested border with Ethiopia as the Ethiopian civil war continues.
- The **Nigerian** senate approved President Buhari's request for \$5.8 billion in international lending to fund power projects and malaria campaigns, among other items.
- Human Rights Watch accused separatist fighters in **Cameroon's** Anglophone regions of systematically targeting schools, students and teachers during a civil war that has killed thousands of people.



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Africa

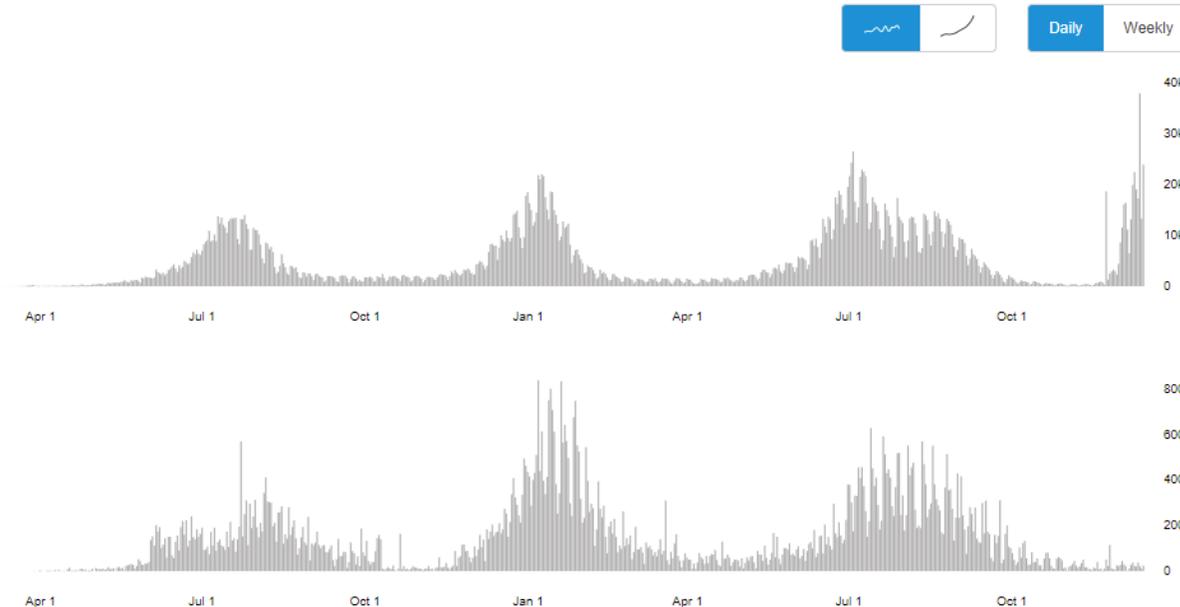
In South Africa, the Omicron wave has overtaken the Delta wave in the number of daily new infections. Fatalities from the Omicron variant remain significantly lower than the Delta variant.

South Africa Situation

3,204,642
confirmed cases

90,172
deaths

Source: World Health Organization



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Asia

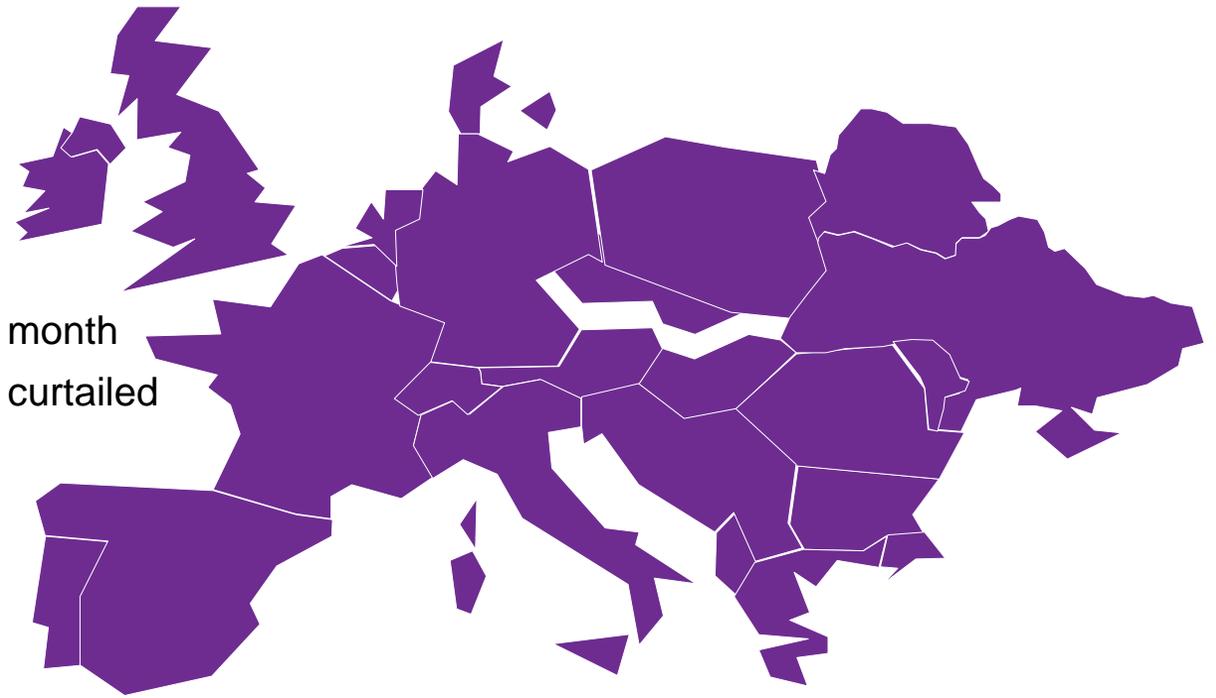
- **Malaysia** announced new COVID-19 restrictions, including banning mass gatherings and requiring booster doses for high-risk groups.
- Thousands marched in Wellington, the capital of **New Zealand**, protesting against COVID-19 vaccine mandates and lockdowns. Almost 90 percent of New Zealand's eligible population is vaccinated.
- The private sector has overtaken state-led agents to become **North Korea's** biggest economic actor over the past decade, a result of leader Kim Jong Un marketization program, according to South Korea's Unification Ministry.
- **Chinese** creditors have sued China Evergrande for more than \$13 billion for overdue payments, as domestic companies owed money by the developer compete against offshore bondholders to secure repayment.
- **Taiwan** will deepen economic ties with **Lithuania** in a "*cycle of goodwill*" after the Lithuanian diplomatic delegation departed China in response to intimidation. Taiwan hopes for progress on trade talks with the **EU** next year when **France** takes over the bloc's presidency.



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Europe

- **Euro zone** business growth slowed more than expected this month as renewed restrictions imposed to curb the Omicron variant curtailed the recovery in the bloc's dominant services industry.
- A senior **Ukrainian** security official reported that **Russia** has made no move to withdraw troops it has amassed at the border with Ukraine but there is no sign that a Russian invasion is imminent.
- Five **Turkish** healthcare unions representing 250,000 workers engaged in a one-day strike to protest low wages and poor conditions. The Turkish lira dropped to an all-time low beyond 15 to the dollar on Thursday, ahead of another expected cut in interest rates.
- The **UK** hit a record 78,610 coronavirus cases in the past 24 hours, the highest number since the COVID-19 pandemic began. **France** will impose additional controls on travelers arriving from Britain, including negative antigen and PCR tests taken 24 hours before arriving and limiting reasons to travel from Britain to France. **Sweden** will require visitors from other Nordic nations to have a vaccine pass to cross the border. All travelers to **Greece** will need a negative COVID-19 PCR test to enter the country.



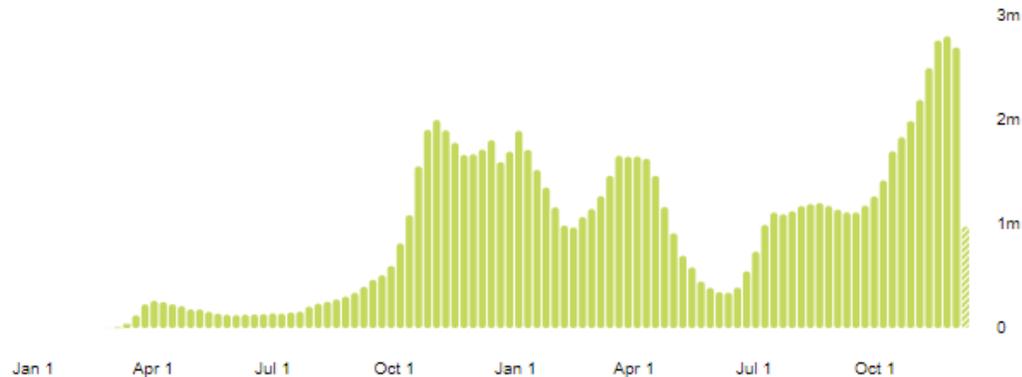
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Europe

Across Europe, countries are beginning to return to measures imposed during the height of the Delta outbreak as Omicron is seen fueling new record highs for daily infections. The daily death toll has surpassed the August wave, with hospitals warning about being overwhelmed.

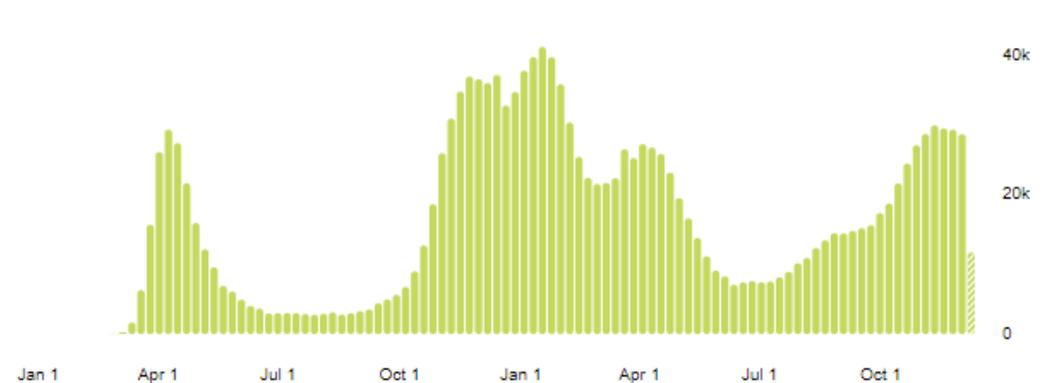
Europe

92,707,507
confirmed cases



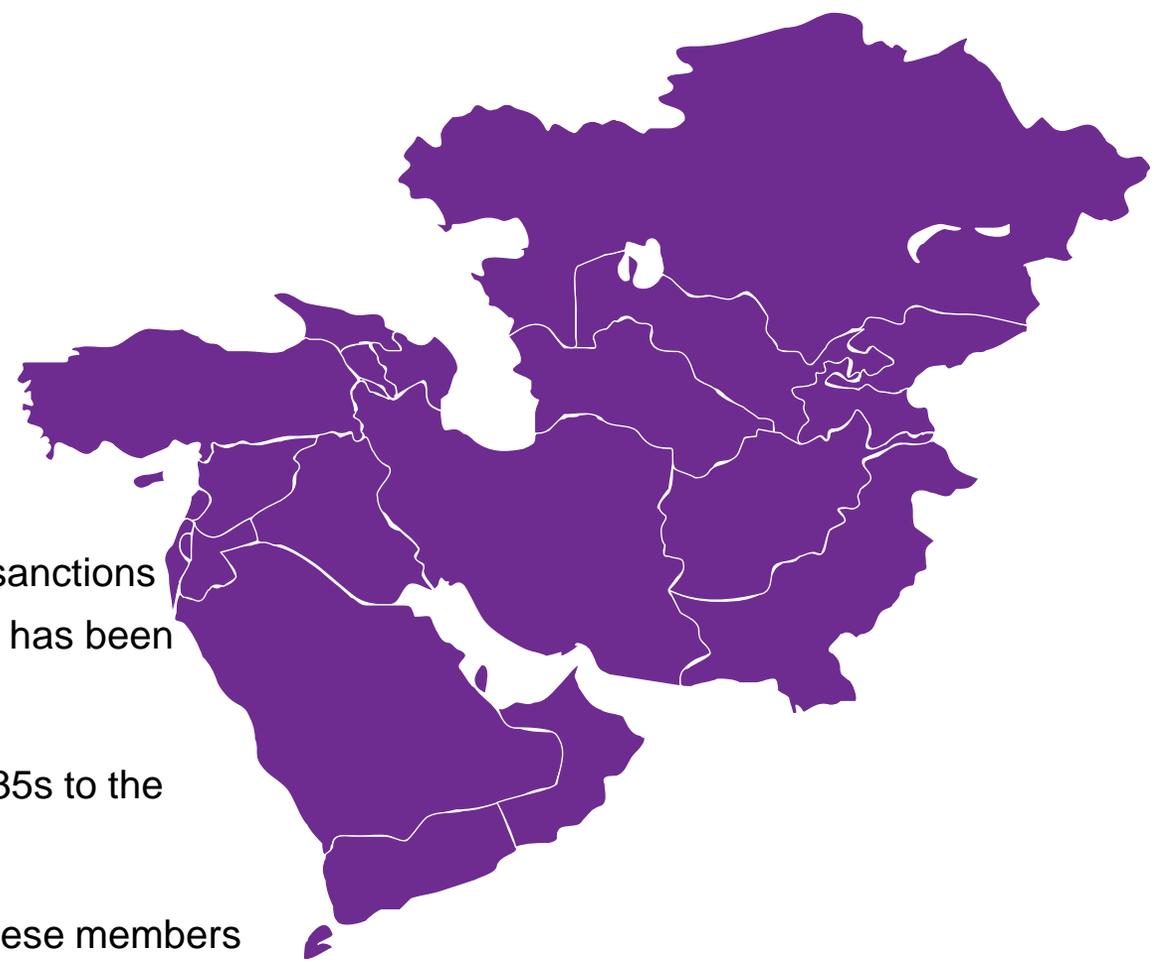
Europe

1,610,835
deaths



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Middle East

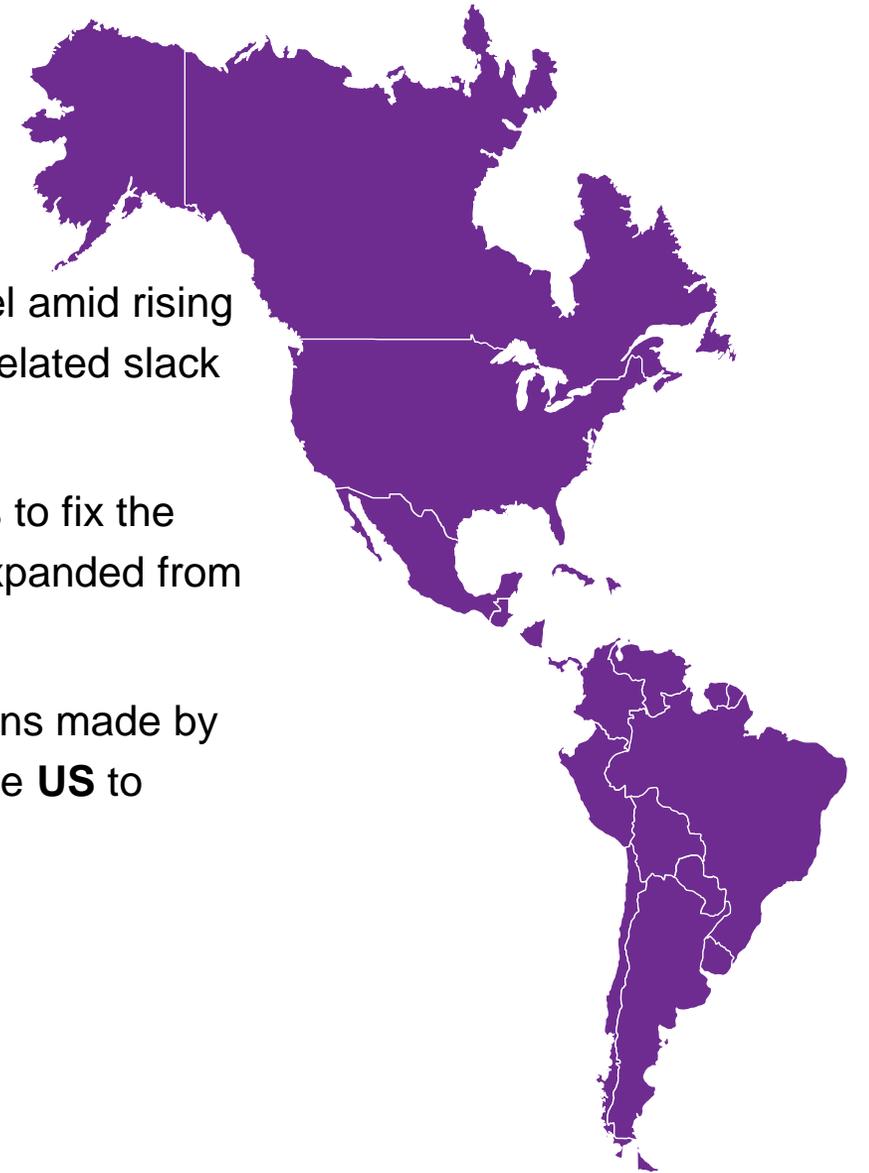


- The UN said that it had reached an agreement with **Iran** to replace broken cameras at a facility producing centrifuges and other nuclear enrichment parts.
- **US** lawmakers are calling on the Biden Administration to impose sanctions on the **Israeli** cyber company, the NSO Group, whose technology has been used to hack activists, journalists, and politicians.
- The **US** said that it was ready to move forward with the sale of F-35s to the **UAE**, days after the UAE said it would freeze negotiations.
- **Lebanon's** interior minister ordered the deportation of non-Lebanese members of **Bahrain's** dissolved opposition al-Wefaq group after some of them criticized the Gulf Arab kingdom at a news conference in Beirut. The Gulf Cooperation Council, whose leaders met on Tuesday in Riyadh, condemned the news conference held by "*a terrorist organization with support from the terrorist Hezbollah.*"

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Americas

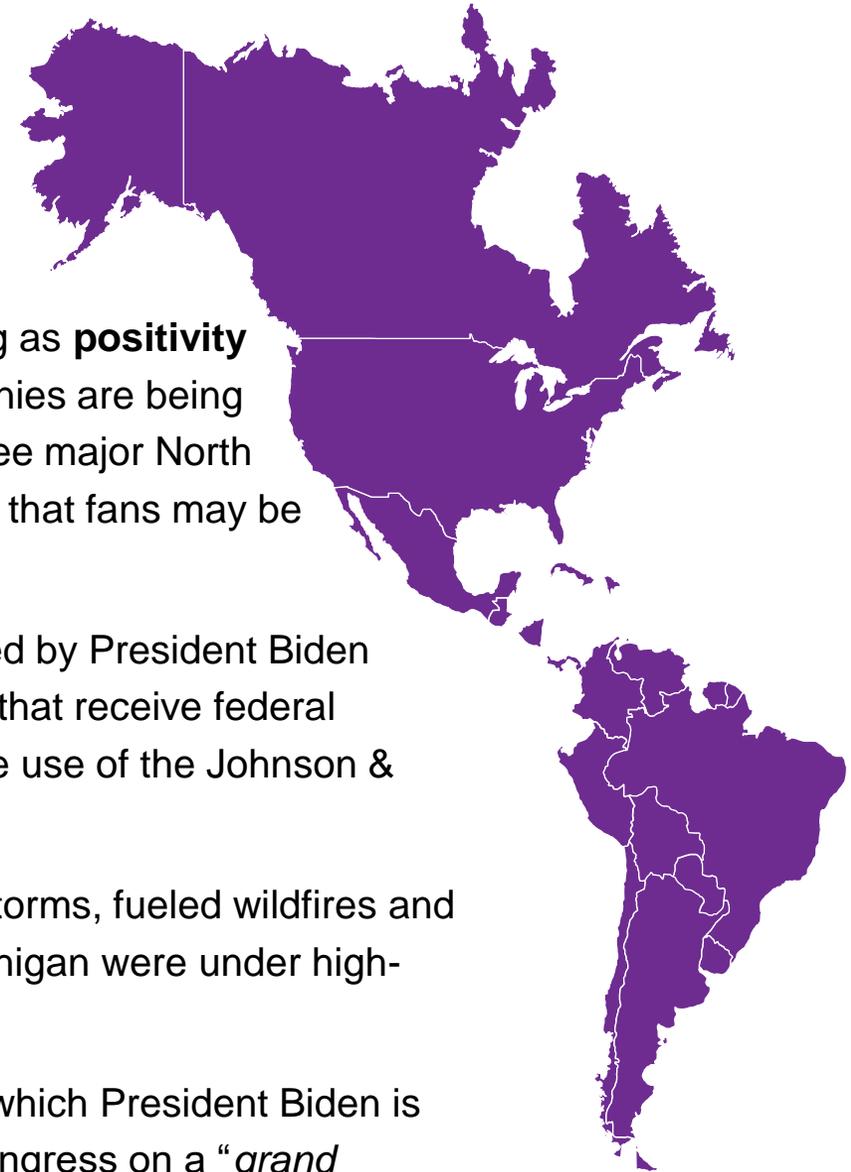
- The **Canadian** government advised citizens to avoid all international travel amid rising Omicron variant cases. The Canadian central bank said that COVID-19-related slack in the economy had improved substantially, signaling a future rate cut.
- A **Brazilian** police investigation of alleged bribery of Petrobras employees to fix the price of fuel sold to JPMorgan Chase & Co by the state-run oil firm has expanded from one deal to at least four over the course of 2011.
- **Panama's** government wants to recover millions of dollars in ill-gotten gains made by two sons of a former Panamanian president who have pleaded guilty in the **US** to money laundering.



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Americas: US

- US **schools and colleges** are beginning to shift from in-person to online learning as **positivity rates** increase sharply in some areas. Afterschool sports and graduation ceremonies are being cancelled, and exams moved online. Positive COVID-19 tests are also hitting three major North **American sports leagues**, threatening game schedule disruptions and prospect that fans may be barred from arenas.
- A federal appeals court revived in 26 states a **COVID-19 vaccine mandate** issued by President Biden requiring millions of healthcare workers to get vaccinated if they work in facilities that receive federal dollars. The CDC advisory panel will meet today to consider possible limits on the use of the Johnson & Johnson COVID-19 vaccine because of continued **blood clot issues**.
- **Extreme weather** pounded the central US, with high winds that kicked up dust storms, fueled wildfires and knocked down power lines. More than 36 million people from New Mexico to Michigan were under high-wind warnings.
- The Senate approved a record-setting **\$768 billion defense authorization bill**, which President Biden is expected to sign. Amon its many provision, it orders the Pentagon to report to Congress on a “*grand strategy*” for countering China, the testing and development of hypersonic missiles, and threats posed by UFOs.



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Risk Assessment: Nuclear Negotiations in Vienna and Regional Outcomes

By Alexander Lucaci

As indirect negotiations continue between Iran and the US in Vienna, there appears to be a recognition among participants that a stalemate has been reached.

Attempts to mediate a mutual return to the Joint Comprehensive Plan of Action, or Iran nuclear deal, are being thwarted by several factors, most importantly Tehran's insistence on terms that the US and European participants have called "non-starters." The majority of reporting out of Vienna indicates that Iranian negotiators are aware that the regime's advanced levels of uranium enrichment and acquisition of nuclear knowledge over the last four years has given them a degree of leverage in talks, despite a maximum pressure sanctions campaign that has squeezed the Iranian economy to the breaking point. Despite US and European pronouncements that negotiations cannot continue indefinitely, including from Secretary of State Antony Blinken and Special Envoy for Iran Rob Malley, the reality is that Washington at this moment in time appears more eager than Tehran to arrive at a comprehensive agreement for JCPOA re-entry.

Before negotiations resumed last week, neither the US nor its former JCPOA partners knew exactly what to anticipate from the Iranian side. Since the last round of talks in May, a new, ultraconservative presidential administration assumed power in Tehran and has subsequently adopted a hardline negotiation stance that appears to have caught US and European negotiators by surprise. As a result, the potential outcomes from the Vienna negotiations have narrowed from a mutual return to the original terms of the JCPOA, to at best, a "less for less" compromise in which the US leaves the majority of sanctions on Iran in place for limited constraints on Iranian nuclear activity. Despite hints of progress, such as the International Atomic Energy Agency reaching a deal to reinstall cameras at an Iranian nuclear site, the US, its Gulf Arab allies, and European negotiating partners are quietly preparing for a scenario in which the JCPOA becomes irrelevant and ineffective. In the increasingly likely scenario

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Risk Assessment: Nuclear Negotiations in Vienna and Regional Outcomes

that talks collapse in Vienna, the question will become how Iran's regional neighbors and rivals react, diplomatically or otherwise.

There are already several indicators of how key players in the Middle East plan to engage with each other and with Iran should JCPOA negotiations fail. Over the past several weeks and months, there has been an unprecedented level of diplomatic engagement in the region, including between countries that as recently as last year did not maintain official political relations. This includes a series of high-level diplomatic contacts in the Middle East; Gulf Cooperation Council member states have sent senior national security advisers to meet with their Iranian counterparts, while Iraq has hosted midlevel diplomatic discussions between regional rivals in Baghdad. Despite these positive developments, the key question is to what extent they would continue should the European, American, and Iranian negotiators in Vienna fail to come to an agreement. It is possible that the Vienna talks are serving as a "safety net," or foundation for regional dialogue to occur.

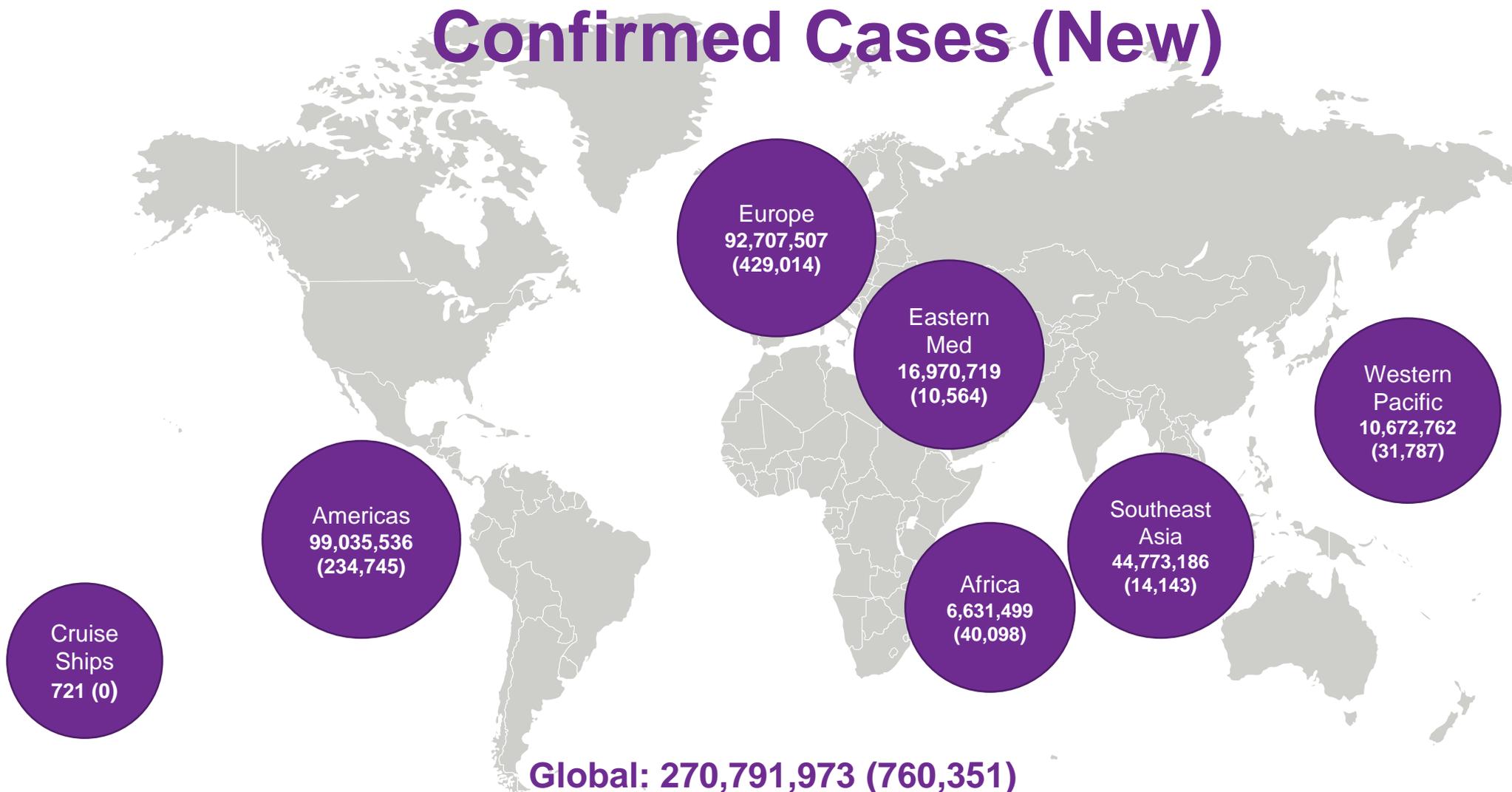
The other possibility is that key Middle East powers are beginning to prepare for a worst-case scenario vis-a-vis the JCPOA and taking

diplomatic responsibility into their own hands. The regional appetite for military escalation appears to have declined slowly since late 2019, when the US declined to respond to an Iranian attack on Saudi Aramco oil fields, as well as in January 2020, when the assassination of Quds Force leader Qassem Soleimani did not result in major military conflict on either side. A key factor in the geopolitical calculus moving forward is Israeli decision-making related to Iran's nuclear program. Israel may feel compelled to take unilateral military or covert action against Tehran's escalating nuclear capabilities, when then may require the Biden Administration to provide material, or at least rhetorical backing for the US's closest ally in the region. Because President Biden and his team have signaled on numerous occasions that the US is not interested in additional foreign military entanglements, American allies in the Gulf will need to calibrate their expected level of support from Washington should they choose to escalate against Iran.

Coronavirus Condition Updates

As of 5:58 pm CEST on December 15, 2021

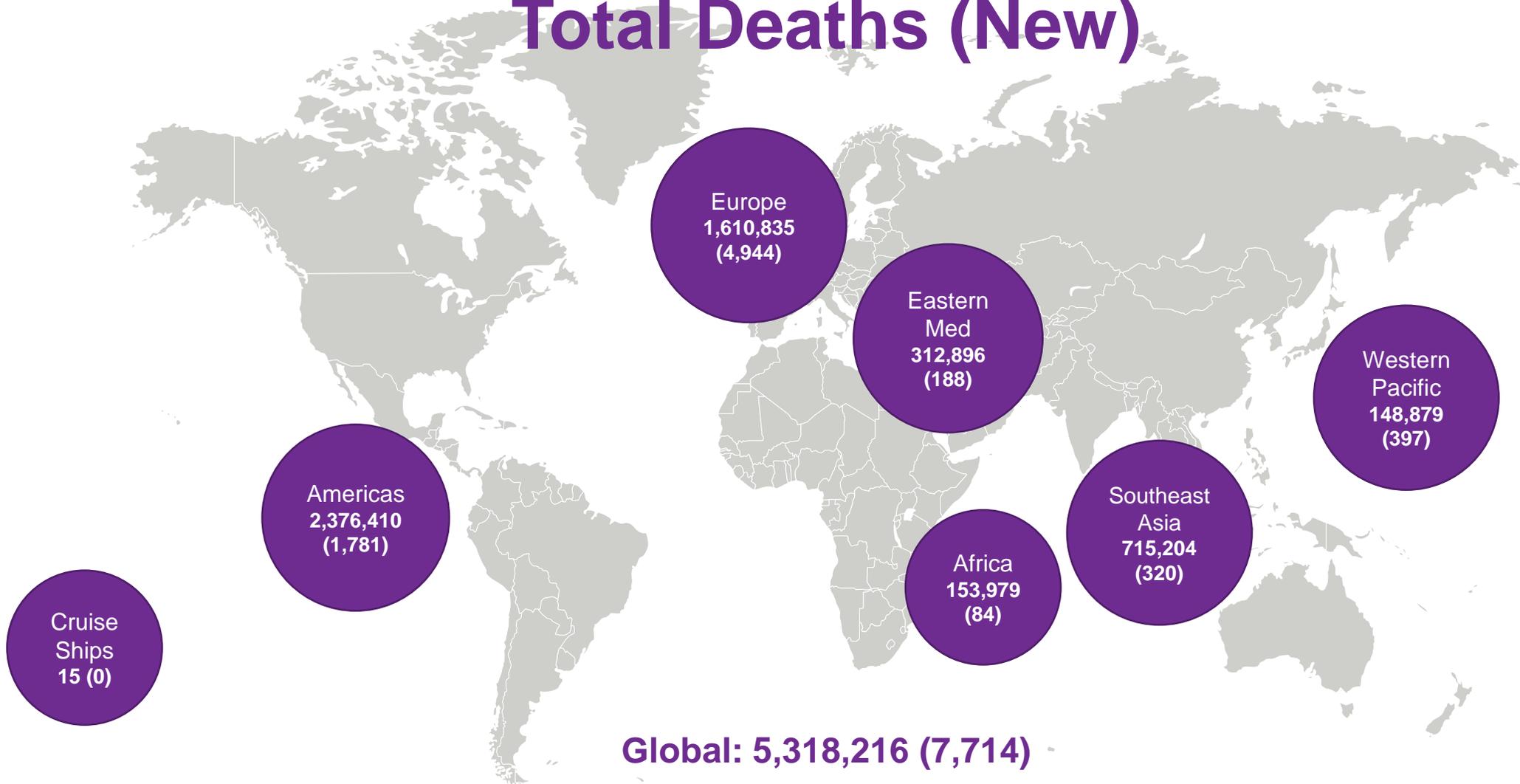
Confirmed Cases (New)



Reflects data as of 5:58 pm CEST on December 15, 2021.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 5:58 pm CEST on December 15, 2021.
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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