

Dentons Flashpoint

Daily Global Situation Report

August 2, 2022

Global Situation Update: August 2, 2022

KEY TAKEAWAYS

China and US deploy military assets in advance of expected Taiwan visit by US Speaker Pelosi.

Al-Qa'ida leader Ayman al-Zawahiri was killed in a US drone strike in Afghanistan.

Hong Kong's economy slipped into its second recession in three years.

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

The longest cease-fire yet during the war in Yemen is scheduled to end today unless the parties agree to an extension. The UN brokered truce over the past four months has kept the level of violence in the war-torn country to record lows, but the rebel Houthis' have declared a lack of intent to extend it.

The Houthis will continue to seek to extract more concessions from the international community, which is likely to agree to them given its desire to secure an extension. If the Houthis are not granted these concessions, the truce would be unlikely to be extended and hostilities would be likely to resume.



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Global

After years of hiding, al-Qa'ida leader Ayman al-Zawahiri was killed in a US strike in Afghanistan over the weekend. Al-Zawahiri took over the leadership of the terrorist group after the killing of Usama bin Ladin in 2011.

- The US announced another security assistance package for **Ukraine** valued at up to \$550 million, including additional ammunition for high mobility artillery rocket systems (HIMARS). The EU also advanced the first €500 million of up to €9 billion financial aid it plans to send to Ukraine to shore up the country's finances during its fight against Russia.
- Turkey expects one **grain** ship to leave Ukrainian ports each day under the safe passage agreement, with the first wartime vessel safely having departed Odesa on Monday. Ukrainian officials are less optimistic, expecting no more than five vessels to leave in the next two weeks from Odesa, Chornomorsk and Pivdennyi.
- Speaking at the UN conference to review the Treaty on the Non-Proliferation of Nuclear Weapons (NPT), the head of the UN warned that the world is one step away from "**nuclear annihilation**" and faces dangers not seen since the Cold War.

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Markets & Business

AP Møller-Maersk, the world's second largest container shipping group, has again increased its earnings guidance due to prolonged supply chain disruption, saying that an expected normalization will come later than it expected, more likely to arrive in Q4.

- The US Securities and Exchange Commission (SEC) charged 11 people for their roles in creating and promoting a fraudulent **crypto** pyramid and **Ponzi scheme**, called Forsage, that raised over \$300 million from retail investors worldwide, including in the US.
- Wind turbine maker **Siemens Gamesa** is considering cutting around 2,500 jobs, or about 9 percent of its total, to recover from losses that have prompted its main shareholder to launch a takeover.
- **Saudi Aramco** has agreed to buy the global products division of the 150-year-old US motor oil and lubricants group **Valvoline** for \$2.65 billion.
- Indian telecoms company **Reliance Jio** has spent \$11 billion at the country's 5G spectrum auction, surpassing rivals in the race to dominate the next generation of digital services.

Environment, Sustainability & Governance

Shell and Lufthansa announced plans to enter a supply agreement for 1.8 million metric tons of sustainable aviation fuel, marking of the largest commercial SAF deals to date.

- Wells Fargo reinstated a hiring policy that requires recruiters to interview a **diverse pool of candidates** nearly two months after its suspension in June, following a media investigation found that such interviews were often fake and that the position had already been informally assigned.
- Portugal's civil aviation workers threatened to go on a three-day strike in late August over **low wages and poor working conditions**.
- Ben & Jerry's and its parent Unilever said talks had broken down to resolve their dispute over the sale of the ice cream maker's sale in the Israeli Occupied Territories, which it had sought to **boycott**.
- HSBC will pay some of its British workforce a one-off payment of 1500 pounds (\$1,830) to help them deal with the **cost of living**.

Africa

- UN Secretary-General Guterres said he was "*outraged*" by the weekend deaths of two people when peacekeepers opened fire at a border post with **Uganda** in the troubled eastern **Democratic Republic of Congo**. The deaths come amid violent protests against the peacekeeping presence in Congo.
- Two protesters were shot dead in **South Africa** by police during a demonstration against rising utility prices and cost of living.
- **Nigerian** media reported that security forces had arrested the leader of the Islamist terrorist group Boko Haram in Ogun state.
- Floods killed at least 24 in **Uganda** over the weekend.



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Asia

- **Hong Kong's** economy slipped into its second recession in three years as COVID-19 restrictions battered the island's reputation as an international financial center.
- **India's** factory activity expanded at its quickest pace in eight months in July, driven by solid growth in new orders and output as demand continued to improve.
- **ASEAN's** foreign ministers and their counterparts from the **US, China, Russia** and other key partners will meet in **Cambodia** for a series of annual meetings starting today. The focus of discussions will be on promoting regional peace and stability.
- **Chinese** warplanes flew close to the median line dividing the **Taiwan** Strait and several Chinese ships sailed close to the line, saber rattling amid simmering tensions as **US** House of Representatives Speaker Pelosi plans to meet Taiwan's president Tsai Ing-wen in Taipei on Wednesday. The US has deployed four warships to the waters east of the island, including an aircraft carrier.



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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:

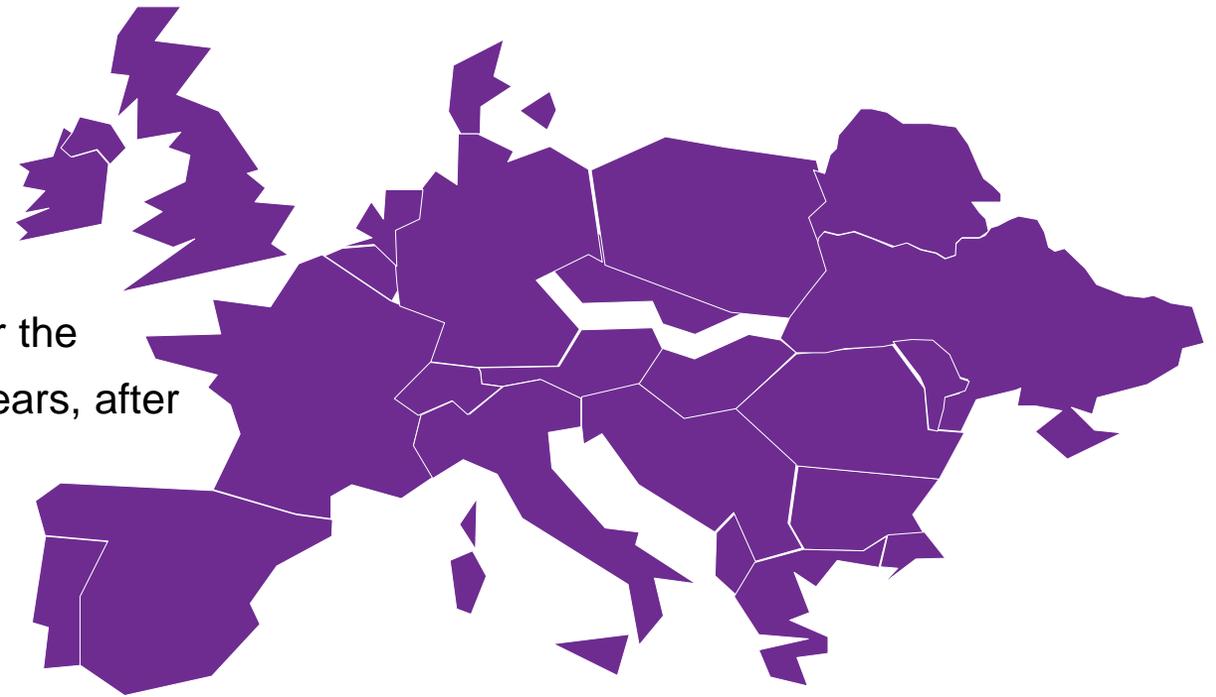
- ❖ Ransomware tabletop exercises
- ❖ Post-tabletop action reports
- ❖ Maturity assessments for preparedness
- ❖ Supply-chain attack simulation
- ❖ Comprehensive incident response plan
- ❖ Threat analysis and monitoring

All interaction with Dentons is attorney-client privileged

To learn more about the bespoke intelligence and risk services from Dentons, contact [Karl Hopkins](#).

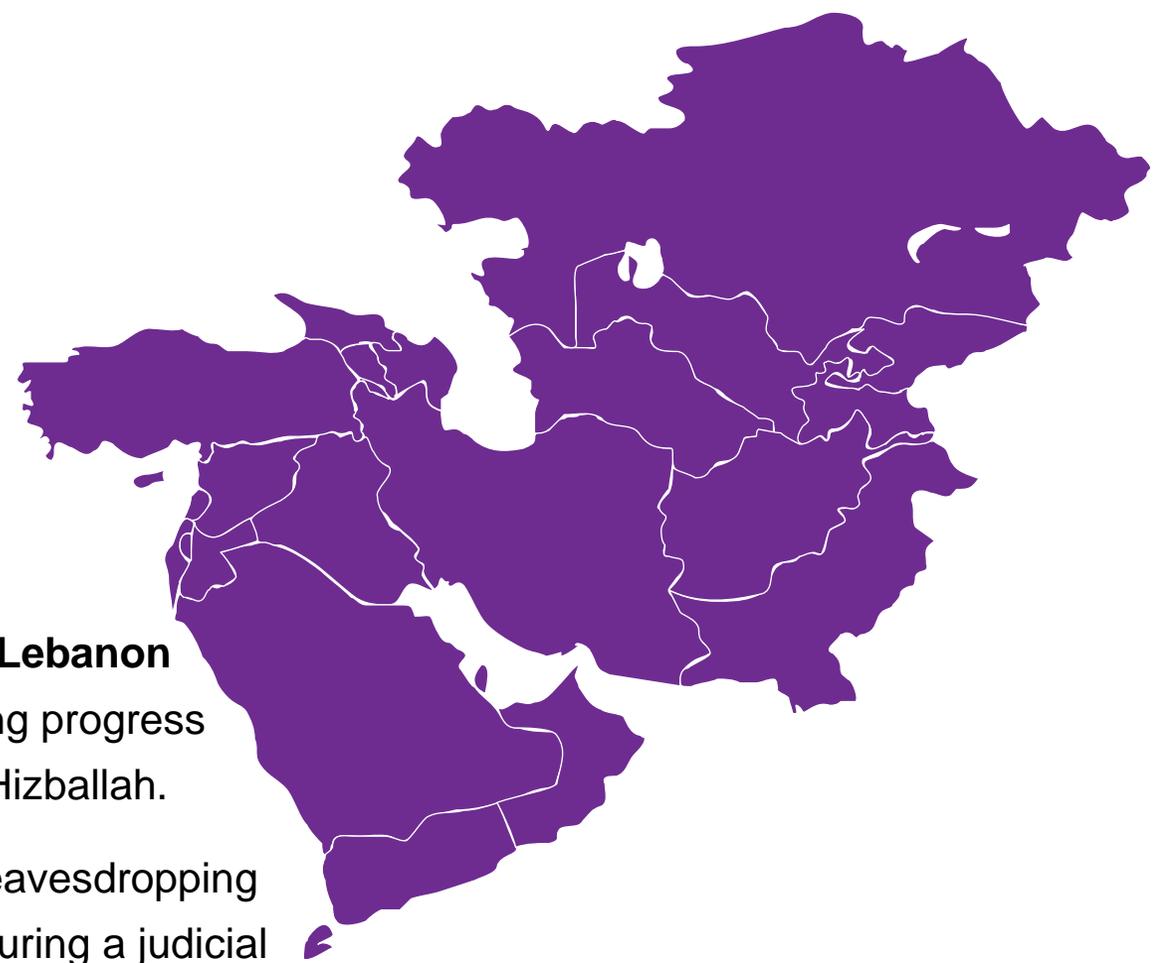
Europe

- **Bulgarian** President Radev set October 2 as the date for the country's fourth parliamentary election in less than two years, after the collapse in June of reformist Prime Minister Petkov's coalition government.
- The Bank of **England** is now expected to lift borrowing costs by a bigger 50 basis points to 1.75 percent on Thursday as it battles soaring inflation.
- **Russia** announced sanctions against 39 **British** politicians, officials, business leaders and journalists, barring them from entering Russia for supporting the "*demonization*" of the country. Their names are added to those of more than 200 other Britons whom Russia has already banned, including most of Britain's leading politicians.
- **Eurozone** unemployment remained stable at 6.6 percent during the month of June 2022 compared with the previous month, the EU's statistical office Eurostat announced on Monday. Youth unemployment, however, increased, with 2.5 million people unemployed under the age of 25.



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Middle East

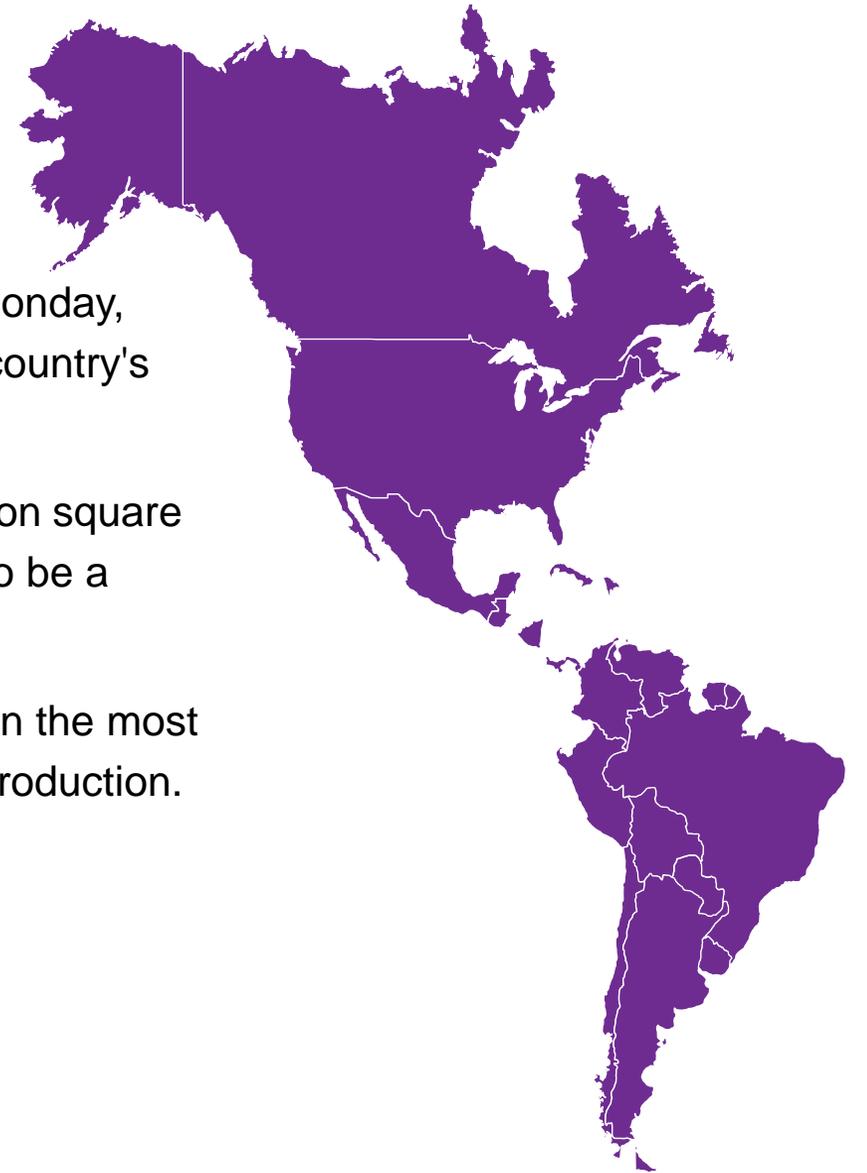


- The **US** announced new sanctions against companies and a vessel for violating sanctions around the sale of **Iranian** fuel; meanwhile, talks to revive the 2015 nuclear deal remain at a standstill.
- The **US** official mediating a maritime border dispute between **Lebanon** and **Israel** said yesterday he remained optimistic about making progress towards a deal despite a recent threatening video posted by Hizballah.
- An **Israeli** government investigation into the use of powerful eavesdropping technology by the police found that they only used it after securing a judicial warrant but that the amount of information collected exceeded the limits of their authority.
- **Kuwait** reappointed its oil and finance ministers in a cabinet formed on Monday under a new prime minister, largely resembling the caretaker government that resigned in April.

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Americas

- **Argentina's** new economy superminister appointed his top advisers on Monday, vowing to stop high inflation and the deterioration of the South American country's economy amid turmoil at the ministry.
- **Mexican** President Andres Manuel Lopez Obrador expropriated 1.09 million square meters for the construction of the Mayan Train after deeming the project to be a national security concern in July.
- **Honduran** authorities discovered more than 1.6 million coca leaf bushes in the most important seizure of its kind ever as Honduras struggles to combat drug production.



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Americas: US

- President Biden is forming a public health response team for **monkeypox**, led by top officials from FEMA and the CDC as the nationwide count is now more than 5,800 cases. The governors of California and Illinois declared states of emergency in an effort to bolster their responses to the monkeypox outbreak.
- **Floods** unleashed by torrential rains in eastern Kentucky have killed at least 37 people, and more dangerous weather is on the way, threatening the region with high water already at rooftop level in some areas.
- Growth in the **US manufacturing sector** slowed for the second consecutive month in July, adding to concerns that softening demand could cause the sector to continue to weaken in the coming months.
- President Biden said he is ready to pursue a new nuclear arms deal with **Russia** and called on Moscow to act in good faith. Moscow and Washington last year extended the New START treaty, which caps the number of strategic nuclear warheads they can deploy and limits the land- and submarine-based missiles and bombers to deliver them, until 2026.



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Great Power Competition: Competing for Influence on the African Continent

By Matt Skros

Amid a standoff over the war in Ukraine, Russian and Western leaders are crisscrossing Africa to win influence and support. Russian Foreign Minister Sergei Lavrov and French President Emmanuel Macron both recently completed visits to the continent, while US Secretary of State Blinken plans to travel to Congo and Rwanda in the coming weeks. This flurry of diplomatic activity portends a new era of strategic competition in Africa.

As the war in Ukraine enters its fifth month, the diplomatic competition between Western leaders and Russian officials has spread to Africa. In recent weeks and months, Russian officials have visited the continent to seek support for their position on Ukraine as well as reinforce anti-Western narratives regarding food security. Western leaders, seeking to shore up support, have stepped up diplomatic activity to counter this Russian information campaign. French President Macron recently traveled to West Africa, and the Biden Administration dispatched USAID Administrator Samantha Power to the Horn of Africa. US Secretary of State Blinken also plans to visit South Africa, Congo and Rwanda this month, while US Ambassador to the UN Linda Thomas-Greenfield will visit Ghana and Uganda. This travel by Western officials reflects a growing alarm over Russian influence on the continent, and it portends a new era of strategic competition in Africa.

Russia's Influence Efforts

Russian Foreign Minister Sergei Lavrov's recent four-nation tour included Egypt, Ethiopia, Uganda and Congo, and he used the trip to reiterate the Kremlin's position on the issue of food security. The worldwide food shortage resulting from Russia's invasion of Ukraine has hit African countries particularly hard, raising serious concerns of extreme hunger and famine. Lavrov, in remarks during his visit, sought to push back on Western efforts to blame the hunger crisis on Russia. He claimed that Western sanctions on Russia were impeding the flow of grain, while arguing that the food crisis originated with the COVID-19 pandemic. Lavrov also pointed to the Russia-Africa summit that will be held this October in Ethiopia, alluding to economic and military deals that may be unveiled during this event.

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Great Power Competition: Competing for Influence on the African Continent

Lavrov's trip is only the latest aspect of a Russian influence effort in Africa that has been years in the making. The Wagner Group, a mercenary organization and arms-length affiliate of the Russian Ministry of Defense, has helped Moscow trade security services for valuable natural resources. Wagner mercenaries are currently supporting the government of the Central African Republic and have proven so influential that a monument to the Wagner soldiers exists in the capital of Bangui. Most notably, Wagner troops have been assisting the Malian military in their battle against an armed insurgency. Aside from Wagner, the Russian military has also struck arms deals with Cameroon, and Russia's state-owned atomic energy company is assisting Egypt with constructing a \$26 billion-dollar nuclear power plant.

Western Responses

While most African nations voted in favor of a UN resolution condemning Russia's invasion of Ukraine, almost half of the 17 nations that abstained on the resolution were African, including South Africa and Uganda. These abstentions cannot necessarily be chalked up to Russian influence operations – Uganda, for example, is the next chair of the Non-Aligned Movement, a Cold War-era organization

formed by countries that wanted to remain neutral in the US versus Soviet contest and abstained due to this reason. However, Western leaders are concerned about growing Russian influence on the continent and are taking steps to push back. French President Macron visited Cameroon, Benin and Guinea-Bissau with the stated purpose of showing “*the commitment of the president in the process of renewing the relationship with the African continent.*” In remarks during the trip, Macron accused the Kremlin of spreading propaganda in support of the war and blamed Russia for the cessation of grain exports from Russia and Ukraine, actively attempting to push back on Moscow and Lavrov's narrative.

The Biden Administration appears ready to undertake a similar campaign on the continent. USAID Administrator Samantha Power recently traveled to Kenya and Somalia, both of which are feeling the acute effects of drought and food shortages. In the coming weeks, UN Ambassador Linda Thomas-Greenfield will travel to Ghana and Uganda, and Secretary of State Antony Blinken will travel to South Africa, Congo and Rwanda. A State Department statement emphasized that, “African countries are geostrategic players and critical partners on the most pressing issues of our day, from

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Great Power Competition: Competing for Influence on the African Continent

promoting an open and stable international system, to tackling the effects of climate change, food insecurity and global pandemics to shaping our technological and economic futures.” On these trips, both Thomas-Greenfield and Blinken will likely discuss US aid efforts to alleviate hunger on the continent, while blaming Russia for the food shortages. They will also likely raise awareness about the African leader’s summit, which the Biden Administration has announced will be held in December 2022 (only two months after Russia’s competing October summit in Ethiopia).

A New Era of Competition

While the Russian invasion of Ukraine has highlighted to Western leaders the importance of maintaining a presence on the continent to counter the Kremlin, a new push to decarbonize is also emphasizing the importance of Africa. Africa is rich in natural resources that are key to a variety of industries. Congo, for example, has one of the world’s largest deposits of cobalt, which is a key component in certain types of batteries, including ones used in electric vehicles. Ready access to these resources will be essential as the world turns to new types of technology. Both Moscow and the West want to secure their supply of these resources, hence Russia’s use of the Wagner Group

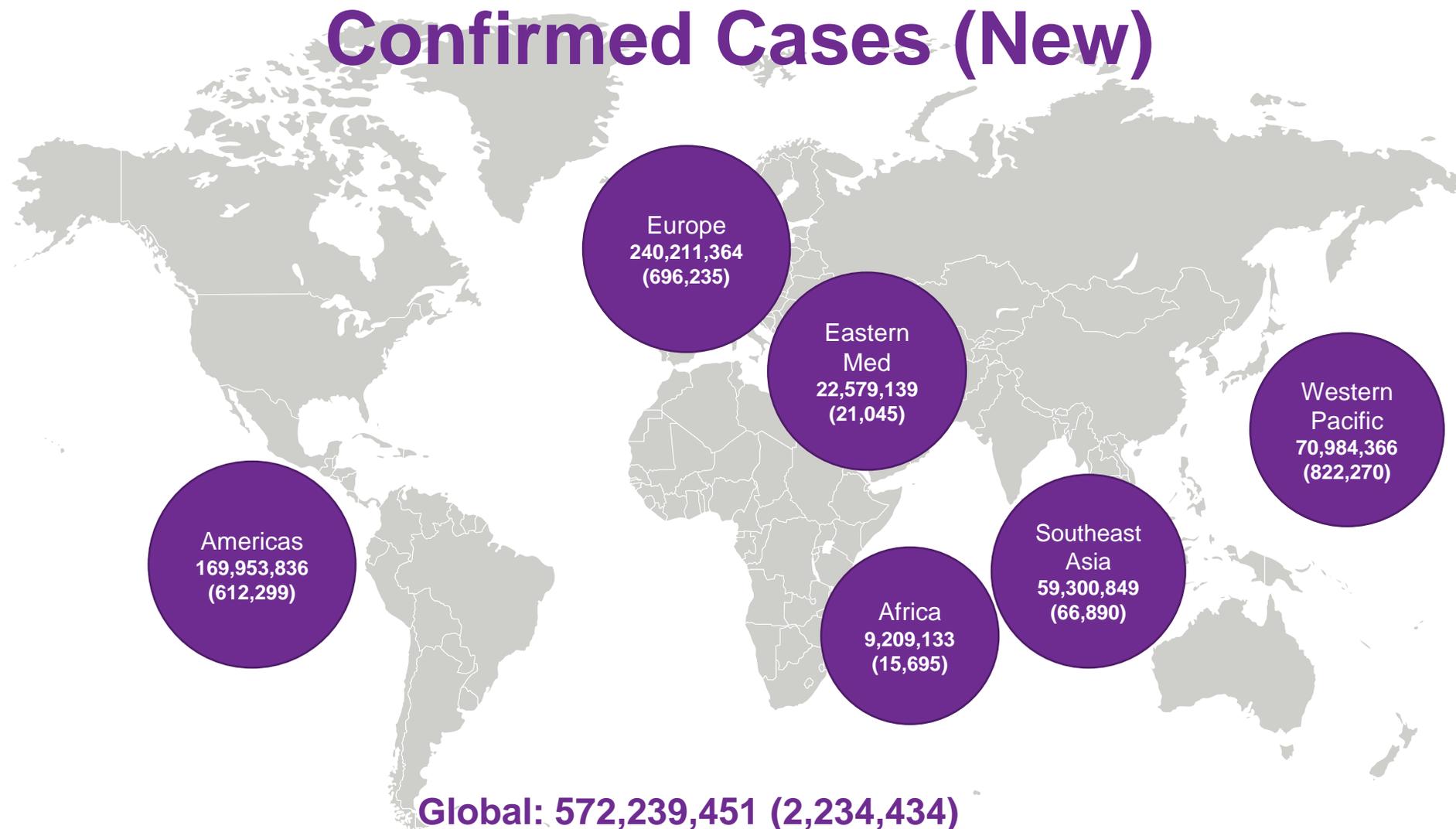
to trade security in exchange for valuable minerals. As the West steps up efforts to counter this Russian activity, African nations and leaders may find themselves enmeshed in a new era of strategic competition on the continent.

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Coronavirus Condition Updates

As of 5:33 pm CEST on July 29, 2022

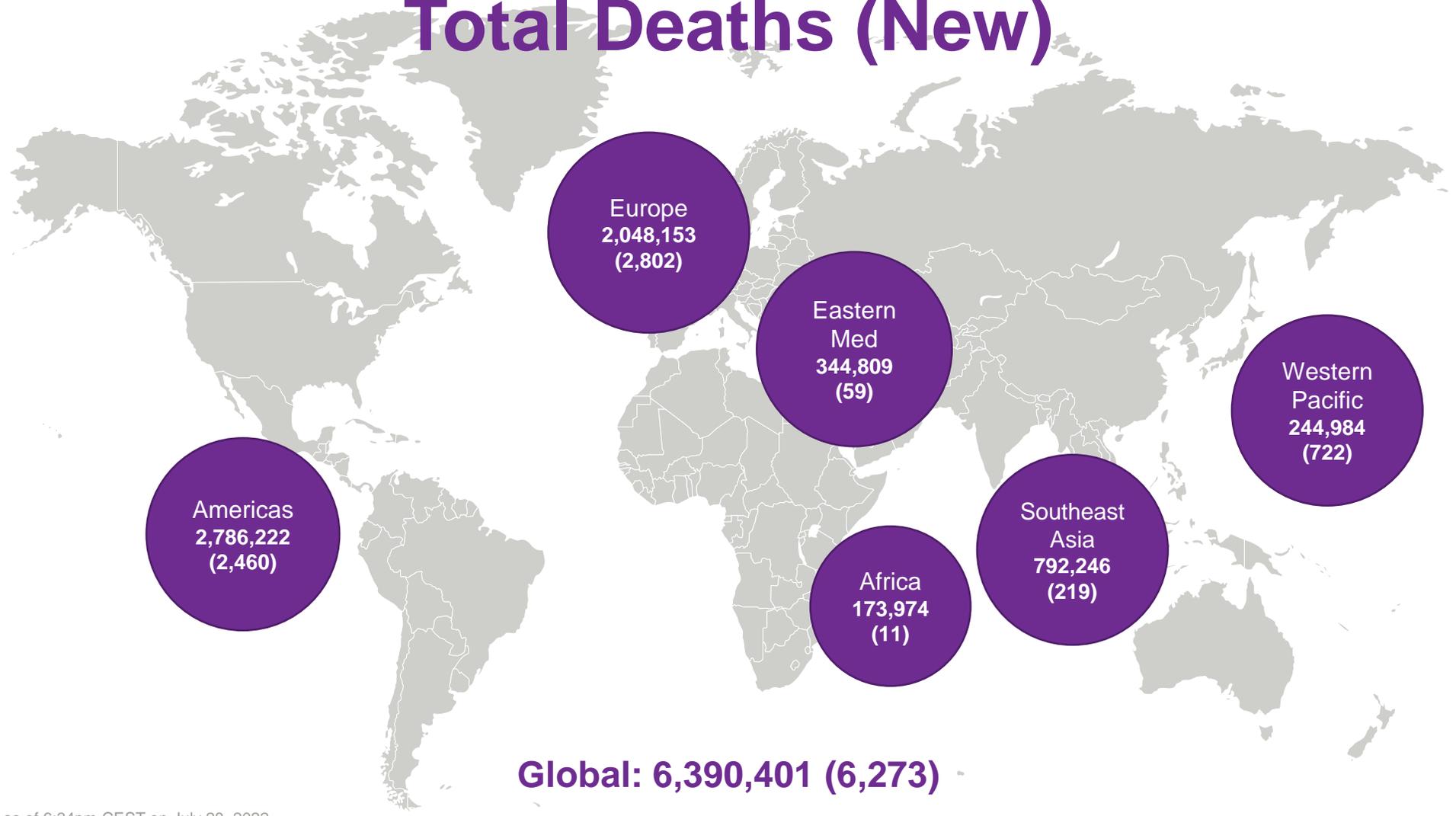
Confirmed Cases (New)



Reflects data as of 6:34pm CEST on July 28, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 6:34pm CEST on July 28, 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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