

# Dentons Flashpoint

## Daily Global Situation Report

August 24, 2022

# Global Situation Update: August 24, 2022

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## KEY TAKEAWAYS

Global stocks plummet amid growing fears of recession, expectations of US Federal Reserve policy hardening.

Ukraine marks 31 years of independence, vowing to liberate all territory from Russian occupation.

Europe is facing its worst drought in at least 500 years, with two-thirds of the continent in a state of alert or warning.

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## WHAT WE'RE WATCHING

Today, millions of Angolans will vote in general elections expected to be the most competitive since the country's first multiparty vote in 1992. Electoral fraud is a concern as the ruling party has won every election since the reintroduction of democracy after the civil war ended in 2002 and is likely to again win control of the presidency and National Assembly.

Angola has experienced five consecutive years of recession and recent fiscal reforms by the president are unpopular. Those reforms primarily concentrate on the oil and gas and diamond mining sectors and are not yet felt across all industries. Notably, some opposition candidates vow to audit the country's debt to China if they were to win the face for the presidency.



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# Global

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**Natural gas prices spiked again, with Russia signaling further limits on exports and European buyers scrambling to diversify supplies before winter. The increase in prices is undercutting hopes that European inflation is near peaking.**

- Investors are bracing for the Federal Reserve Chairman Powell's Friday morning speech at the annual central bank gathering in Wyoming, which will likely cement the market tone until the next Federal Open Market Committee meeting next month. Expectations are that the Fed will double down on its commitment to **crushing inflation with further tightening measures**.
- **Ukraine** marked 31 years of independence today, six months into the war with Russia, with President Zelensky vowing to drive Russian forces out completely. Zelenskiy told representatives of about 60 countries and international organizations attending a virtual summit on Crimea yesterday that Ukraine intends to liberate Crimea “*without consulting other countries beforehand.*”
- A reliance on vaccines in short supply and questions over their best use are hampering efforts to curb the global spread of **monkeypox** which has hit dozens of countries for the first time, warn public health officials.

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# Markets & Business

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**Honda Motor Co Ltd is considering building a separate supply chain that would reduce its dependence on China, with the decoupling a potential trendsetter move by a major Japanese manufacturer.**

- Chinese bourses have halted processing more than 20 IPO plans sponsored by **China Merchants Securities**, following an investigation into the broker by the China Securities Regulatory Commission.
- **Twitter** executives deceived federal regulators and the company's own board of directors about "*extreme, egregious deficiencies*" in its defenses against hackers, as well as its meager efforts to fight spam, according to a whistleblower complaint from its former security chief.
- **UK's FTSE 100** tumbled to near three-week lows today after economic data highlighted growing risks of a recession. The **pan-European stocks index STOXX 600** touched a four-week low.
- Commodity trader **Noble Group Ltd** will pay a S\$12.6 million (\$9.03 million) penalty for releasing "misleading" information in its financial statements between 2012 and 2016, per the Monetary Authority of Singapore. The company, which was once the biggest commodity trader in Asia, saw its market value all but wiped out from \$6 billion in 2015 after accusation of inflating its assets.
- **Intel Corp.** reached a \$30 billion funding partnership with Canadian **Brookfield Asset Management Inc.** to help finance its factory-expansion ambitions, signaling some big investors are upbeat about the long-term demand for semiconductors.

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# Environment, Sustainability & Governance

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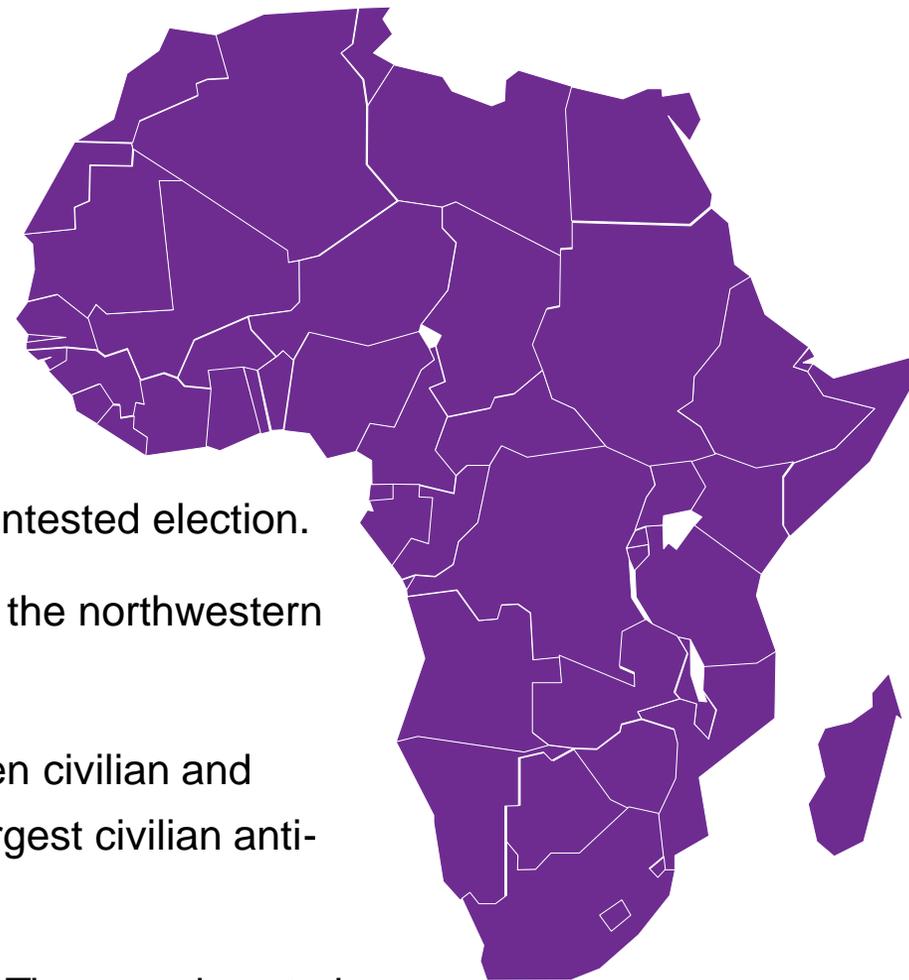
**The union representing Starbucks employees at about 200 of its cafes said the coffee chain closed two locations in retaliation for organizing activities.**

- Toyota Motor Corp officially recognized the state of California's authority to set **vehicle emissions standards** under the US Clean Air Act, making it eligible for government fleet purchases by California.
- Mexico's hydrocarbon regulator fined Pemex for development violations at one of its most important fields that has led to **excessive flaring of natural gas**.
- Britain's Financial Conduct Authority said it would call on outside experts to advise on ESG policymaking amid efforts to combat **greenwashing**.
- Europe is facing its **worst drought in at least 500 years**, with two-thirds of the continent in a state of alert or warning, reducing inland shipping, electricity production and the yields of certain crops, per the EU European Drought Observatory.

# Africa

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- A **Kenyan** election official who was in charge of the Gichugu constituency in the just-ended elections collapsed and died; the death comes just days after an officer in charge of Nairobi constituency was tortured and murdered and reports of threats against officers in the contested election.
- A **Nigerian** gang leader has accepted a truce offered by authorities in the northwestern state of Zamfara, potentially ending years of deadly violence.
- **Chad's** national dialogue, a summit to discuss transition plans between civilian and armed opposition and the ruling military junta, will begin today. The largest civilian anti-military blocs have boycotted the dialogue.
- Fighting between forces from **Ethiopia's** rebellious northern region of Tigray and central government forces has erupted around the town of Kobo, ending a months-long ceasefire.



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# How do You Manage Incident Response?

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*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](#).*

# Asia

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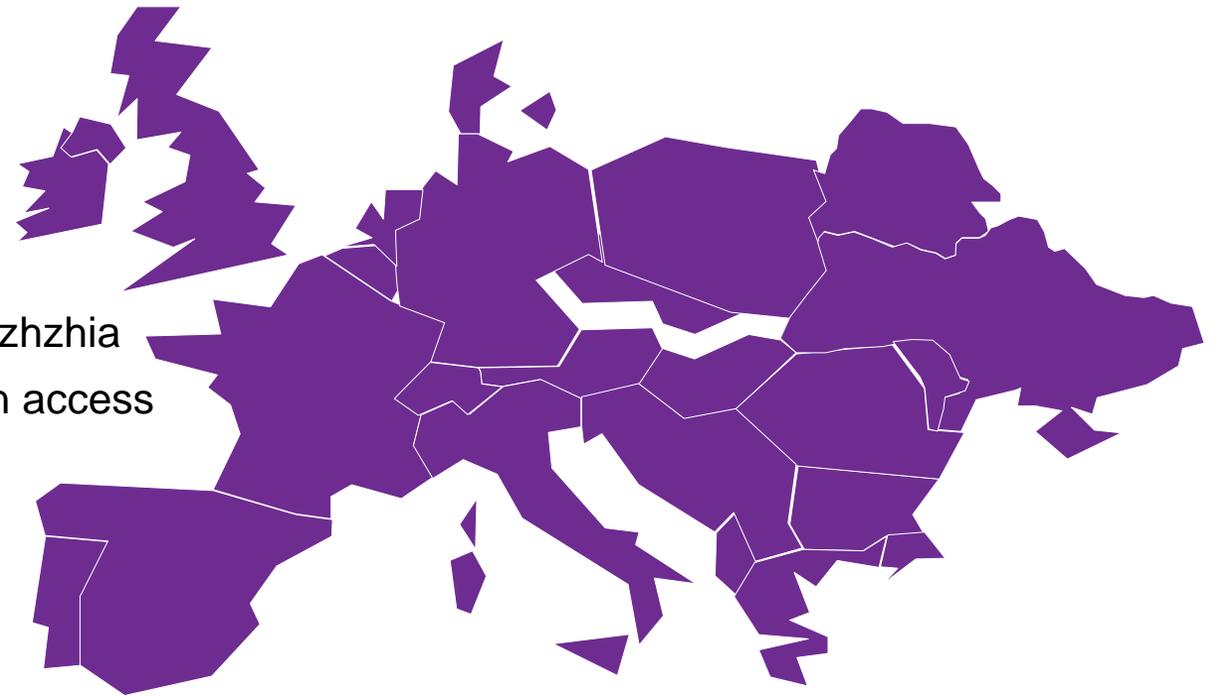
- **Japan** will restart more idled nuclear plants and look at developing next-generation reactors, in a major policy shift on nuclear energy a decade after the Fukushima disaster.
- Many global oil traders and banks have stopped dealing with **Indian** refiner Nayara Energy, a Rosneft affiliate, as they are worried about Western sanctions over **Russia's** invasion of **Ukraine**.
- **Thai** authorities ramped up security in the capital ahead of expected protests calling on the prime minister to resign, as a court considers whether to take up a petition to rule on when his constitutionally stipulated eight-year term is up. The Constitutional Court suspended Prime Minister Prayuth Chan-ocha from official duties today, pending the outcome of the court case.
- Former **Malaysian** Prime Minister Najib Razak, who lost his final appeal against a 12-year jail sentence for corruption yesterday and began serving his prison sentence today. Razak was found guilty of criminal breach of trust, abuse of power, and money laundering charges for illegally receiving about \$10 million from a former unit of state fund 1Malaysia Development Berhad (1MDB).



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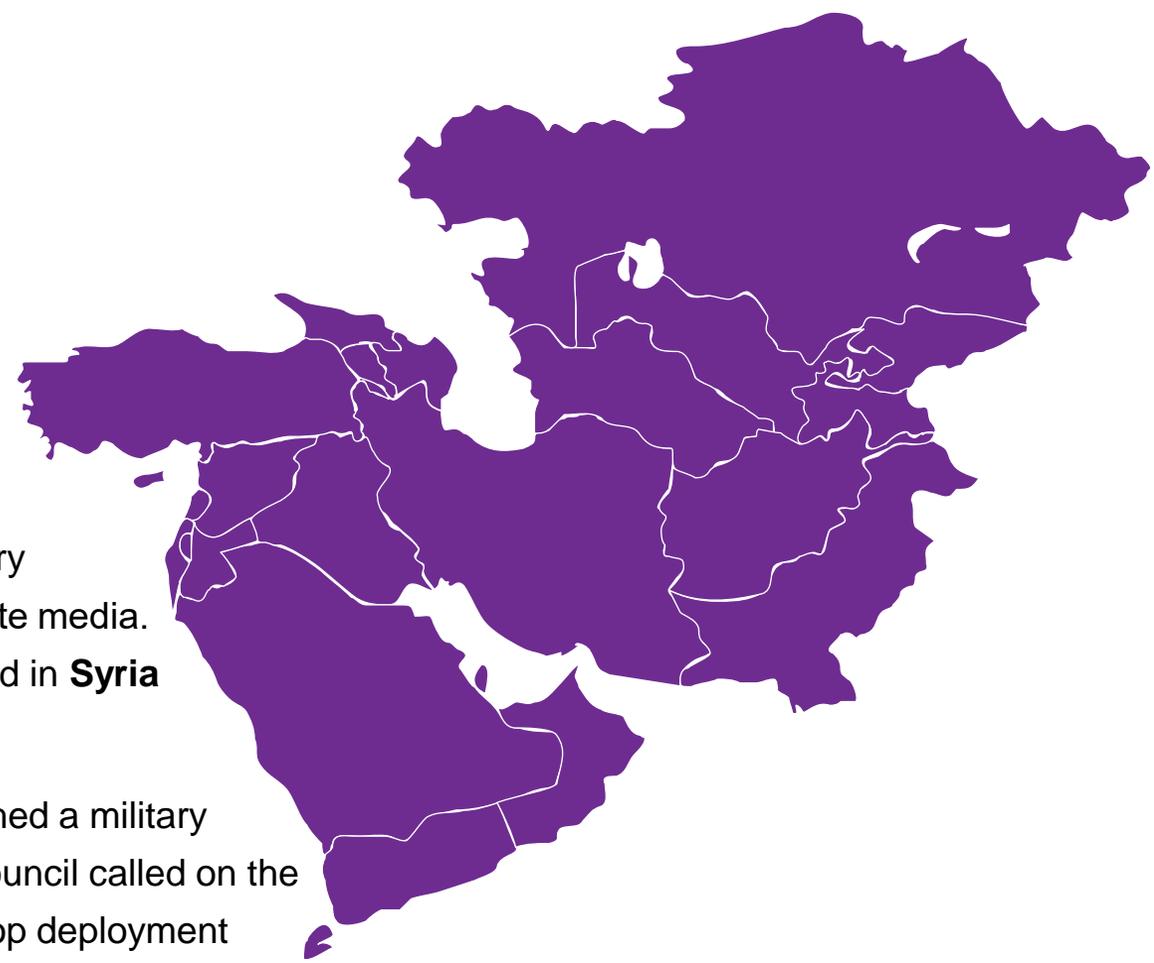
# Europe

- The IAEA said it could visit the **Russian**-occupied Zaporizhzhia nuclear power plant in **Ukraine** within days if talks to gain access succeed.
- EU members **Estonia, Latvia, Lithuania, Poland and Finland**, which all share a border with **Russia**, may stop Russian tourists from entering their countries if the **EU** does not enact a union-wide ban, per Lithuania.
- **Swiss** activists triggered a national referendum to stop the country's purchase of 36 F-35A fighter jets from the US.
- Police in Ekaterinburg have arrested one of the few prominent **Russian** opposition politicians not yet behind bars or in exile for criticizing President Putin's invasion of **Ukraine**.



# Middle East

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- The **EU** said that most countries involved in talks agreed with the EU proposal to reenter the **Iran** nuclear deal, but the **US** still has not given a final answer.
- **Iran's** armed forces launched large scale drone drills across the country involving 150 unmanned aerial vehicles to show off its “power,” per state media. Iran announced that the commander of the Iranian Revolutionary Guard in **Syria** had been killed.
- **Yemen's** UAE-backed Southern Transitional Council said it had launched a military operation in Abyan while the Saudi-backed Presidential Leadership Council called on the group not to engage in military deployments until a Riyadh-backed troop deployment plan is implemented. The division is the latest crack in the unity of the internationally recognized council.
- Former **Pakistan** Prime Minister Khan was summoned to appear in court next week as prosecutors consider charging him with contempt following a weekend speech in which he threatened police officers and a magistrate; rumors of charges have prompted supporters to protest outside his home and vow to prevent him from being charged.

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# Americas

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- **Brazilian** police conducted raids on several businessmen who have backed President Bolsonaro's re-election, after a media report accused them of discussing the virtues of a coup d'état if the far-right leader lost the October vote.
- **Paraguay's** Attorney General's office opened a criminal investigation into Vice President Hugo Velazquez, almost two weeks after the US government accused him of "*significant*" corruption.
- **Argentina's** government will launch three measures in the coming days aimed at restricting imports and preserving the central bank's dwindling foreign currency reserves.
- **Colombian** President Petro said that the country will guarantee the right to asylum and refuge after a high-ranking **Venezuelan** lawmaker urged the extradition of his party's political opposition from Colombia.



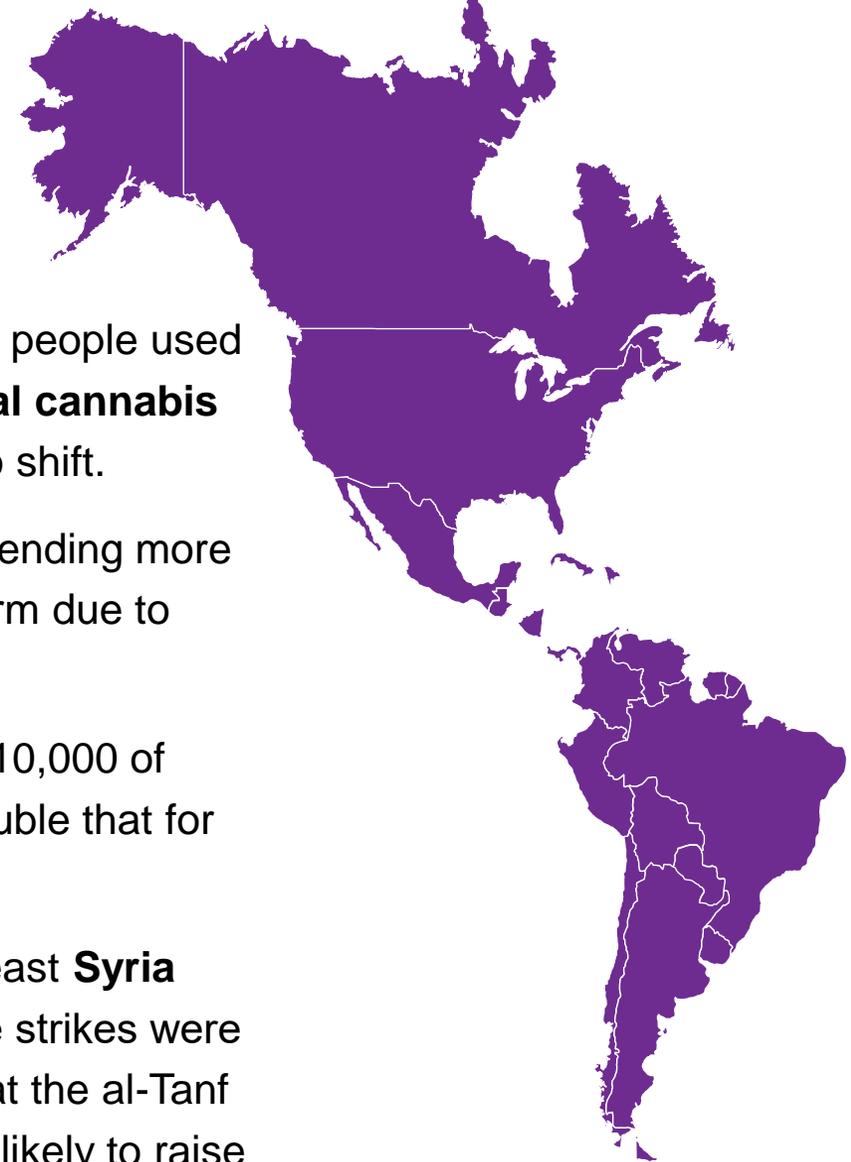
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# Americas: US

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- According to a new report funded by the National Institutes of Health, young people used marijuana and some hallucinogens at record levels last year, as **recreational cannabis** became legal in more states and as attitudes toward other drugs continue to shift.
- With almost all of Texas in **drought** resulting in dry pastures, ranchers are sending more cattle off to slaughter, a trend likely to increase **beef prices** over the long term due to dwindling supply from the largest US cattle region.
- President Biden is expected to announce today that he will cancel around \$10,000 of **student debt** for borrowers who make under \$125,000 a year or around double that for married couples, effecting tens of millions of Americans.
- The US military struck ammunition and logistics bunkers yesterday in northeast **Syria** used by groups affiliated with Iran's Islamic Revolutionary Guard Corps. The strikes were in retaliation for attacks conducted by Iranian-backed groups on August 15 at the al-Tanf garrison in southern Syria, where US troops are garrisoned. The strikes are likely to raise tensions at a time when the US. and **Iran** are engaged in talks to revive a nuclear agreement.

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# COVID-19 Update: Omicron-Specific Boosters Weeks Away

By Anni Coonan

**Last week, the UK became the first country to authorize long-awaited Omicron-specific boosters, and countries like Canada and Australia are likely to follow soon. Earlier this week, Pfizer-BioNTech and Moderna formally requested FDA approval for the Omicron-targeted shots, and the FDA is expected to grant the authorization within weeks. These variant-specific boosters are seen by many as the future of pandemic management, as well as a realization of the initial promise of adaptable mRNA vaccines.**

Highly anticipated by doctors and publics facing increasingly transmissible variants of the coronavirus, variant-targeted booster shots have been in the works since early this year. As the especially transmissible Omicron variant took root in the US in the winter, it became clear that while original vaccine formulations granted significant protection against severe illness, the level of protection was less than it had been for the original, or Alpha, variant. Vaccine

makers began manufacturing “bivalent” vaccines, which stimulate immune responses for both the original strain of the vaccine and Omicron subvariants. The UK, Canada, Australia and some countries in Europe could start rolling out targeted boosters to the general public in coming days, while the US shots will follow in several weeks. The delay stems from the fact that European versions of the booster are based on winter samples of the Omicron variant, when subvariants BA.1 through BA.3 were dominant. The US, on the other hand, requested in June that vaccines be targeted to the newer, even more transmissible BA.4 and BA.5 subvariants.

The speedy adaptation of BA.5-specific boosters is a testament to the promise of mRNA vaccines. The request by the FDA to adapt new boosters to the BA.5 subvariant specifically set the US process back, but only by a few weeks: the mRNA process allows developers to plug in new genetic sequences to existing bases and ingredients, eliminating the need for time-consuming growing of viruses and proteins involved in traditional vaccine development. The lead time between the FDA’s request for BA.5-targeted shots and their delivery is likely to be about three months; by comparison, the annual update

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# COVID-19 Update: Omicron-Specific Boosters Weeks Away

of flu shot formulations takes six or more. The rapid development of variant specific boosters is promising, especially in light of predictions that the coronavirus pandemic may come to be managed by yearly booster shots, like the flu.

Omicron-specific boosters are intended to constitute another round of supplementary boosters for all adults, giving younger adults their potential fourth dose and older adults, or the immune compromised, their fifth. However, when a given individual in the US can receive their Omicron booster will depend on several factors, including their individual risk level, the schedule of approvals for each shot, and the supply that Pfizer-BioNTech are able to generate in the first few weeks of approval. While the US Department of Health and Human Services has already purchased 105 million Pfizer-BioNTech doses and 66 million Moderna, it is uncertain whether the companies will be able to deliver on orders immediately. In that case, doses will be restricted, as they have been in the past, to older recipients or those with underlying conditions that put them at risk of severe infection.

Even if Omicron-specific boosters are immediately available to the wider public, some experts are theorizing that many people may

choose to delay their shots to maximize their protection ahead of a likely winter surge. It is still not entirely clear exactly how long protection from mRNA vaccines lasts, and at what rate it decays: scientists previously found that antibody response from previous boosters peaked at around two weeks after the dose, but bivalent boosters will contain new genetic material, potentially spurring a modified immune response. Individuals may be apprehensive to receive a dose in late September if they anticipate engaging in high-risk holiday travel during a likely winter surge of the virus. Nonetheless, health officials including NIH chief Anthony Fauci have advised that people should receive the vaccine as soon as it is available to them.

However, vaccine skepticism and uptake will remain a significant problem in the US. Vaccine uptake has trended downward for each successive vaccine option: 79 percent of eligible Americans have received a first dose of the vaccine, but only 39 percent of Americans have received a booster, and just 33 percent of those eligible to receive a second booster (those over 50 or with high-risk conditions, and who have already received a first booster) received one. Urban myths fueling vaccine skepticism will persist around this new

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# COVID-19 Update: Omicron-Specific Boosters Weeks Away

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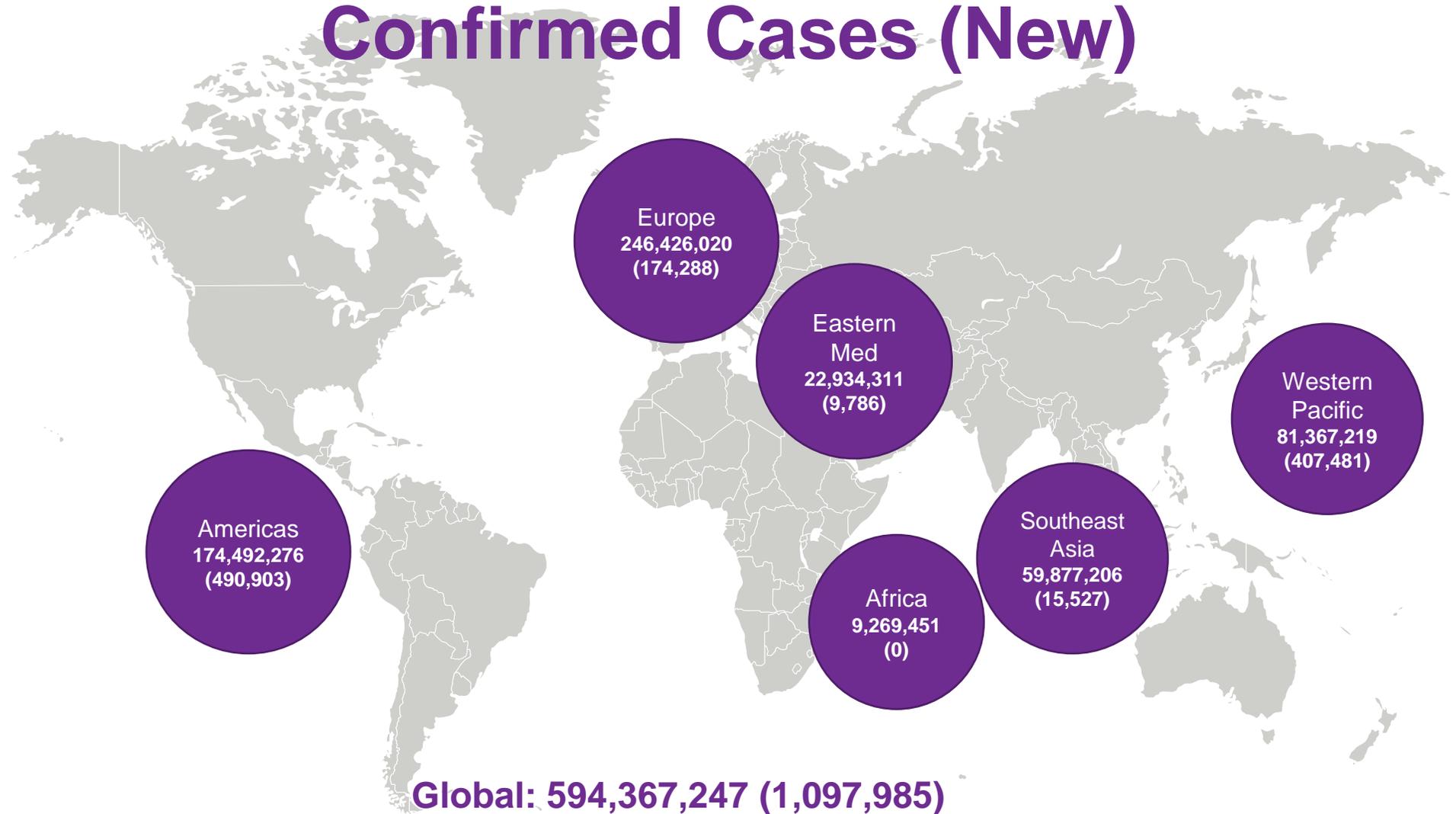
formulation despite the lack of any evidence that it or previous iterations carries higher than average risks of complications; notably, the FDA is reportedly considering forgoing clinical trial results for the BA.5 bivalent vaccine, given that it considers trials of the BA.1 bivalent vaccine essentially identical, a decision that could fuel vaccine skepticism. Declining vaccine uptake could perpetuate the high human cost and sustained pressure on hospitals, perpetuate further economic disruptions, and maintain reservoirs of unvaccinated individuals from which future variants could emerge. Nonetheless, the vaccines will grant significant protection to those who choose to receive them.

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# Coronavirus Condition Updates

As of 5:10 pm CEST on August 23, 2022

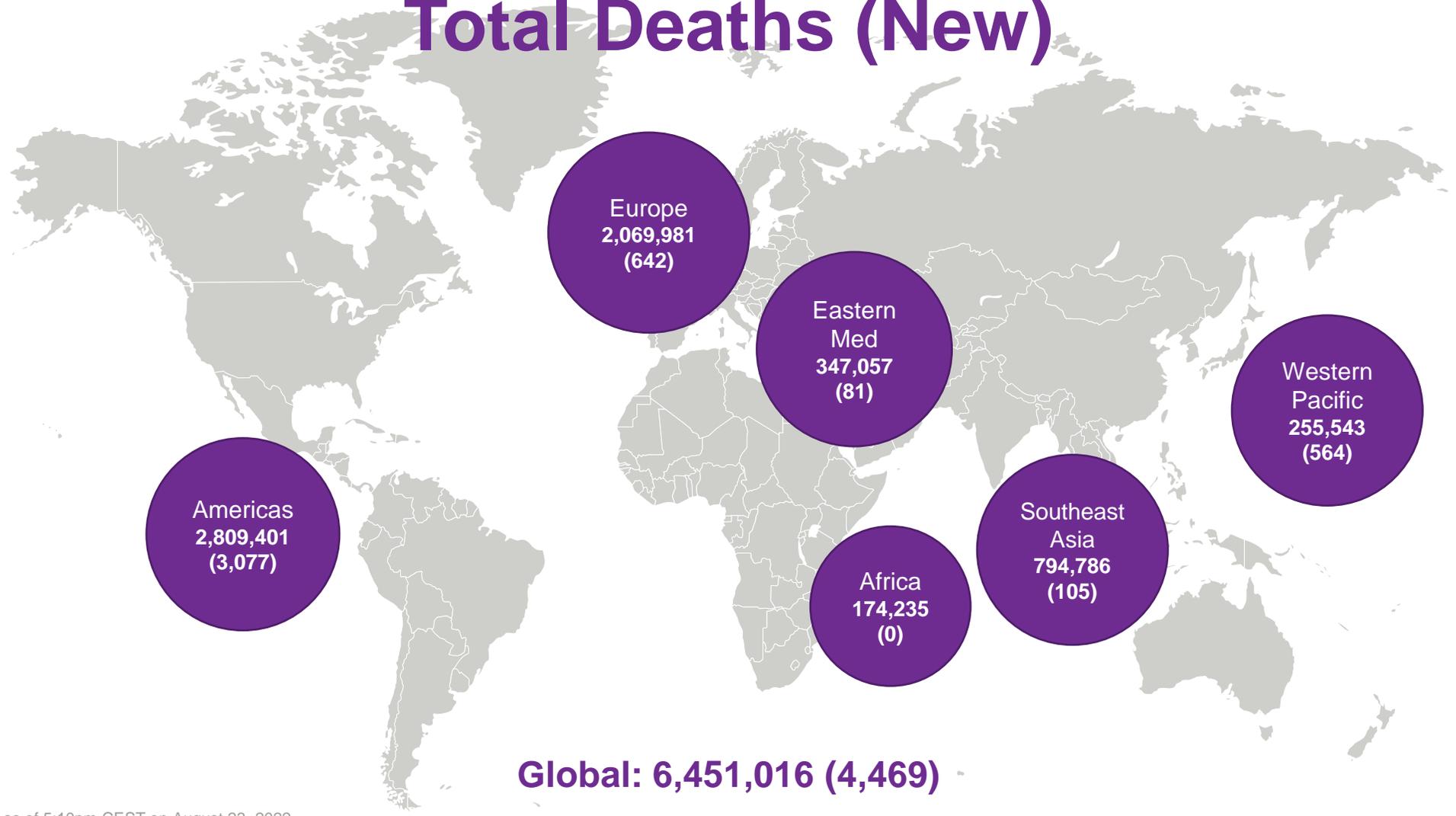
# Confirmed Cases (New)



Reflects data as of 5:10pm CEST on August 23, 2022.  
Data Source: World Health Organization

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# Total Deaths (New)



Reflects data as of 5:10pm CEST on August 23, 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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