

Dentons Flashpoint

Daily Global Situation Report

August 25, 2022

Global Situation Update: August 25, 2022

KEY TAKEAWAYS

China is warning of a severe threat to the Fall harvest after hottest summer on record.

The US marked Ukraine's Independence Day with \$3 billion in additional security assistance.

Google is launching a campaign to tackle disinformation about Ukrainian refugees.

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WHAT WE'RE WATCHING

While Thailand's Constitutional Court decides whether Prime Minister Prayuth Chan-ocha violated the country's term limits, the scale of protests over the coming week will be lower. The suspended prime minister who came to power in a 2014 coup has reached his eight-year term limit and must submit his defense.

It is unlikely the court will rule against Prayuth and force him out since it has generally ruled in the government's favor in a slew of political cases. However, a ruling in Prayut's favor would invigorate a protest movement that has long sought to oust him and trigger increased unrest risks. If protests grow sizably, the military may consider imposing martial law. This would reopen a significant divide in Thai politics.



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

Global

Global trade dipped in June, with volumes decreasing in China, Eastern Europe and the UK, with expectations for a sharper decline in the months ahead as consumers struggle with a rising cost of living.

- In a move designed to get ahead of new EU sanctions on Russian energy, Russia has approached several Asian countries to offer possible long-term **oil contracts at discounts** of up to 30 percent.
- Norwegian chemicals group Yara has announced plans to close down 65 percent of its production capacity for ammonia, an important input for fertilizers, due to soaring natural gas prices. Yara joins a growing number of **factories shutting down** or reducing output as a consequence of the energy crisis.
- China is exerting increasing **pressure on foreign companies** doing business in its markets to bring them into line with its political agenda, per a study by Berlin-based Merics think tank. The researchers said that in addition to issues of national sovereignty, reports on the emergence of COVID-19, sanctions against Chinese companies like telecoms equipment maker Huawei or support for parties classified as anti-Chinese are now seen as "*new red lines*."
- Russia's largest gold producer Polyus issued bonds denominated in the Chinese yuan worth 4.6 billion yuan (\$670 million), becoming the second Russian company to borrow in yuan within a month, deepening economic decoupling from the West.

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Markets & Business

Chinese search engine giant Baidu Inc introduced its first quantum computer, "Qianshi," now available to external users, joining the global race to apply the technology to practical uses.

- Texas has declared that **BlackRock** and nine listed European financial groups “*boycott*” the fossil fuel industry. In 2021, Texas passed a law that requires state pension and school funds to divest shares they hold in financial groups which, in the government’s view, “boycott energy companies.”
- **Peloton** announced it would sell its bikes and strength training device guide as well as certain accessories and apparel on **Amazon**, in a move that could help the company widen its customer base and access Amazon’s wide delivery network.
- **Google's Jigsaw** subsidiary will launch a campaign next week to tackle disinformation in Poland, Slovakia and the Czech Republic about Ukrainian refugees. The campaign is designed to build resilience to anti-refugee narratives, in partnership with local non-government organizations, fact checkers, academics, and disinformation experts.
- **Bitcoin Depot** has reached a deal with a SPAC that values the cryptocurrency ATM firm at roughly \$885 million, with plans to take it public.

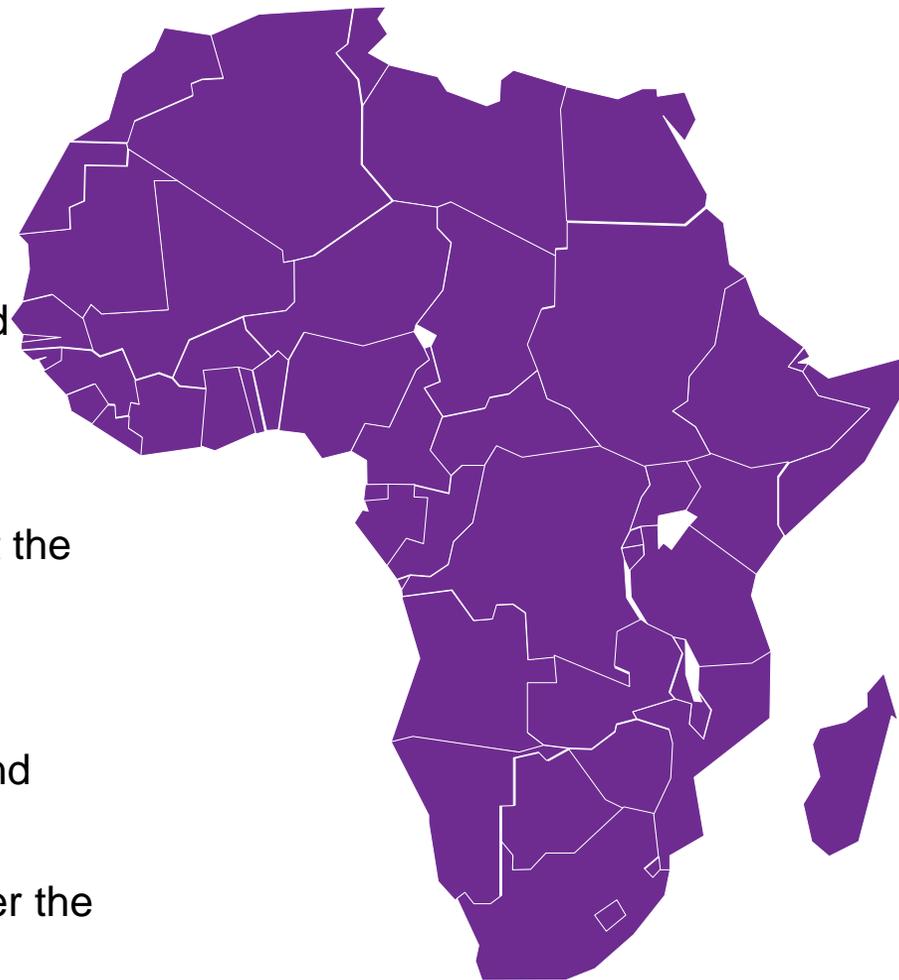
Environment, Sustainability & Governance

Canada signed new agreements with Mercedes-Benz and Volkswagen aimed at enhancing collaboration and promoting investments in electric vehicle and battery supply chains and manufacturing in the country.

- A California state judge said he would likely deny Tesla's bid to dismiss a lawsuit by the state's civil rights agency accusing the electric car maker of widespread **race discrimination**.
- A Peruvian judge admitted a \$4.5 billion civil lawsuit against Spanish oil firm Repsol SA, eight months after an underwater **oil pipeline** owned by the company caused a **spill** of over 10,000 barrels into the Pacific Ocean.
- China has raised standards for issuances in its green bond market, taking a major step towards adopting global standards and eliminating **greenwashing**.
- The EU will urge the world's biggest economies to improve their **targets to fight climate change** ahead of this year's UN climate summit and warn that states' current efforts fall short.

Africa

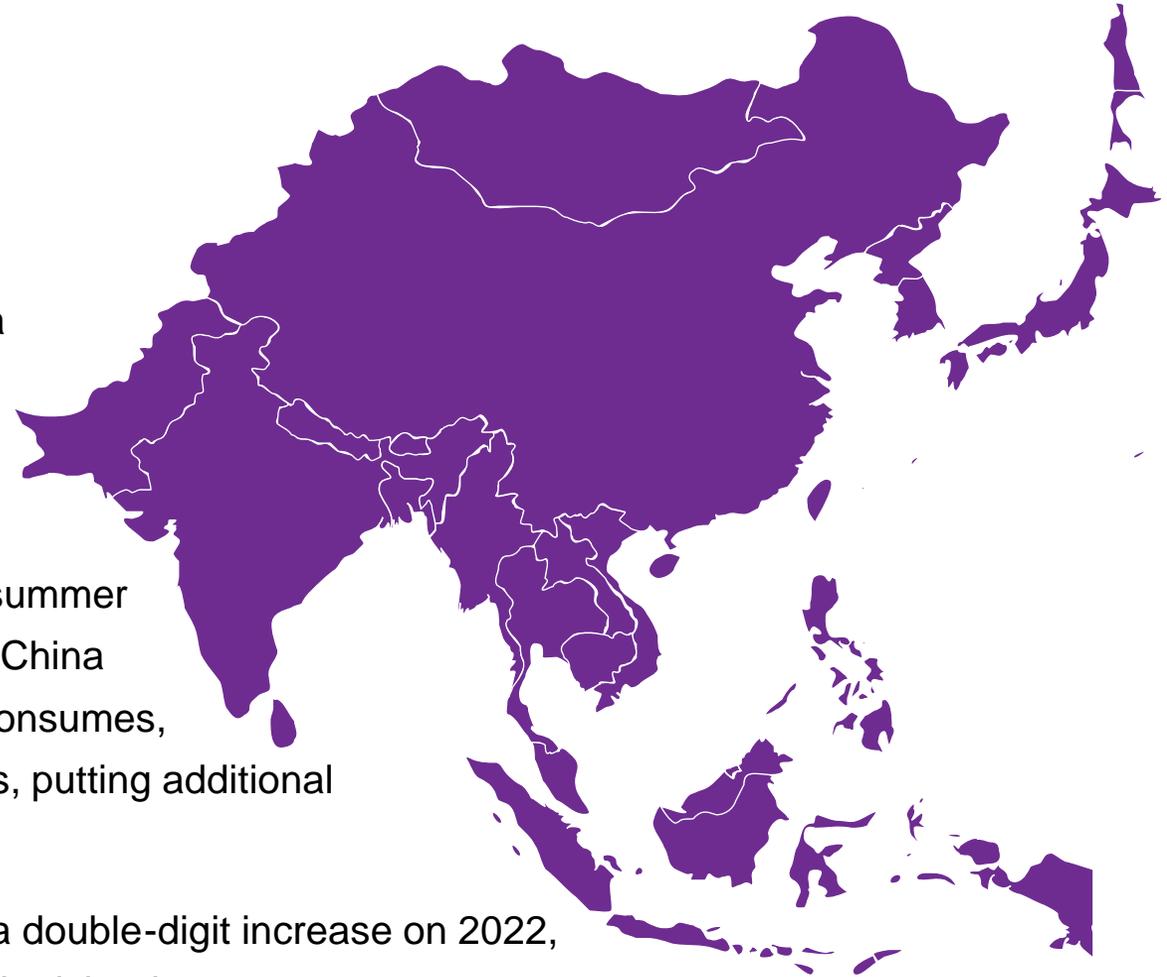
- The **Ethiopian** army shot down a plane loaded with weapons destined for the Tigray rebels, which it said had "*violated Ethiopian airspace*" after flying over **Sudan**.
- **South African** public sector workers in Pretoria demonstrated against the country's rising cost of living, including record-high fuel prices and increased costs for basic foods.
- Most votes in **Angola's** parliamentary elections have been counted and provisional results show that the ruling MPLA party is ahead with a 52 percent majority, while their main opposition rivals have 42 percent, per the election commission.
- An Ebola vaccination campaign started in the **Congolose** city of Beni after a new case of the virus was confirmed this week.



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Asia

- **Pakistan** rejected **India's** closure of the incident of the firing of a supersonic missile into Pakistani territory on March 9, and reiterated demand for joint probe. At the end of India's investigation, it fired three officers for the accidentally firing.
- **China** is warning of a severe threat to Fall harvest after hottest summer on record, urging citizens to conserve water for agricultural use. China produces more than 95 percent of the rice, wheat and maize it consumes, but a reduced harvest could mean increased demand for imports, putting additional pressure on global food supplies.
- **Taiwan** proposed \$19 billion in defense spending for next year, a double-digit increase on 2022, weeks after China staged large-scale military exercises around the island.
- Former UK envoy to **Myanmar** Vicky Bowman and her husband, artist and former political prisoner Htein Lin, were detained by the Myanmar military regime, charged with violating immigration laws.



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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:

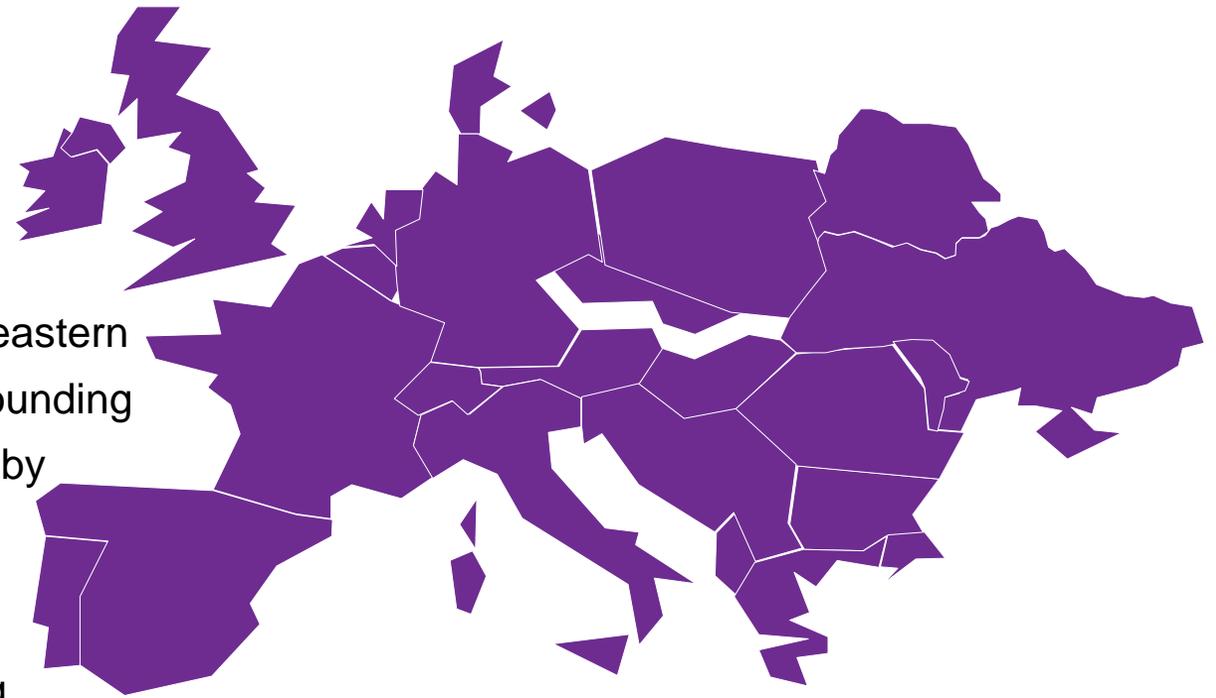
- ❖ Ransomware tabletop exercises
- ❖ Post-tabletop action reports
- ❖ Maturity assessments for preparedness
- ❖ Supply-chain attack simulation
- ❖ Comprehensive incident response plan
- ❖ Threat analysis and monitoring

All interaction with Dentons is attorney-client privileged

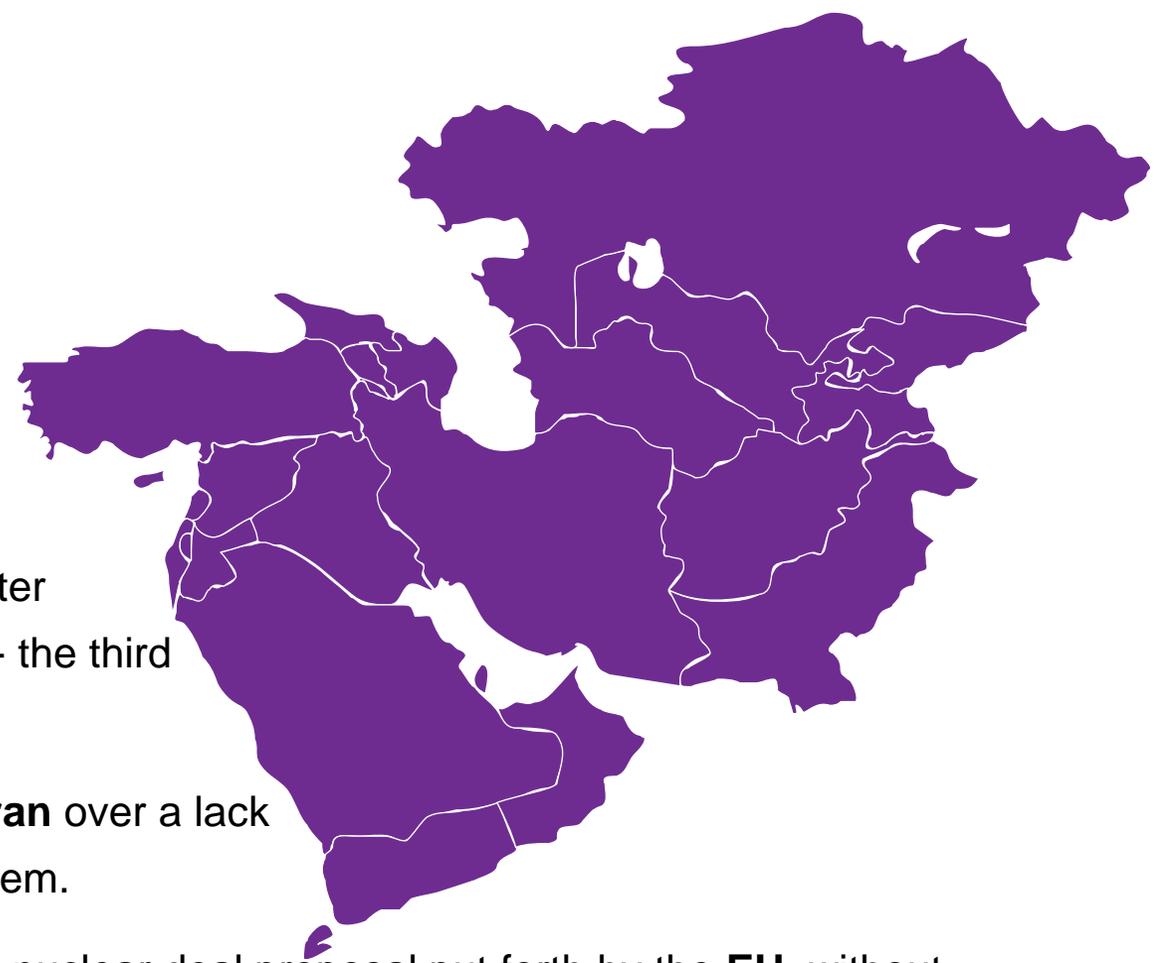
To learn more about the bespoke intelligence and risk services from Dentons, contact [Karl Hopkins](#).

Europe

- **Russian** rockets struck a passenger train in a station in eastern **Ukraine** on Wednesday, killing at least 25 people and wounding 50 more. Ukraine had warned of likely increased attacks by Russia as Ukraine celebrated its Independence Day.
- **Germany** proposed new COVID-19 measures for a potential wave of infections in the Fall, including requiring masks for visitors at hospitals and care homes, on planes and long-distance public transport.
- The **French** transport minister called for an investigation into whether French oil major TotalEnergies was involved in supplying jet fuel to the **Russian** military through a local joint venture.
- The **German** economy has regained its pre-pandemic levels after a revision to earlier figures showed some services-driven growth in Q2.



Middle East

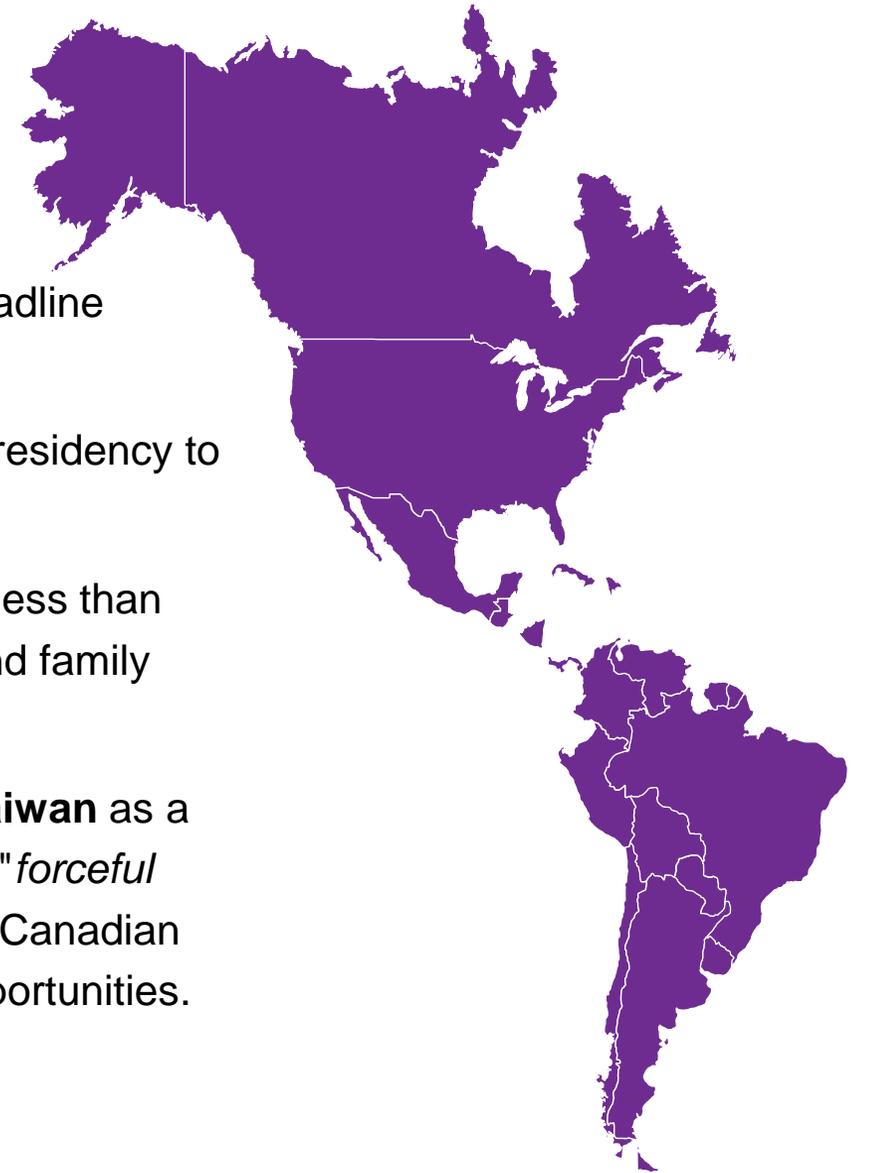


- The **US** military exchanged fire with a suspected **Iran**-aligned militia in **Syria**, the day after drone strike on their facilities. Iran denied any link to the militia.
- In **Lebanon**, eight more grain silos collapse at Beirut's port after succumbing to damage from the devastating 2020 explosion - the third major collapse in a month.
- Hundreds of protesters have taken to the streets in western **Iran** over a lack of drinking water and the inability of officials to solve the problem.
- The **US** said that it had responded to **Iran's** comments on the nuclear deal proposal put forth by the **EU**, without giving details as to the likelihood of coming to an agreement. **Israel's** prime minister called on Western powers to call off an emerging nuclear deal with Iran, saying that negotiators are letting Tehran manipulate the talks and that an agreement would reward Israel's enemies.

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Americas

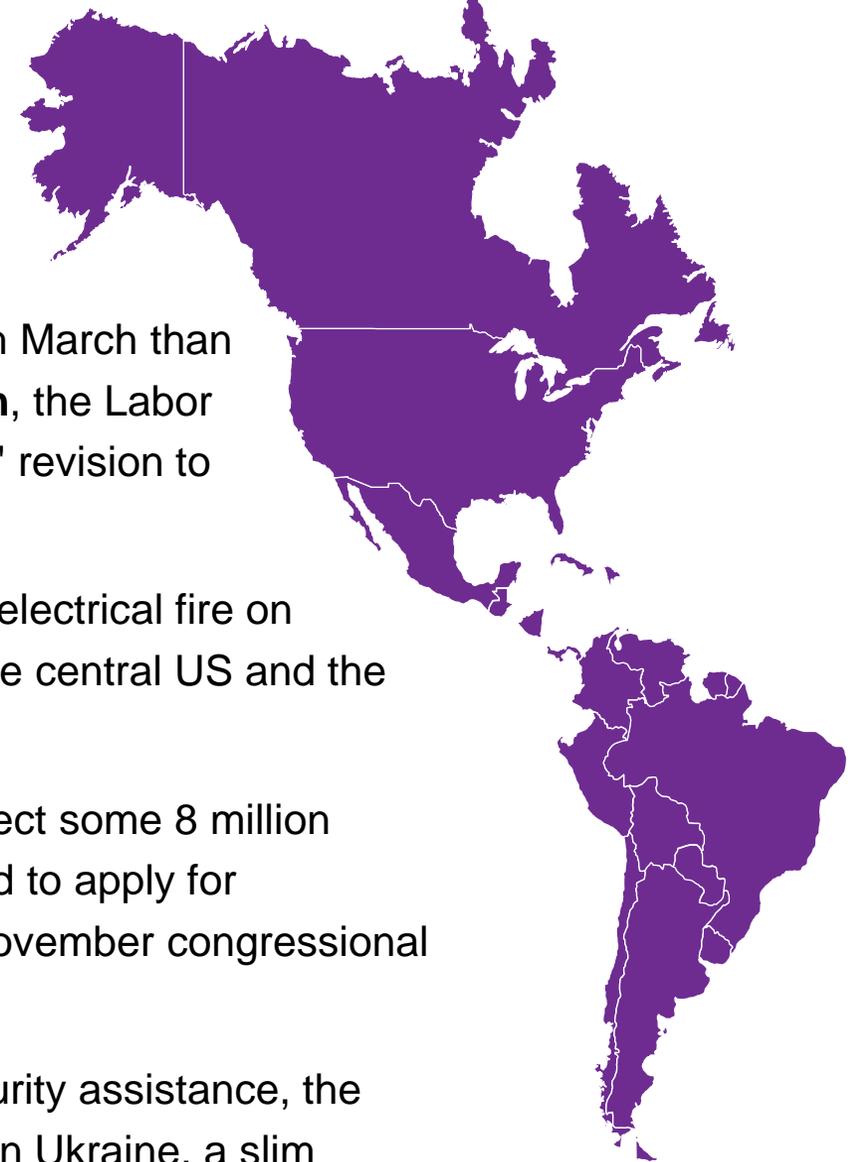
- **Mexican** consumer prices continued to rise in August, pushing annual headline inflation to 8.62 percent, slightly ahead of market expectations.
- **Canada** is on track to exceed its immigration goal of granting permanent residency to more than 430,000 people in 2022.
- **Peruvian** President Castillo reshuffled his Cabinet for the second time in less than three weeks as prosecutors continue investigations into his close allies and family members.
- **Canadian** lawmakers called on **China** to not use their upcoming trip to **Taiwan** as a pretext for economic and military aggression. China warned it would take "*forceful measures*" if Canada interfered in Taiwan, after news that a delegation of Canadian parliamentarians plan to visit the island later this year to explore trade opportunities.



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Americas: US

- The US economy likely created 462,000 more jobs in the 12 months through March than previously estimated, with the private sector strongly leading the **job growth**, the Labor Department's Bureau of Labor Statistics assessed in its annual "benchmark" revision to payrolls data.
- BP reported shutting some units at its **Whiting refinery in Indiana** after an electrical fire on Wednesday. The 430,000 barrel-per-day plant is a key supplier of fuels to the central US and the city of Chicago.
- President Biden's announcement of **student loan debt forgiveness** will affect some 8 million borrowers automatically, per the Department of Education, while others need to apply for forgiveness. The executive order may boost support for Democrats in the November congressional elections, but some economists warn it may fuel inflation.
- President Biden marked **Ukraine's** Independence Day with \$3 billion in security assistance, the largest aid package since **Russia** invaded Ukraine. After six months of war in Ukraine, a slim majority of Americans agree that the US should continue to support Kyiv until Russia withdraws all its forces, according to a Reuters/Ipsos opinion poll released on Wednesday.



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Healthcare Industry, Public Health Sector Under Attack from North Korean Ransomware

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

Cyber actors from North Korea are actively targeting organizations in the healthcare and public health (HPH) sector with Maui ransomware, according to a recent joint advisory from the US Cybersecurity and Infrastructure Security Agency (CISA), the Federal Bureau of Investigation (FBI), and the Department of the Treasury.

Malicious activity against targets by the state-sponsored cyber criminals disrupting internal operations to include electronic health records, diagnostics, imaging, and intranet services for prolonged amounts of time. If Maui ransomware successfully steals illicit revenue from the HPH sector for the regime in Pyongyang it is likely that companies in other economic sectors in the US and worldwide will also become targets.

Targeting Healthcare

North Korean cyber criminals perceive HPH organizations in the US as particularly vulnerable to attacks because these organizations provide services that are critical to human life and health and therefore are more likely to pay ransoms to avoid dangerous disruptions to patients. Sadly, this logic is applied by many cyber criminals as in 2021, 61 percent of healthcare organizations that

suffered a ransomware attack paid the ransom – the highest percentage of any industry sector. Since 2021, health care providers in Kansas and Colorado paid North Korean hackers hundreds of thousands of dollars in cryptocurrency to receive a decryptor or to recover the encrypted files. As a result of full and swift cooperation between those providers and US authorities, in May 2022 the FBI recovered the ransoms paid and returned them to the victims.

Pyongyang's Motivations

North Korea is a leader when it comes to engaging in cyber activities normally reserved for cyber criminals. Hackers backed by Pyongyang have successfully stolen millions of dollars from banks and cryptocurrency exchanges and participated in ATM cash-out thefts and money laundering. North Korea views its cyber operations as a cost-effective means to achieve its strategic objectives, the most

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paramount of which is the survival of the Kim regime. One of the most heavily punished nations in the world, the Hermit Kingdom has relied on financially-motivated cyber activities to ease the burden of stringent economic sanctions, and there is some evidence that financial theft has also supported the continued development of its nuclear and ballistic missile programs.

While currently Maui ransomware is being deployed against healthcare targets, state actors are known to adjust industry and sector targeting depending on their intent and objectives. The extent to which North Korea is tracking and copying the latest activities of accomplished ransomware gangs like Lockbit or the now defunct Conti is unknown. If capturing money is the objective for the Kim regime, the more experienced gangs provide a blueprint to follow.

Multifaceted Ransomware Threat

The more that North Korea acclimates itself to cutting-edge ransomware operations, the better it will understand its use beyond just ransom. Prominent ransomware gangs, for example, employ double extortion tactics, stealing and threatening exposure of data to further coerce payment. Under the guise of ransomware, The Hermit

Kingdom can do the same: collect ransoms from victims, return stolen data, but then still leverage stolen data for its own strategic purposes such as targeting, influence operations, disinformation, or competitive economic advantage. Pyongyang could also use ransomware to distract high-value targets from data exfiltration and as a smokescreen for more surreptitious activities.

Way Ahead

While the healthcare and public health (HPH) sector is currently in the crosshairs of North Korean hackers, any industry that Pyongyang believes can pay ransom is potentially subject to targeting. Companies with strong financial standing and exploitable Internet-exposed web services could become victims in the future. Especially considering that regardless of industry, the top attack vectors for ransomware generally are phishing, unsecure remote desktop protocol, and software vulnerability exploitation.

- According to the joint advisory from US authorities, network defenders should apply the following recommended mitigations:
- Train users to recognize and report phishing attempts.

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- Enable and enforce multifactor authentication.
- Install and regularly update antivirus and antimalware software on all hosts.

In addition, Dentons offers business leaders a full complement of counseling and advice for cyber risk management and also offers regulatory and litigation services. Analysis and intelligence products from Dentons can help to better understand fast-changing complex operating 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

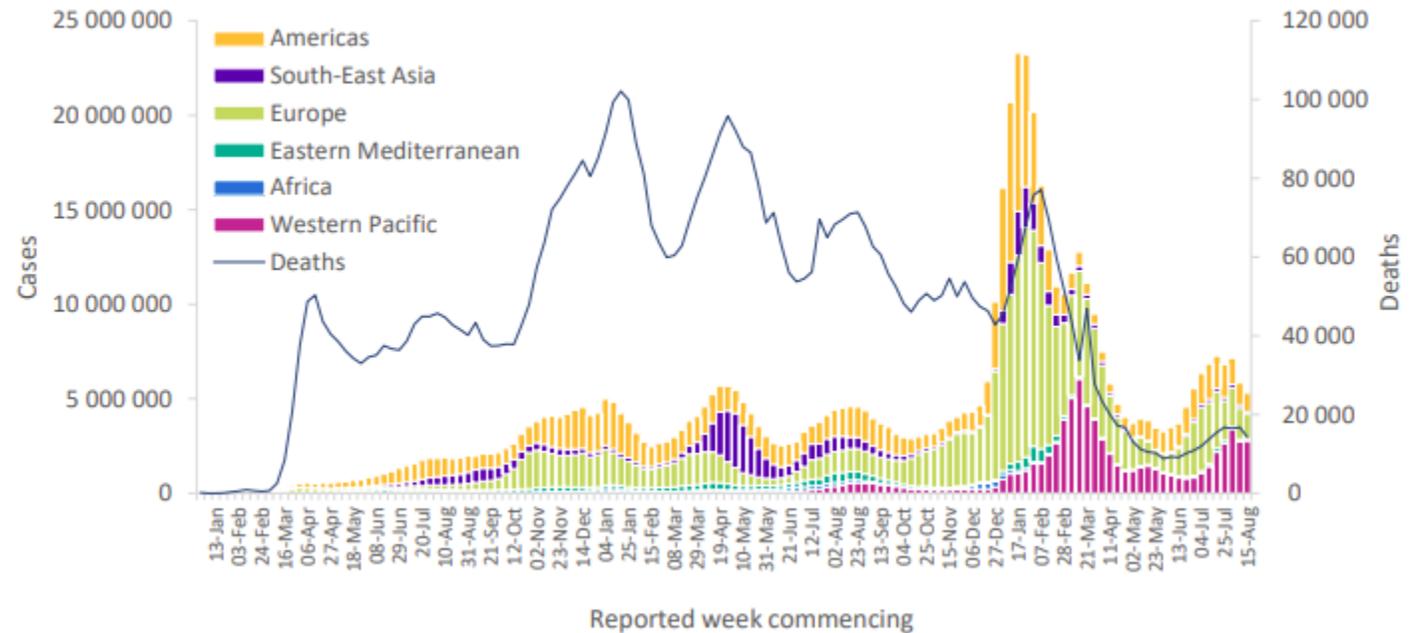
As of 5:44 pm CEST on August 24, 2022

Coronavirus Snapshot

Globally, confirmed coronavirus cases topped 595.2 million with 6.4 million deaths; more than 12.4 billion vaccine doses have been administered.

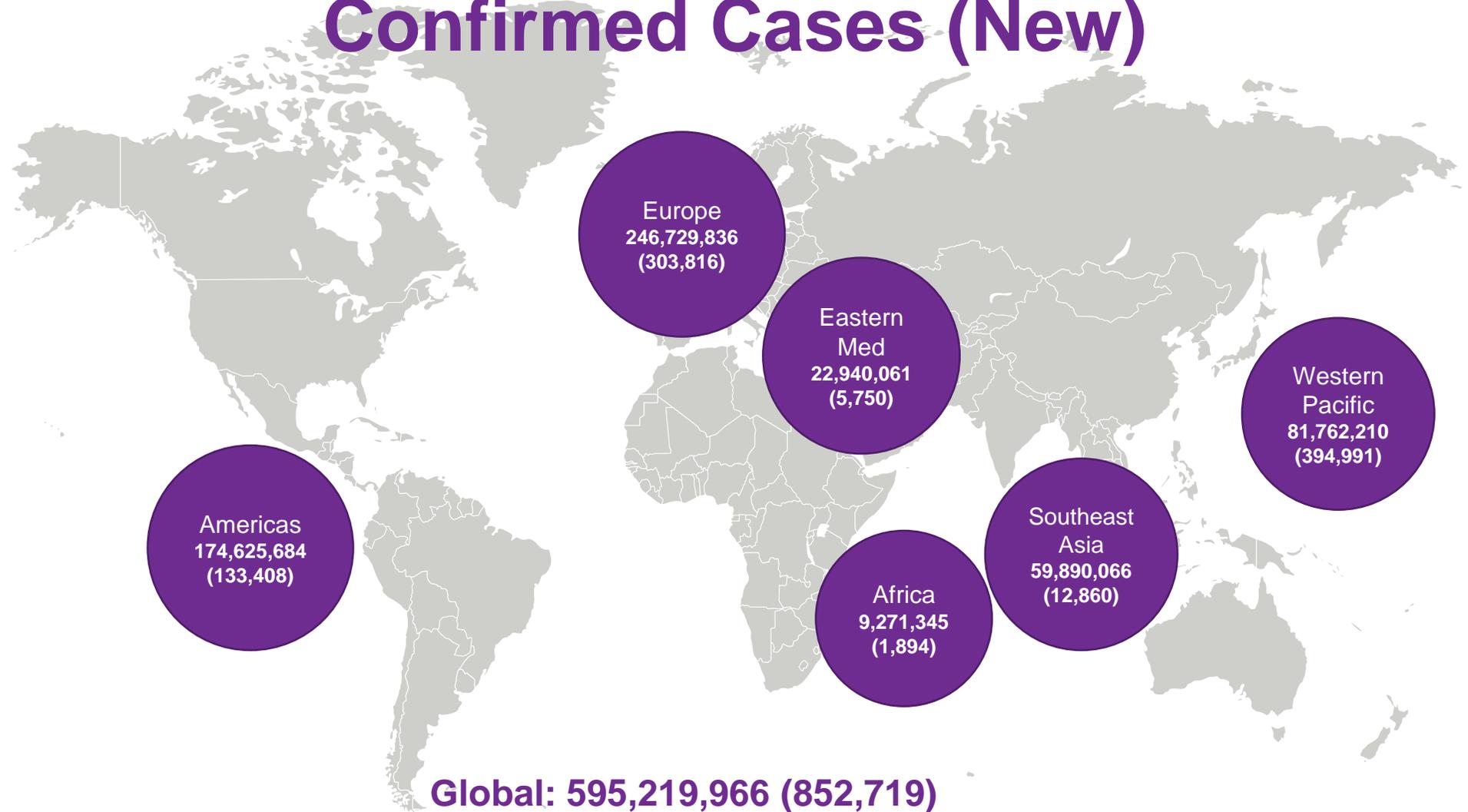
- Globally, the number of new weekly cases decreased by 9 percent during the week of 15 to 21 August 2022, as compared to the previous week, with over 5.3 million new cases reported.
- The number of new weekly deaths decreased by 15 percent, as compared to the previous week, with over 14,000 fatalities reported.

Figure 1. COVID-19 cases reported weekly by WHO Region, and global deaths, as of 21 August 2022**



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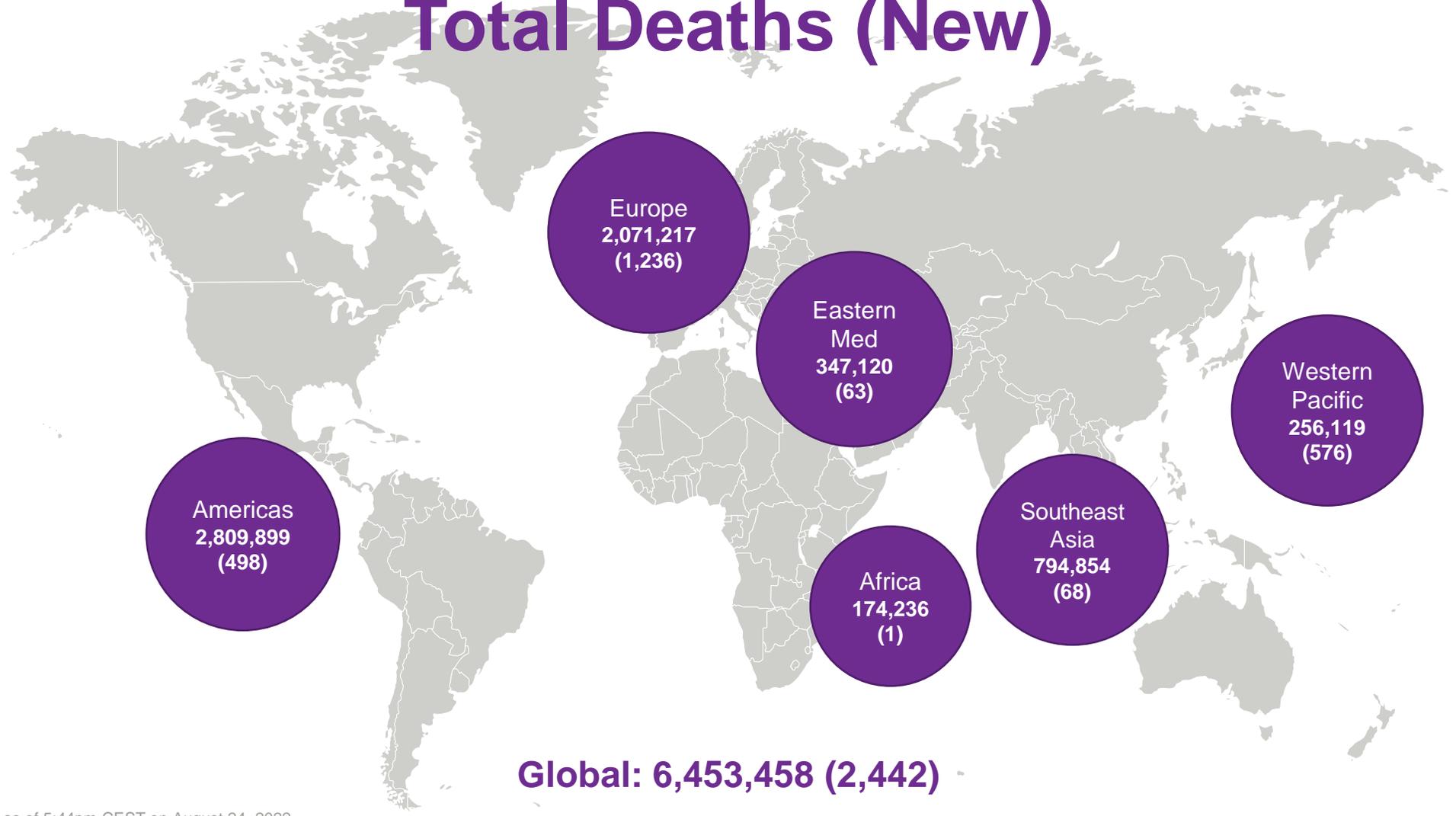
Confirmed Cases (New)



Reflects data as of 5:44pm CEST on August 24, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 5:44pm CEST on August 24, 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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