

Dentons Flashpoint

Global Situation Report

December 12, 2022

Global Situation Update: December 12, 2022

KEY TAKEAWAYS

Russian forces pummeled Ukrainian cities with newly acquired Iranian drones, leaving 1.5 million without power in sub-zero temperatures.

Chinese President Xi pressed Arab Gulf leaders to transact oil and gas deals in yuan, in bid to break the dollar hold as the predominant reserve currency.

A breakthrough in research on nuclear fusion puts zero-carbon power within reach.

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 first female president in Peru's history has vowed to "redirect" the Andean nation, which is the world's No.2 copper producer and for years one of Latin America's fastest growing economies. Over the coming days, President Dina Boluarte will appoint a new cabinet and if it is friendly to the country's business community markets could receive a short-term boost of confidence. Political instability will likely be high over the next week, as the opposition's disapproval of cabinet members would trigger further political paralysis and attempts to remove Boularte. Even though her national unity administration is likely to be more pro-business than ousted President Castillo's, the government has no support for reforms in that area and will focus on political stability and countering corruption.



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Global

Amid deep western skepticism on his sincerity, Russian President Putin continued to dangle prospects for holding political negotiations with Ukraine to find terms to end the war. British Foreign Minister Cleverly warned that any peace talks in Ukraine cannot be a fig-leaf for Russian rearmament.

- **EU and G7 leaders** will meet separately today. The EU is seeking to reach agreement on a ninth package of sanctions on Russia over its invasion of **Ukraine** that would place almost 200 more individuals and entities on the EU sanctions list. The ministers will also discuss an additional 2 billion euros (\$2.11 billion) worth of arms deliveries to Ukraine. Ukrainian President Zelensky is expected to address G7 leaders.
- President Xi Jinping called on Gulf Arab leaders to **sell China oil and gas using yuan**, a move that would support Beijing's goal to establish its currency internationally and weaken the US dollar's grip on world trade. Any move by Saudi Arabia to drop the dollar in its oil trade would be a significant political move, which Riyadh had previously threatened in the face of possible US legislation exposing OPEC members to antitrust lawsuits.
- Belarus told the UN that it would allow, without preconditions, the transit of grain from Ukraine through its territory for export from Lithuanian ports, per a UN spokesman. Belarus had been seeking a deal to be able export its own fertilizer products, which are currently subject to sanctions, through Lithuania, a set up similar to the Black Sea Grain Initiative between the UN, Russia, Ukraine and Turkey established to protect **global food security**.
- The US Department of Energy plans to announce tomorrow that scientists have been able for the first time to produce a **fusion reaction** that creates a net energy gain, a transformative breakthrough in technology that provides unlimited, cheap, **clean power**.

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Markets & Business

A dispute panel under a regional trade pact has sided with Mexico and Canada against the US in a disagreement over regional content requirements for the auto sector, which could generate more incentives to manufacture auto parts in Mexico and Canada.

- **PwC** will invest more than 1 billion yuan (\$140 million) to establish an education and innovation centre China's island province of Hainan, a tourism hub.
- An outage on the largest oil pipeline to the US from Canada could affect inventories at a key US storage hub and cut crude supplies to two oil refining centers. **TC Energy's Keystone** pipeline transports about 600,000 barrels of Canadian crude per day (bpd) to the US. It was shut late Wednesday after a breach spewed more than 14,000 barrels of oil into a Kansas creek, making it the largest crude spill in the United States in nearly a decade.
- EU antitrust regulators plan to open a full-scale investigation into US chipmaker **Broadcom** \$61 billion bid for cloud computing company **VMware**, delaying what would be the second largest global acquisition this year.
- FTX's Sam Bankman-Fried is scheduled to testify before a US congressional committee on Tuesday, as regulators investigate his role in the wake of **crypto exchange** company's collapse.

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Environment, Sustainability & Governance

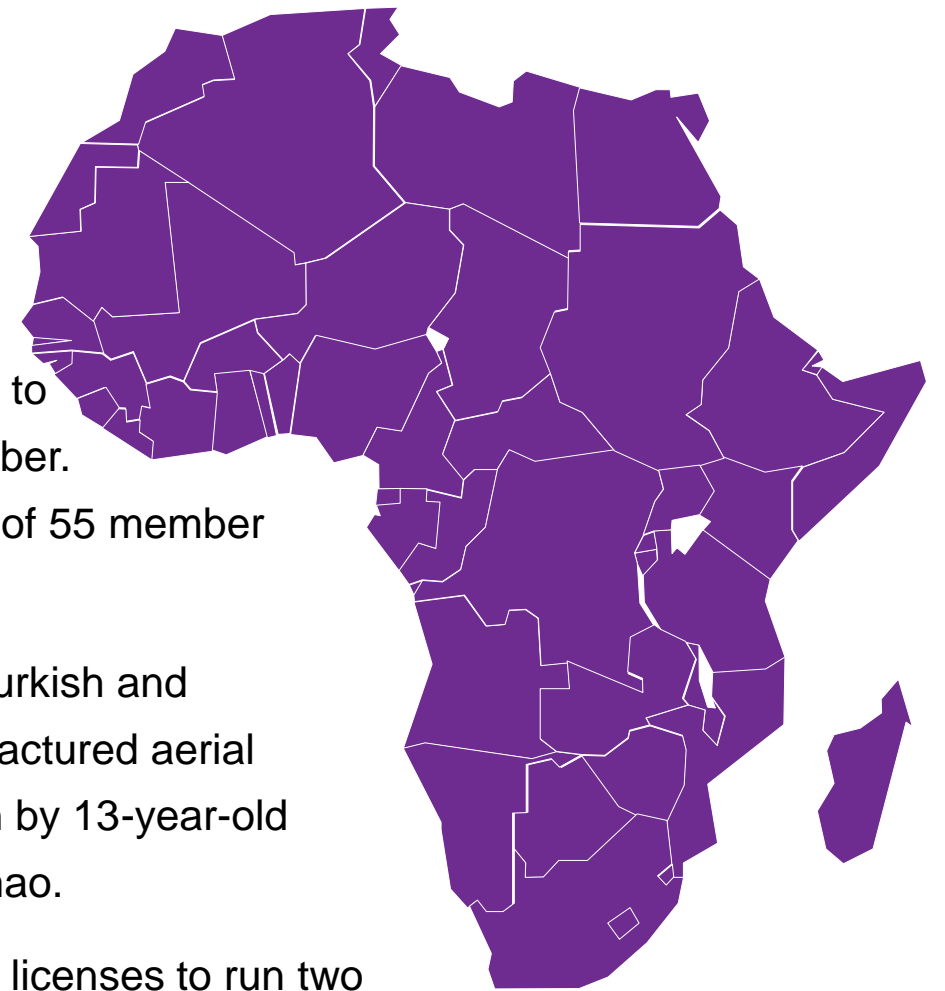
The effects of human activity from climate change to pollution are "devastating" marine life, with nearly a tenth of underwater plants and animals assessed so far threatened with extinction, the latest Red List of Threatened Species showed.

- Following the recent purging of half its workforce, Twitter has been hit with a lawsuit accusing the social media company of disproportionately **targeting female employees for layoffs.**
- China's central bank warned that **climate change** and a global move to a low-carbon economy posed risks for **domestic financial institutions** and said stronger regulation was required. Loans to high-carbon industries account for a relatively high proportion of financial institutions' assets in China.
- Hundreds of people on Saturday braved sub-zero temperatures to march the streets of Montreal, the host city of this year's **UN biodiversity summit**, demanding a strong new deal to protect nature worldwide.
- The German city of Munich plans to **ban all climate-related gatherings** aimed at blocking key roads and other areas for at least a month, a day after some activists glued themselves to the tarmac of the airport of Germany's third-largest city and disrupted flights.

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Africa

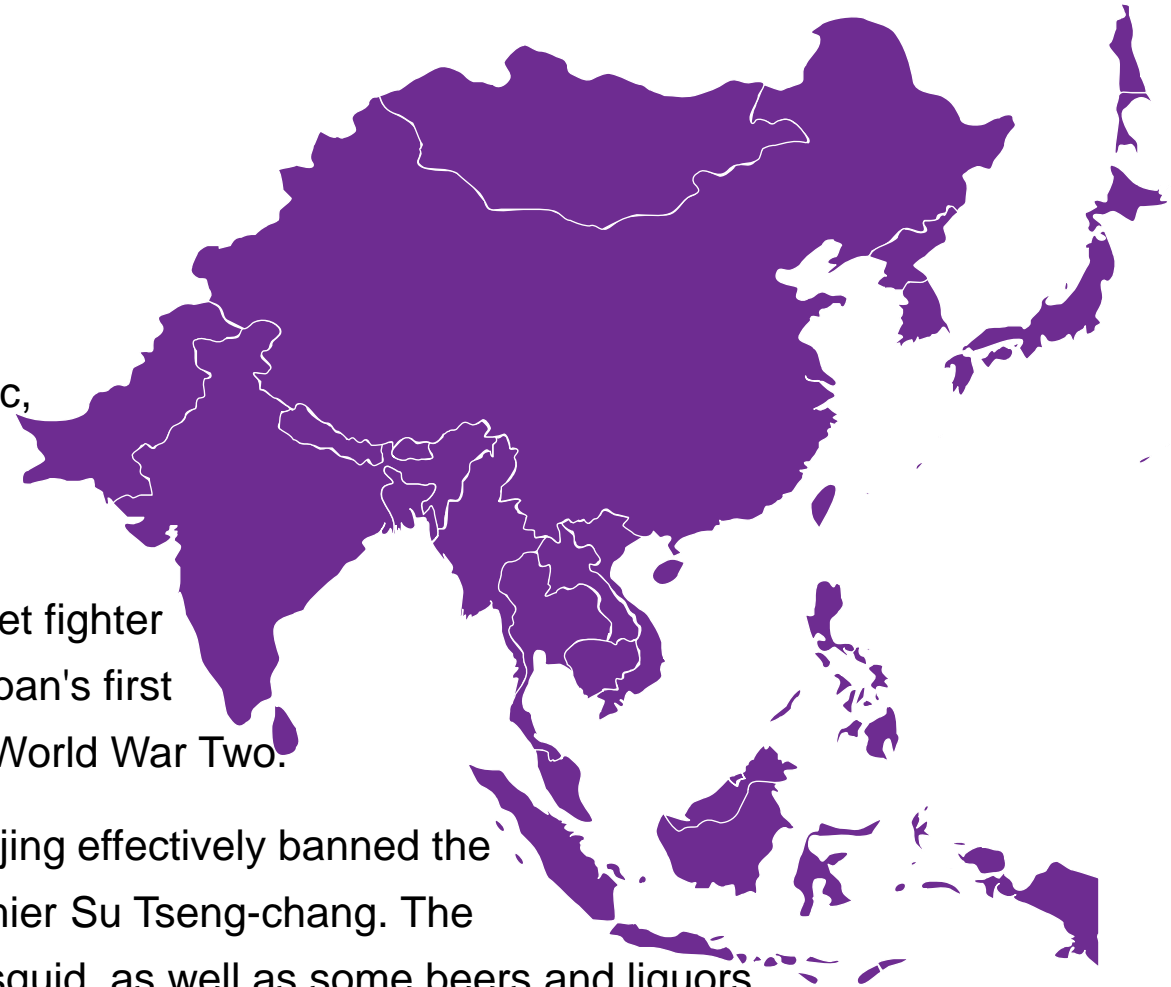
- At the US-African Leaders Summit this week, President Biden is expected to announce US support for the **African Union's** admission to the G20 group of the world's largest economies as a permanent member. South Africa is the only G20 member from Africa. The AU is made up of 55 member states.
- **Nigeria** is expecting to take delivery of 54 new air assets, including Turkish and Italian-made attack aircraft and helicopters as well as Chinese-manufactured aerial drones, to boost its capabilities to fight insecurity in the country driven by 13-year-old Islamist insurgency in the northeast, per Chief of Air Staff Marshal Amao.
- **Uganda** announced it will not renew South Africa power firm Eskom's licenses to run two hydropower stations when they expire in March next year, as part of plans to bring the electricity sector under government control to reduce costs to consumers.
- Aspen Pharmacare has secured \$30 million in funding from the Gates Foundation and the Coalition for Epidemic Preparedness Innovations to help make affordable vaccines for **Africa**.



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Asia

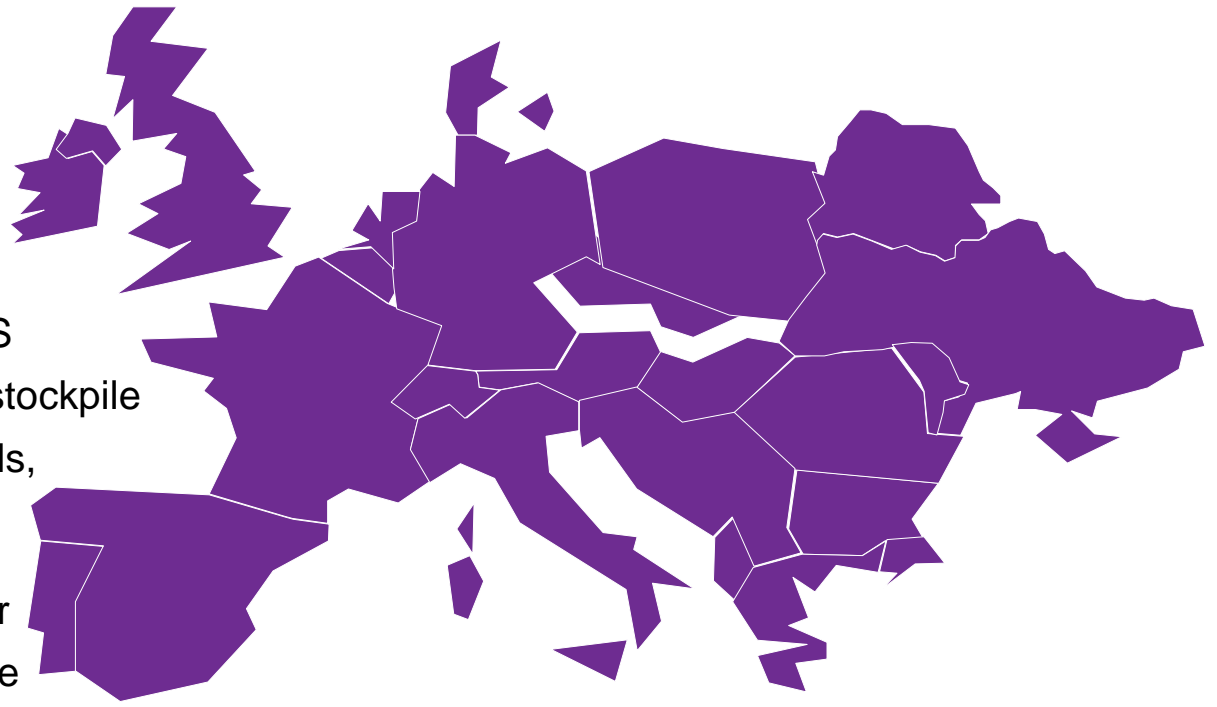
- **Taiwan** President Tsai Ing-wen pledged to deepen security cooperation with **Japan** to ensure freedom in the Indo-Pacific, during a meeting with a senior member of Japan's ruling Liberal Democratic Party.
- **Japan, Britain and Italy** are merging their next-generation jet fighter projects in a bridge between Europe and Asia that marks Japan's first major industrial defence collaboration beyond the US since World War Two.
- **Taiwan** is considering taking China to the WTO after the Beijing effectively banned the import of more Taiwanese food and drink products, per Premier Su Tseng-chang. The latest bans cover more fishery products, chief among them squid, as well as some beers and liquors.
- With COVID-19 infections surging and little exposure to a disease kept largely in check until now, **China** is ill-prepared, analysts say, for a wave in infections that could heap pressure on its fragile health system and drive businesses to a halt.



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Europe

- **Russia** is expanding and modernizing its nuclear arsenal, US Defense Secretary Austin assessed. Russia has the largest stockpile of nuclear weapons in the world, with close to 6,000 warheads, according to experts.
- **Serb** protesters in northern **Kosovo** blocked main roads over the weekend following a nighttime exchange of fire with police after the arrest of a former Serb policeman, amid rising tensions between authorities and Kosovo's Serb minority.
- The **US** authorized an additional \$275 million in military aid for **Ukraine** offering new capabilities to defeat drones and strengthen air defenses, including HIMARS, 155mm artillery rounds, Humvee military vehicles and generators. In a media interview yesterday, US Treasury Secretary Yellen said Washington's support for Ukraine's military and economy, more than \$50 billion, would continue "*for as long as it takes.*"
- **Russia** is banning 200 prominent **Canadians** from entering the country in a tit-for-tat response to personal sanctions announced by Ottawa. Canada earlier announced sanctions against 33 current or former Russian officials and six entities involved in "*systematic human rights violations*" against citizens who protested against the invasion of Ukraine.



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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.

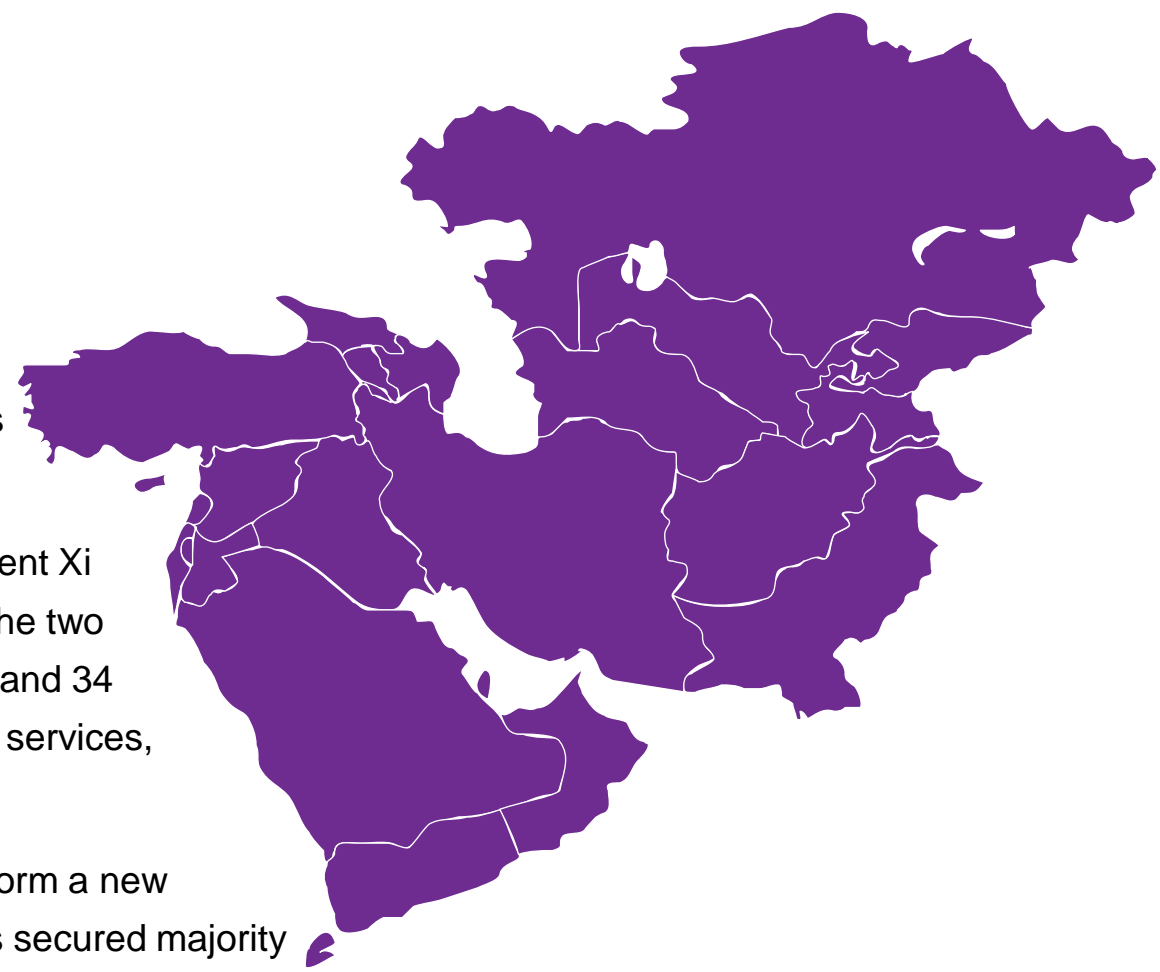
Dentons tabletop sessions are fluid, and designed to enhance preparedness with services, including:

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

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

Middle East



- A **Libyan** man accused of making the bomb that killed 270 people after it blew up Pan Am flight 103 over Lockerbie in Scotland in 1988 is in custody in the **US**, per Scottish and US law enforcement officials.
- **Saudi Arabia and China** signed a series of agreements during President Xi Jinping's visit to the kingdom, demonstrating deepening ties between the two countries, including a comprehensive strategic partnership agreement and 34 investment agreements in green energy, information technology, cloud services, transport, logistics, medical industries, housing and construction..
- **Israeli** Prime Minister-designate Netanyahu will have until Dec. 21 to form a new government after getting a 10-day extension on Friday. Netanyahu has secured majority support in parliament but has yet to finalize the coalition agreements. Should Netanyahu fail to meet the deadline, Herzog can task another member of Knesset to try forming a government. Otherwise, a new election will be called.
- **Russia** is attempting to obtain more weapons from **Iran**, including hundreds of ballistic missiles, and offering Tehran an unprecedented level of military and technical support in return, per Britain's UN Ambassador. Over the weekend, Russia pummeled **Ukrainian** targets using newly acquired Iranian drones, leaving 1.5 million without power in sub-zero temperatures.

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Americas

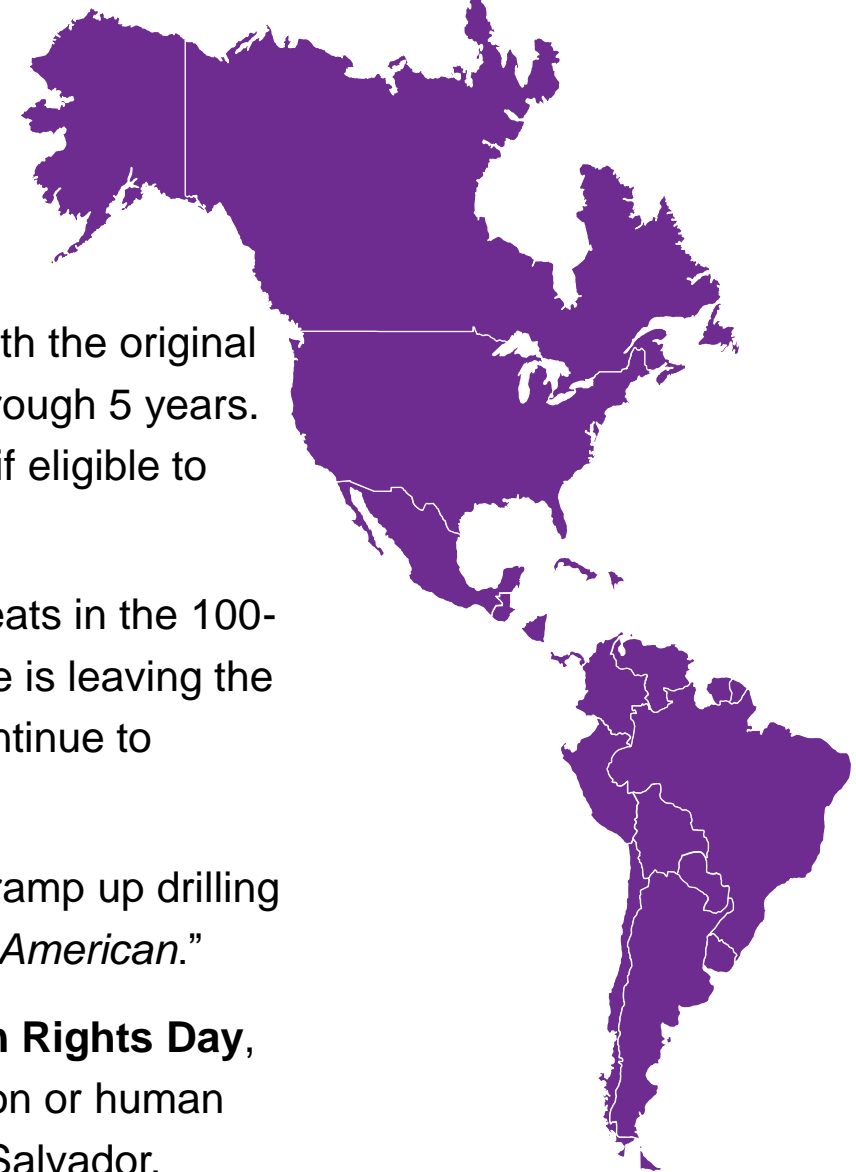


- **Canada** on Friday imposed fresh sanctions on **Russia, Iran and Myanmar**, citing human rights violations by their governments.
- **Peruvian** President Dina Boluarte, who took office on Wednesday after the ouster of Pedro Castillo, called for calm amid protests by supporters of the former president. She said she was willing to discuss early elections with the country's political and civil organizations but ruled out starting constitutional changes for the time being.
- **Colombia and the US** will hold a conference in the first quarter of next year to look at measures that would guarantee rights for migrants heading north to the US border. Colombia is a transit country for many migrants from Latin America who travel through the dangerous jungle of the Darien Gap that links Colombia with **Panama**, before continuing up through **Central America**.
- A **Panamanian** judge charged President Ricardo Martinelli with money laundering charges. Martinelli, who was in office from 2009 to 2014, is accused of laundering public funds through the purchase of a news outlet during his term. Nearly 20 others are charged in connection with the "New Business" case.

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Americas: US

- The CDC on Friday expanded the use of **COVID-19 vaccines** that target both the original coronavirus and Omicron sub-variants to include children aged 6 months through 5 years. Top US health officials urged Americans to get COVID-19 vaccine boosters if eligible to help ward off infections during the holiday season.
- Just days after Democrats won a Senate race in Georgia and secured 51 seats in the 100-member chamber, **US Senator Kyrsten Sinema of Arizona** announced she is leaving the Democratic Party to become an independent. It is unclear if she plans to continue to caucus with Democrats.
- US energy envoy Amos Hochstein called on **American shale investors** to ramp up drilling amid high energy prices and low supplies, criticizing their reluctance as “*un-American*.”
- On Friday, in recognition of **International Anti-Corruption Day and Human Rights Day**, the US sanctioned 40 individuals and entities that are connected to corruption or human rights abuse across nine countries, including Western Balkans, Belarus, El Salvador, Liberia, Guatemala, North Korea, Russia, Burma, and Iran.



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Future of Telecommunications: Satellite Smartphones

By Matthew Gardell

Satellite smartphones could be the next frontier in telecommunications. Major companies such as Apple and SpaceX are beginning to plan for smartphone satellite connectivity. Satellite-connected cellphones would be a major upgrade to traditional satellite phones, and help international businesses better reach employees in frontier areas.

Earlier this year, Apple announced that its new iPhone 14 would include a satellite connection for use in emergencies in the US and Canada. The announcement raised hopes that Apple would eventually add satellite calling features to the iPhone. Satellite phones are devices that rely on satellites, rather than cell phone towers, for connectivity. Theoretically, this means that satellite phones are able to work in remote areas and are considered an important accessory for travelling employees of international businesses and law firms. Some of the disadvantages of the current crop of satellite phones are high cost, expensive plans and the limited options of satellite connectivity providers. Satellite smartphones are a potential game changer because it will allow businesses to more easily reach employees in remote locations. International businesses are increasingly aware of the need to be

responsive in emergency situations such as natural disasters or the outbreak of geopolitical conflict. In fact, this has fueled a rise in demand for satellite phones in recent years, with the hope that a new generation of satellite smartphones will improve reliability and service in the future.

Satellite Smartphone Race and Prospects

Apple's announcement has put a spotlight on the race to develop satellite smartphone connectivity among both satellite and cellular companies. In addition to Apple, which is teaming up with Globalstar to build its satellite network capacity, Iridium Communications has said it is developing a smartphone capable satellite service. T-Mobile and SpaceX have announced a partnership that will leverage Starlink

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Future of Telecommunications: Satellite Smartphones

satellites in order to provide smartphone satellite connectivity with plans to launch a beta version by the end of 2023. There are also a host of startups seeking to develop satellite connectivity and become players in this emerging market.

While smartphone satellite service is an exciting prospect, telecom analysts are tempering consumer expectations that it will become available in the near-term. Some of the challenges to near-term adoption include technological limitations, satellite sensitivity, and crucially, regulatory burdens. In order for satellite service to work properly, companies need to develop more powerful smartphones to make the high-speed data from space fit into the phone. Satellite sensitivity will be also a key factor in determining whether satellite smartphones can be brought to scale; satellites will need more sensitive antennas to serve the large number of connected devices.

In addition to technical challenges, companies will need to be granted governmental permission and navigate regulations. Satellite companies have to contend with both international and domestic oversight. On the international side, companies need to register with the United Nations' International Telecommunication Union in

addition to following regulations from their national agencies. The current regulatory environment favors established companies as newcomers have to demonstrate that their plans won't interfere with the existing space networks already operating. It will be hard for a new company to break through in the industry. One other consideration is that some countries currently restrict or ban the use of satellite phones, so it is unclear how will they handle cell phones with satellite connectivity. This could be a potential minefield for businesses as demonstrated by the October arrest of a Saudi Aramco executive in India for possessing a satellite phone.

Business Opportunity and Risk

Satellite smartphones are a potential boon to both business operations and continuity. As international companies seek to do business in frontier economies, a satellite smartphone will ensure a stable mobile connection. In an unstable world, employees can better reach their companies if they are in danger from a natural disaster or geopolitical crisis. Many companies also use emergency communications software to send out mass notifications and threat intelligence. An employee traveling in Sub-Saharan Africa, for

Future of Telecommunications: Satellite Smartphones

example, may receive a notification on the threat of jihadist terrorism, but the key will be hearing back from the employee. A smartphone with satellite capability will increase the chances that a firm's security team can ensure they are safe.

Satellite phones also have the potential to impact larger economic issues such as rural connectivity. Rural areas often have spotty or nonexistent cellular service so satellites could make it easier for residents to make and receive phone calls. As the technology advances, this could help bridge the urban-rural divide and bolster rural economic competitiveness. Another benefit of satellite smartphones is that it may help reach universal phone coverage which has been a long-held goal of the telecom companies.

The development of satellite smartphones is not without risk and businesses should be realistic about when they can potentially integrate them into company operations. For the satellite and cell phone companies themselves, developing phones with satellite capability requires massive amounts of investment. There have been many high-cost failures in the history of the satellite business, and the technically challenging endeavor of creating satellite

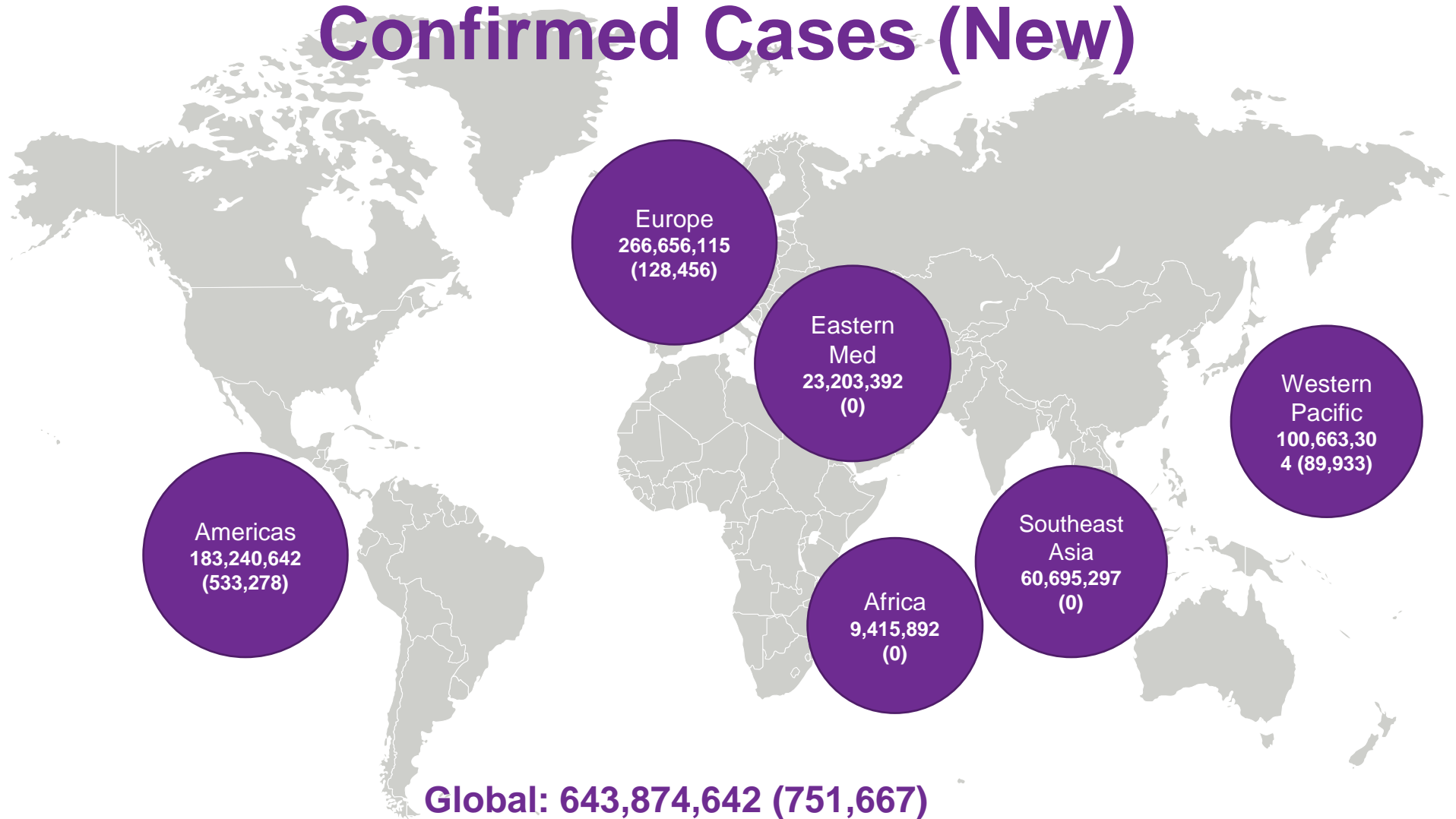
smartphones will no doubt be challenging. There are also the set of unique environmental challenges inherent in technical work that involves space. Dead satellites and debris pose a risk to any current satellite operation in space. Additionally, companies need to be in an atmospheric layer called the low-Earth orbit which is full of debris. Satellites operating in the low-Earth orbit are also subject to Federal Communications Commission regulations such as a new rule requiring satellite operators in low-Earth orbit to dispose of their satellites within 5 years of completing their mission.

Due to the level of required investment and other factors, high cost will be an issue which may prevent wide-spread business adoption. While there may be a business case for buying satellite smartphones, for the ordinary consumer, who has an array of cell phone options, it may not make sense to buy a satellite smartphone right away. It therefore remains to be seen whether there will be a broader consumer market for satellite smartphones. Regardless of the risks, companies seem to be moving forward with developing satellite smartphones, and as early as next year, expect more detailed plans for when they might become available.

Coronavirus Condition Updates

As of 4:46 pm CEST on December 9, 2022

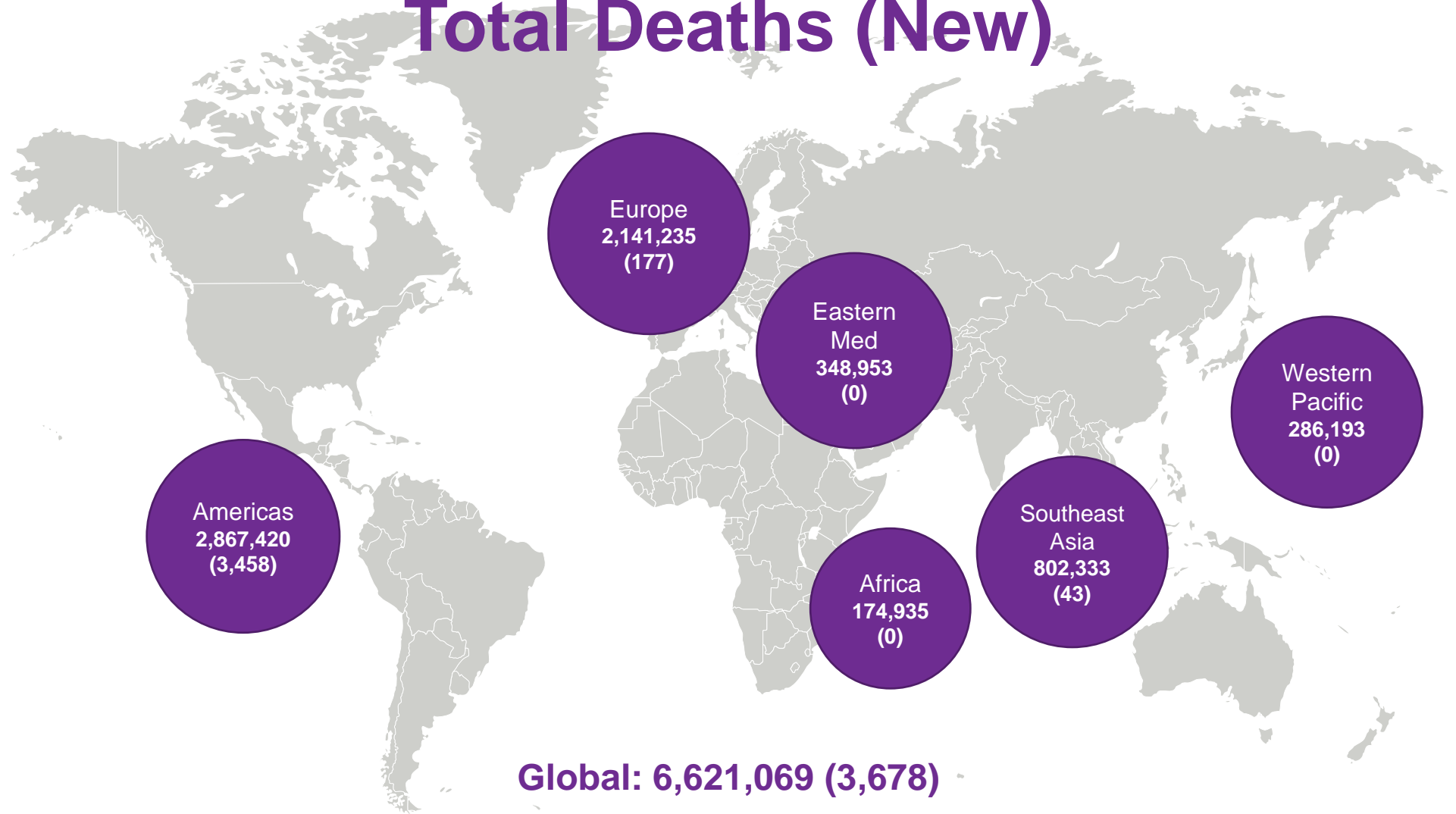
Confirmed Cases (New)



Reflects data as of 4:46pm CEST on December 9, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 4:46pm CEST on December 9, 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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