

Dentons Flashpoint

Daily Global Situation Report

May 26, 2022

Global Situation Update: May 26, 2022

KEY TAKEAWAYS

IMF Managing Director Georgieva warns of risk of global economic and political fragmentation.

G7 climate ministers consider phasing out polluting coal-fueled energy by 2030.

Hacked Chinese police files shed new light on human rights abuses of Chinese Uyghur minority.

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

This week, the US government issued a business advisory on Sudan, highlighting the growing reputational risks to businesses and individuals associated with conducting business with Sudanese State-Owned Enterprises and military-controlled companies. The US, UN, African Union and eight other nations are urging more rapid progress from military to civilian rule in Sudan and threatened sanctions on anyone impeding or blocking the transition to democracy.

Over 110 people have been injured and one killed in recent days as security forces in Sudan mount a crackdown to crush unrest. Businesses and individuals operating in Sudan should undertake increased due diligence related to human rights issues.



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Global

IMF Managing Director Georgieva said she worries less about global recession than the trend toward economic and political fragmentation, “*with trade blocs and currency blocs, separating what was up to now still an integrated world economy.*”

- World Bank President Malpass suggested that Russia's war in Ukraine and its impact on food and energy prices, as well as the availability of fertilizer, could trigger a **global recession**.
- US pharmaceutical giant Pfizer said it would sell its **patented drugs on a not-for-profit basis** to the world's poorest countries, as part of a new initiative announced at the World Economic Forum.

Markets & Business

The world's second-largest asset manager Vanguard will not halt new investments in fossil fuel projects and end its support for coal, oil and gas production.

- **Natural gas** buyers in Asia and Europe are seeking to lock in supplies via long-term contracts as a buffer against volatile global prices, industry executives said, in moves that will reverse the last decade's trend of increasing spot purchases.
- Pilots at **Alaska Air Group Inc** have voted to authorize a strike if agreement on a new employment contract cannot be reached. Alaska pilots, however, cannot walk off the job until the National Mediation Board grants them permission.
- **TotalEnergies** has made its biggest US renewable power purchase yet, taking a 50 percent stake in **Clearway Energy Group**, a wind and solar farm developer, as the French company pivots towards cleaner energy sources.
- **Boeing's** Starliner space capsule returned to Earth on Wednesday after docking successfully at the International Space Station, meeting a milestone in its contract with NASA. On this test flight, Starliner took 800 pounds of cargo and crew supplies from both NASA and Boeing and brought back 600 pounds.

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Environment, Sustainability & Governance

G7 climate ministers meeting this week are considering committing to phase out polluting coal-fueled energy by 2030 and decarbonize their power sectors by 2035

- The US Securities and Exchange Commission (SEC) on Wednesday proposed a pair of rule changes targeting unfounded claims by funds on their **environmental, social and corporate governance** (ESG) credentials, and enforcing more standardization of such disclosures.
- Shareholders of Exxon Mobil Corp and Chevron Corp on Wednesday voted in favor of the **energy transition strategies** proposed by the two largest U.S. oil producers.
- A majority of Amazon.com Inc shareholders on Wednesday voted against each of 15 investor-led **socially-focused resolutions** that challenged the company's policies, including its treatment of workers and use of nondisclosure agreements.
- Around 250 **climate activists** have been blocking the annual shareholders meeting of French energy giant Total from going ahead since Wednesday morning. Several environmentalist groups behind the protest issued statements demanding TotalEnergies immediate withdrawal from Russia and a halt to new fossil fuel projects.

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Africa

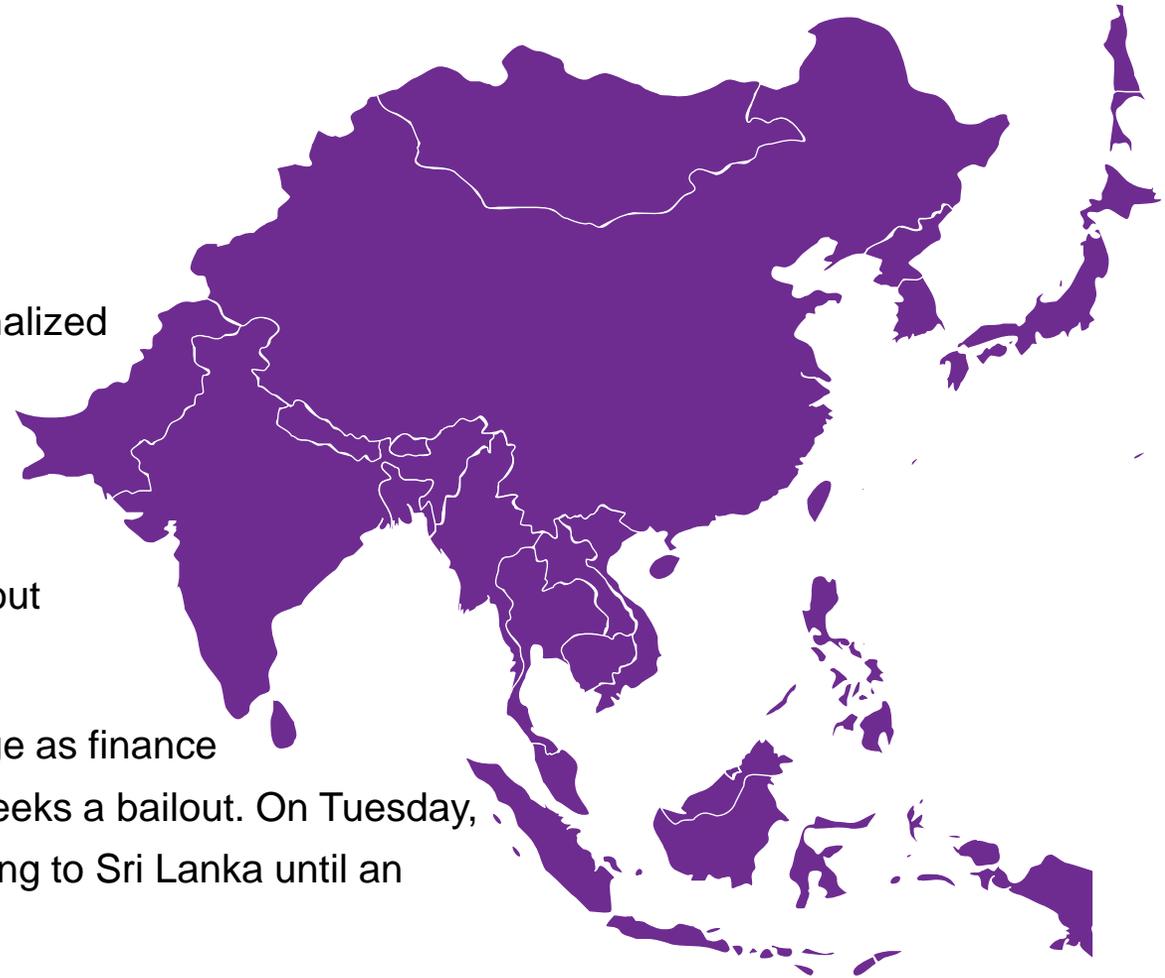
- **South Africa's** central bank said the risk of a spillover of the Russia-Ukraine war could hurt the country's financial stability through rising food and fuel inflation, lower economic growth and high unemployment.
- **Spanish** Defense Minister Robles called on NATO to address the threat of the expansion of operations by the **Russian** state and Russian private security companies such as the Wagner Group in countries like **Mali and Libya** and accused them of fomenting organized crime and terrorism.
- **Gambia's** government accepted a recommendation by a truth and reconciliation commission that exiled former president Yahya Jammeh be prosecuted for killings and other suspected crimes from his time in office.



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Asia

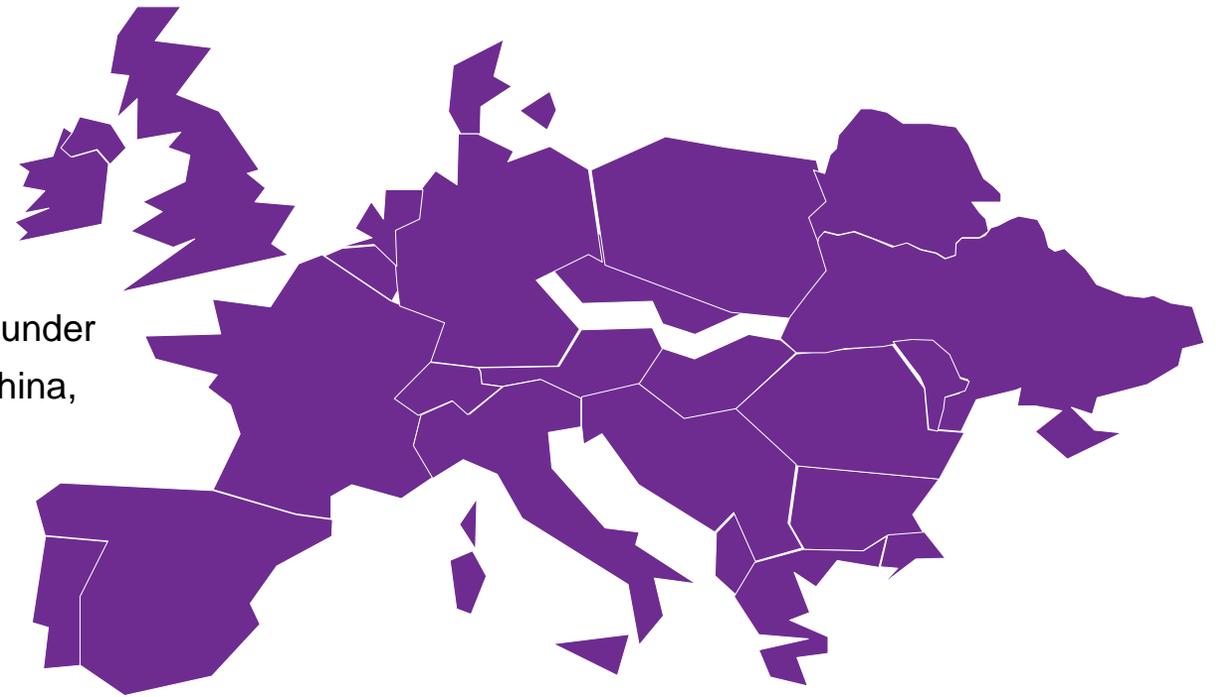
- **India** will continue to buy "cheap oil" from **Russia** but has not finalized terms of the discount, according to a senior government official.
- **China's** foreign ministry said the **US**-backed Indo-Pacific Economic Framework seeks to decouple countries from the Chinese economy, and asserted many countries are worried about the "**huge cost**" of doing so.
- **Sri Lanka's** Prime Minister Wickremesinghe will hold dual charge as finance minister and will lead talks with the IMF as the crisis-hit nation seeks a bailout. On Tuesday, the World Bank said it is not planning to provide any new financing to Sri Lanka until an adequate economic policy framework has been put in place.
- A cache of documents known as the "Xinjiang Police Files" is shedding new light on human rights abuses by the **Chinese** government toward the region's Uyghur minority. The trove of documents dates back to 2018 and includes policy notices and meeting notes that detail growing paranoia among Xinjiang officials over the ethnic Muslim Uyghur population and the formation of plans to carry out the mass detention program, plus thousands of images.



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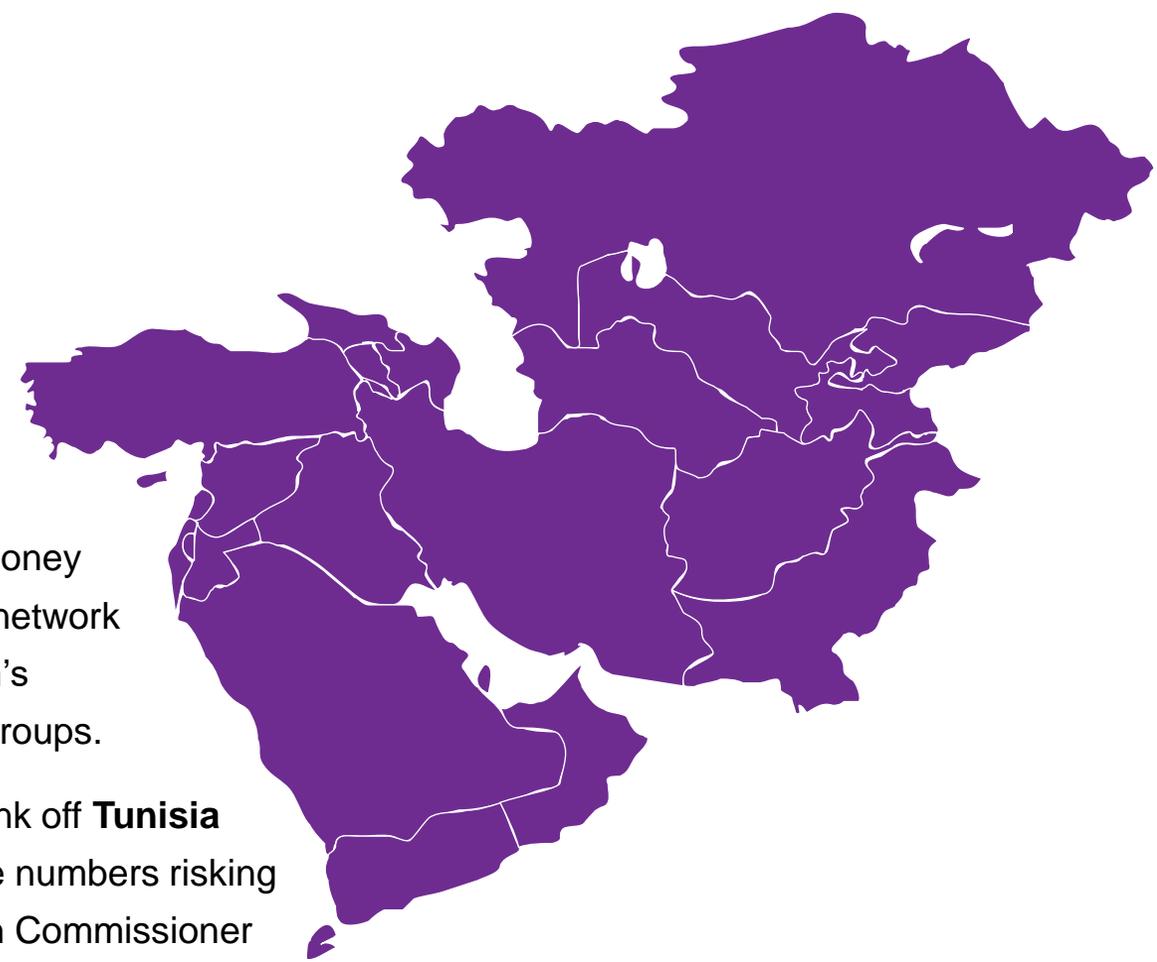
Europe

- **Germany's** economy minister said Berlin said its **China** policy is under review and the government was changing the way it deals with China, giving human rights issues higher priority.
- A new website that published leaked emails from several leading proponents of **Britain's** exit from the **EU** is tied to **Russian** hackers, according to a Google cybersecurity official and the former head of UK foreign intelligence.
- **UK** Foreign Secretary Truss is visiting Sarajevo today in a bid to reaffirm her country's commitment to peace and stability in **Bosnia** amid growing fears of malign influence from Russia in the small Balkan country of about 3 million. Fears of destabilization have mounted in recent months as staunchly pro-Russia Bosnian Serb leader Milorad Dodik increased his divisive rhetoric, threatening to dismantle the country's multi-ethnic institutions and block its long-stated strategic goal of joining NATO, and advocating for the secession of the Serb-dominated entity of Republika Srpska.
- The acquisition of **Britain's** biggest microchip will be subject to a full national security assessment, per Business Secretary Kwasi Kwarteng. The government, which has the power to intervene, including retrospectively, in acquisitions on national security grounds, has 30 working days to carry out its assessment.



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Middle East



- An **Israeli** appeal court overruled a magistrate who had stirred Palestinian anger by questioning the legality of barring Jewish prayer at a contested **Jerusalem** shrine.
- The **US** imposed sanctions on a **Russian**-backed oil smuggling and money laundering network for **Iran's** Revolutionary Guards Quds Force. The network raised hundreds of millions of dollars for Iran's Quds Force and Tehran's **Lebanese** allies Hezbollah and helped Tehran support proxy militant groups.
- Seventy-five people were missing after a crowded boat of migrants sank off **Tunisia** on Wednesday, the International Organization for Migration said as the numbers risking the dangerous crossing to **Europe** increase. Figures from the UN High Commissioner for Refugees showed that more than 123,000 migrants arrived in Italy in 2021, compared to more than 95,000 in 2020.
- **Pakistani** police fired teargas, baton-charged and detained supporters of ousted Prime Minister Imran Khan on Wednesday to stop them from reaching the capital Islamabad to demand fresh elections. After clashes with police, Khan called off the protest march, warning they would return unless an election was called within six days.

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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:

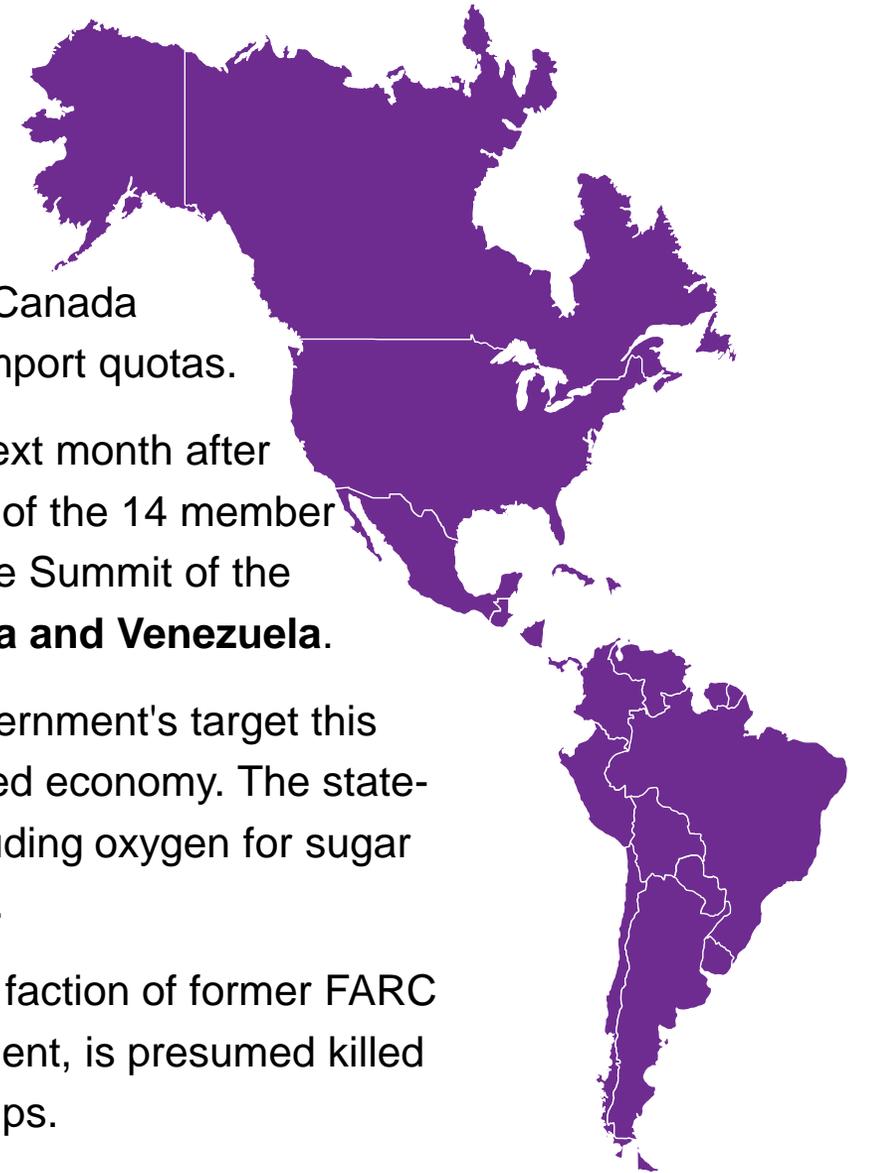
- ❖ Ransomware tabletop exercises
- ❖ Post-tabletop action reports
- ❖ Maturity assessments for preparedness
- ❖ Supply-chain attack simulation
- ❖ Comprehensive incident response plan
- ❖ Threat analysis and monitoring

All interaction with Dentons is attorney-client privileged

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

Americas

- The **US** requesting that a dispute settlement panel under the US-Mexico-Canada Agreement be formed to review a trade dispute with **Canada** over dairy import quotas.
- **Brazilian** President Bolsonaro and **US** President Biden are set to meet next month after Bolsonaro accepted an invitation to the Summit of the Americas. Thirteen of the 14 member nations of the **Caribbean** group known as Caricom are planning to join the Summit of the Americas, satisfied by recent Biden Administration measures toward **Cuba and Venezuela**.
- **Cuba's** sugar harvest fell short to just over half of the communist-run government's target this year, representing another major blow to the country's already crisis-racked economy. The state-run sugar company blamed the shortfall primarily on a lack of inputs, including oxygen for sugar production, fertilizers, pesticides, fuel and spare parts for plant machinery.
- Miguel Botache Santillana, better known as Gentil Duarte, who leads one faction of former FARC rebels who remained armed after a peace deal with **Colombia's** government, is presumed killed in **Venezuela**, following a clash between drug trafficking and terrorist groups.



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Americas: US

- A large US study looking at whether vaccination protects against **long Covid** showed the shots have only a slight protective effect; vaccination appeared to reduce the risk of lung and blood clot disorders but did little to protect against most other symptoms.
- The CDC has issued a **monkeypox** alert to travelers after cases were reported in North America, Europe and Australia. The Level 2 alert urged people traveling to “Practice Enhanced Precautions,” though the agency said the risk is low for the general public. The CDC warned travelers to avoid close contact with sick people and wild animals such as small mammals and primates (living or dead). Travelers are also discouraged from preparing or eating wild game meat, and the agency said travelers should refrain from using products, such as creams, powders and lotions, made from African wild animals.
- After the mass shooting of children in a Texas elementary school, the **gun control** battle is once again a topic of top national debate. Congress, however, remains paralyzed, divided over how to address the scourge of gun violence on American streets.
- Minutes from the Federal Reserve’s May 3-4 meeting show discussion on the need to raise **interest rates** by a half-percentage point at each of their next two meetings.
- Reacting to the start of Chinese Foreign Minister Wang Yi’s start of an eight-nation tour, the US expressed concern that **China** is seeking to reach agreements with **Pacific island nations** in what may be a rushed, non-transparent process.

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New Nordic NATO Applicants Brace for Cyber Blowback from Russia

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

This week, Finland and Sweden formally requested to join the North Atlantic Treaty Organization (NATO) and both countries are now preparing for an increase in Russian cyber-attacks, disinformation and espionage campaigns that will aim to influence and undermine decision-making by lawmakers in Helsinki and Stockholm.

Both Nordic nations, formerly reticent to join NATO despite long-standing associations with the military alliance, are moving towards official membership amid the ongoing Russian invasion of Ukraine and concern for potential aggression by Moscow in the future. Confirmation of acceptance to NATO is not yet inevitable – especially as Turkey threatens to block their requests knowing that all 30 members must vote unanimously – but what is certain is that Finland and Sweden will face retaliation from Russia in cyberspace.

What Might Retaliation Look Like?

While Russia's cyber-attacks against targets in Ukraine are destructive in nature, attacks against Finland and Sweden are more likely to focus on embarrassing government entities to demonstrate

the displeasure of the Kremlin without necessitating a countermeasure from NATO. Such attacks might include website defacements or distributed-denial-of-service (DDoS) attacks against government websites. Swedish and Finnish companies and organizations that publicly support NATO membership or work with Western governments may also face strikes by Russian cyber groups such as APT28, a state-sponsored group directed by the Kremlin. Government agencies and officials in Sweden and Finland handling the NATO application process could also expect social-engineering attempts by pro-Kremlin cyber actors, with lures such as the subject line of a phishing email or a malicious document, to influence or undermine their work.

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New Nordic NATO Applicants Brace for Cyber Blowback from Russia

The Russian cyber arsenal is also likely gearing up to spread disinformation meant to confuse and ultimately convince Finnish and Swedish decision-makers and civilians that joining NATO is not worthwhile. Americans are familiar with the Kremlin's disinformation campaigns that sway public opinion via social media channels, such as in recent US elections, and distribute 'fake news' stories that advance Russian interests. This activity is underway and will intensify in the run-up to Swedish general elections in September 2022 and Finnish parliamentary elections in April 2023.

Precedents for Retaliation

Moscow has a long history of retaliating with cyber-attacks against perceived geopolitical slights, especially against incoming NATO members and former Soviet bloc states that attempt to distance themselves from the Russian Federation. In 2020, during a referendum in North Macedonia related to NATO membership, Kremlin-attributed disinformation and espionage campaigns were rampant. In 2007, a wave of cyber-attacks in Estonia, including against the website of the Estonian president, followed the removal of a famous Soviet statue in Tallinn.

Most recently, in April 2022, Finland's foreign and defence ministry sites were targeted by DDoS attacks, temporarily knocking them offline. The attack also coincided with Ukrainian President Zelensky's address to the Finnish Parliament. The attacks were not particularly large and were quickly mitigated to restore service. Finland's GPS networks continue to experience an unprecedented amount of service interruptions. Bosnia and Herzegovina, along with Georgia, are currently trying to accelerate accession to NATO, which might soon place them in the crosshairs of the Kremlin.

What's Next?

Sweden and Finland are right to anticipate an increase in the level of malicious campaigns against them. Russia will have to strike a careful balance over the coming months, as limited cyberattacks and disinformation campaigns might subtly advance Kremlin objectives, but a crippling attack on critical national infrastructure in Sweden or Finland could be interpreted as an act of war and spur a NATO response. Therefore, any increase in cyber aggression by Moscow will likely not be destructive as in Ukraine, where Russia's cyber actors are presently preoccupied and pushed to capacity as they are

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New Nordic NATO Applicants Brace for Cyber Blowback from Russia

being asked to develop and deploy bespoke malware variants within very short time frames against targets.

Russia may not be the sole cyber aggressor against Sweden and Finland during this period of accession to NATO. Nations that are not involved with the war Ukraine are taking advantage of the chaos as a smokescreen to conduct their own operations. As such, other advanced persistent threat actors, such as those from China or Iran, could also increase their targeting of NATO applicants and members at this time. Over the near term, most state-directed cyber activity will focus on targets of strategic importance, such as military or government agencies, and critical national infrastructure that are in some way linked to the war in Ukraine. Private industry in Finland and Sweden could become targets of Russian hackers if they publicly voice solidarity with Kyiv, but this might only serve to strengthen the resolve of those countries to join the world's largest military alliance post haste.

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Ukraine War Update: Documenting War Crimes, Russianizing Kherson and Zaporizhzhia

The US, EU and UK have created the Atrocity Crimes Advisory Group, which will directly support the efforts of the War Crimes Units of the Office of the Prosecutor General of Ukraine to document, preserve, and analyze evidence of war crimes and other atrocities committed in Ukraine, with a view toward criminal prosecutions.

Political Developments

Ukraine's president said Wednesday that Russia must pull back to its pre-war positions as a first step before diplomatic talks, a negotiating line that Moscow is unlikely to agree to anytime soon.

The European Commission proposed to make breaking EU sanctions against Russia a criminal offense. This would aid in confiscating the assets of companies and individuals flouting the measures.

Ukrainian President Volodymyr Zelensky ordered an end to visa-free travel for Russian citizens, citing the need to improve border security in the wake of Moscow's invasion.

President Putin signed a decree on Wednesday simplifying the process for residents of Ukraine's Russian-occupied Kherson and

Zaporizhzhia regions to acquire Russian citizenship and passports. This is likely aimed at creating new conditions to boost claims Russia's military offensive is protecting Russians.

Battlefield Developments

Ukraine's armed forces say that Russian troops have attacked more than 40 towns the Donbas region, which is putting the last major civilian escape route at risk.

Fighting reached the edge of the industrial city of Severodonetsk, which is under fierce bombardment by Russian forces who are trying to encircle the city as a key goal in Donbas offensive.

Ukrainian prisoners of war held in the Russian-backed self-proclaimed Luhansk and Donetsk People's Republics number about 8,000, per Luhansk official Rodion Miroshnik.

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Ukraine War Update: Documenting War Crimes, Russianizing Kherson and Zaporizhzhia

The Institute for the Study of War assessed Russian forces are prioritizing advances east and west of Popasna in order to cut Ukrainian ground lines of communication southwest of Severodonetsk and complete encirclement efforts in Luhansk Oblast. Russian forces may start the Battle of Severodonetsk prior to completely cutting off Ukrainian lines of communication southwest and northwest of Severodonetsk. Russian forces have likely entered Lyman and may use this foothold to coordinate with advances southeast of Izyum to launch an offensive on Siversk.



Source: [Institute for the Study of War](https://www.instituteforthestudyofwar.org/)



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Ukraine War Update: Documenting War Crimes, Russianizing Kherson and Zaporizhzhia

Economic Developments

The EU reported the freezing of about 23 billion euros (\$24.5 billion) of assets of the Russian Central Bank, revealing for the first time a figure that was expected to be much higher.

As debate over introducing an EU wide ban on all Russian oil imports, Belgian Prime Minister De Croo argued EU sanctions should hurt Russia more than they hurt European citizens. The embargo, the centerpiece of the sixth package of EU sanctions, is considered the most radical and consequential measure taken by the bloc since Russia launched the invasion of Ukraine.

Russian President Putin ordered 10 percent rises in pensions and the minimum wage to cushion Russians from inflation but denied the country's economic problems were all linked to the war in Ukraine.

Russia's central bank lowered its key interest rate by 3 percentage points to 11 percent on Friday and said it saw room for more cuts this year, as inflation slows from more than 20-year highs.

Russia and Iran have discussed swapping supplies for oil and gas as well as setting up a logistics hub, per Russian Deputy Prime Minister Alexander Novak, as Moscow seeks to evade Western sanctions.

Privately held French retailer Auchan does not plan to change its strategy in Russia or the structure of its local operations. Auchan, which has about 30,000 staff, 231 stores and an online business in Russia.

Norway's Equinor said on Wednesday it has exited its Russian joint ventures due to the war in Ukraine.

The UK government has given approval to Todd Boehly's proposed takeover of Chelsea football club from the sanctioned Russian oligarch Roman Abramovich.

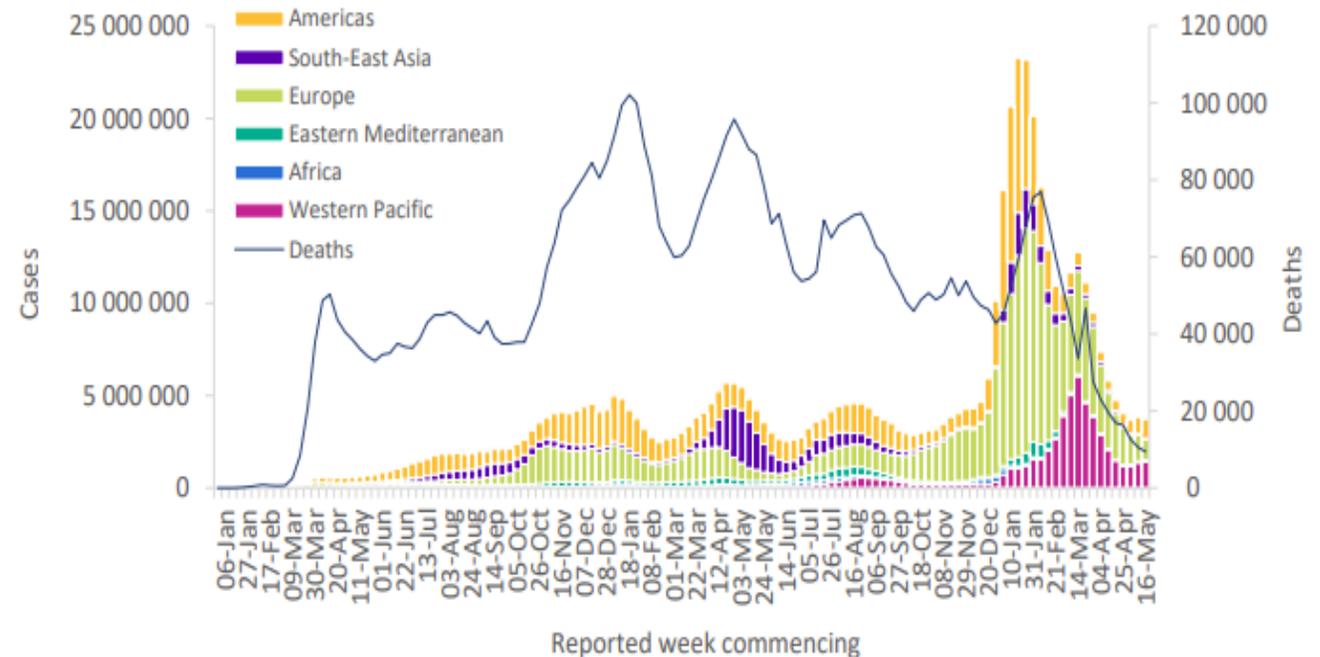
Coronavirus Condition Updates

As of 4:22 pm CEST on May 25, 2022

Coronavirus Snapshot

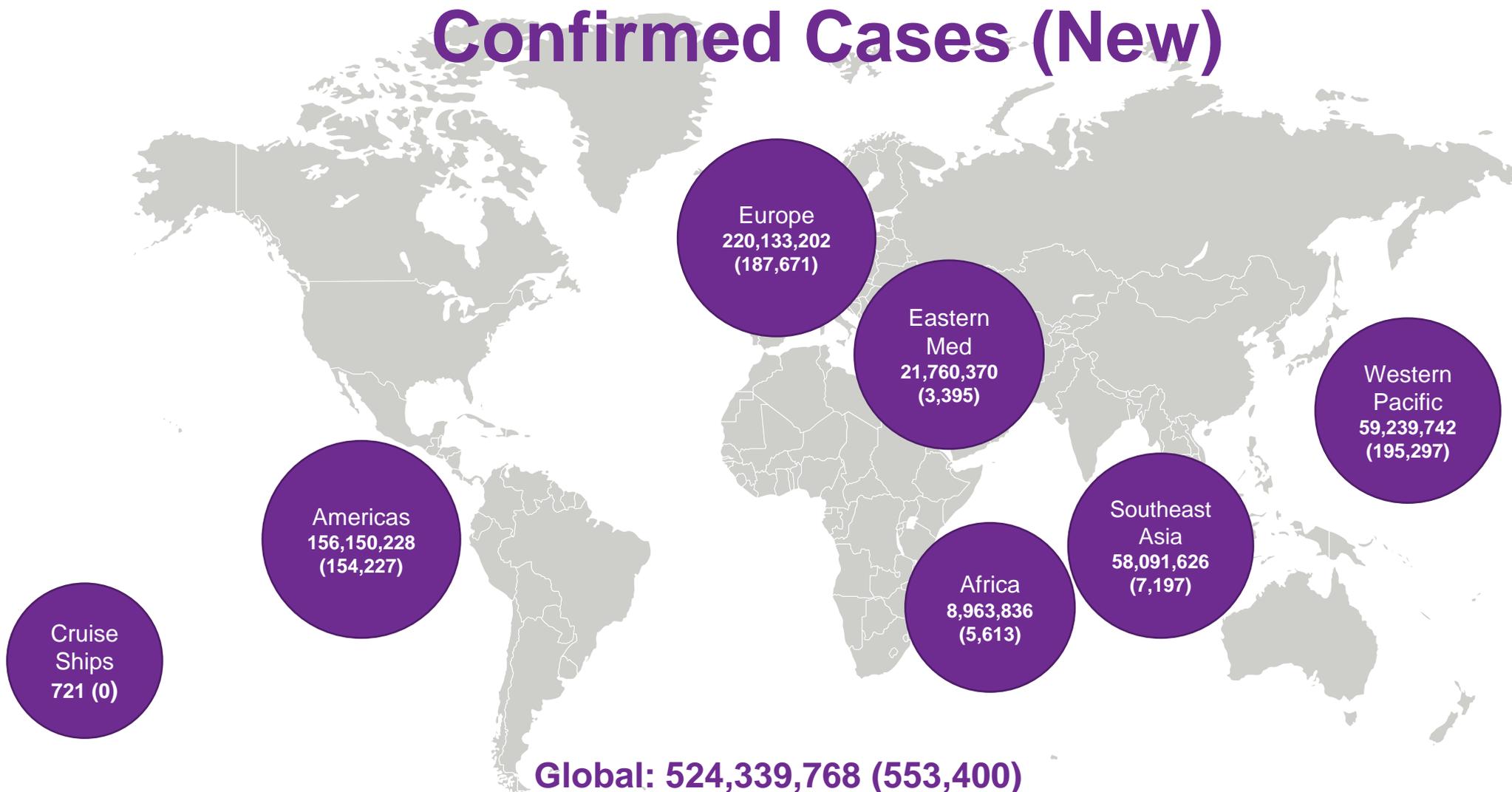
- Globally, the number of new weekly COVID-19 cases has continued the declining trend observed since a peak in January 2022.
- During the week of 16 through 22 May 2022, over 3.7 million cases were reported, a 3 percent decrease as compared to the previous week.
- The number of new weekly deaths also continues to decline, with over 9,000 fatalities reported, representing an 11% decrease as compared to the previous week.

Figure 1. COVID-19 cases reported weekly by WHO Region, and global deaths, as of 22 May 2022**



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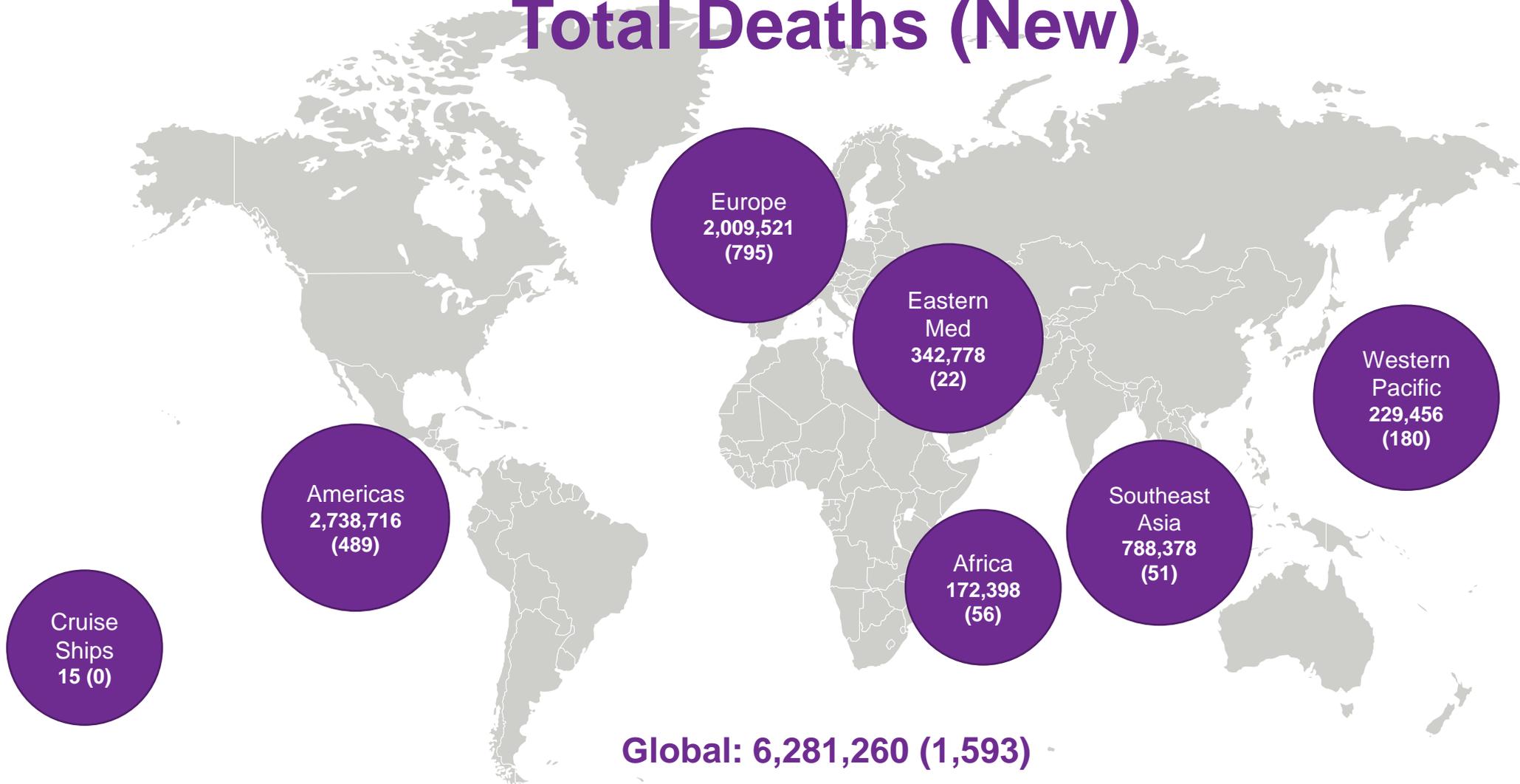
Confirmed Cases (New)



Reflects data as of 6:43 pm CEST on May 24, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 6:43 pm CEST on May 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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