

Dentons Flashpoint

Global Situation Report

November 16, 2022

Global Situation Update: November 16, 2022

KEY TAKEAWAYS

G20 leaders deplore
Russia's aggression
in Ukraine
*"in the strongest
terms."*

UK inflation
hits a 41-year high.

China seeks
to speed up bilateral
free trade agreement
negotiations with
South Korea.

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

Later this week, Kazakhstan will hold a snap presidential election under new rules, which set the term at seven years and cap the term limit at one. President Tokayev, who introduced the reform, is poised to win without significant challenges. The snap election allows him to outmaneuver elite groups opposed to his rule, and to strengthen his hold on power ahead of economic turmoil in 2023.

The election comes amid an unprecedented influx of Russians fleeing into Kazakhstan, and 11 months after 227 citizens were killed and 10,000 arrested during mass protests over high fuel prices. Critics of the current regime in Astana point out that there is no serious opposition party and that prominent activists are being detained ahead of the vote.



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Global

UN aid chief Griffiths expressed confidence on extending the Black Sea grain deal after meeting with Russian and Ukrainian delegations in Istanbul. The current deal expires November 19 and is essential to global food security.

- G20 leaders deplored **Russia's aggression in Ukraine** "*in the strongest terms*" today and demanded its unconditional withdrawal in a declaration adopted at the end of a two-day summit. Unanimously adopted, the declaration recognized that "*there were other views and different assessments of the situation and sanctions.*"
- NATO Secretary General Jens Stoltenberg reiterated that it is up to **Ukraine** to decide what terms are acceptable for negotiations to bring an end to the war Russia is waging against the country and warned that Russia's strength should not be underestimated despite recent battlefield successes by Ukraine.
- The **world's population** hit 8 billion, according to UN estimates, with China and India accounting for more than a third of the total.

Markets & Business

Electric vehicles (EVs) are among the least reliable vehicles in the US, per Consumer Reports magazine's annual reliability survey.

- **Ford Motor Co** CEO Farley said the automaker will need to build more components for electric vehicles in its own factories to preserve jobs and to be competitive.
- Digital payments processor **Opn**, a rare Japanese unicorn, acquired **MerchantE** from US investment firm **Integrum Holdings**, making inroads into the US online payment sector.
- Shoppers are expected to continue to splurge on **luxury goods** in spite of a possible global recession, boosting the €353 billion sector by “*at least*” 3 to 8 percent next year, according to joint research by Bain & Co and Altagamma.
- Warren Buffett’s **Berkshire Hathaway** purchased a \$4.1 billion stake in chipmaker **Taiwan Semiconductor Manufacturing** (TSMC) in Q3.

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Environment, Sustainability & Governance

Climate-related stress tests for banks need to better capture the indirect fallout of climate change on lenders and the wider global economy, the G20's Financial Stability Board said.

- The G20 declaration urged delegates at COP27 to "*urgently scale up*" efforts at the summit on the issue of mitigating and adapting to climate change, pursue efforts to limit the rise in **global temperatures** to 1.5 degrees Celsius and recognized the need to speed up efforts to phase down **coal use**, in a potential boost to the COP27 climate talks.
- Mexico has pledged to double its **renewable energy capacity** by 2030.
- The EU's banking, securities and insurance watchdogs launched a joint public consultation to help them better understand '**greenwashing**' as billions of euros flow into investments that tout their sustainability credentials.
- A Goldman Sachs partner accused CEO David Solomon and several other executives of making **misogynistic** comments in a complaint that resulted in the Wall Street bank paying her a settlement totaling more than \$12 million.

Africa

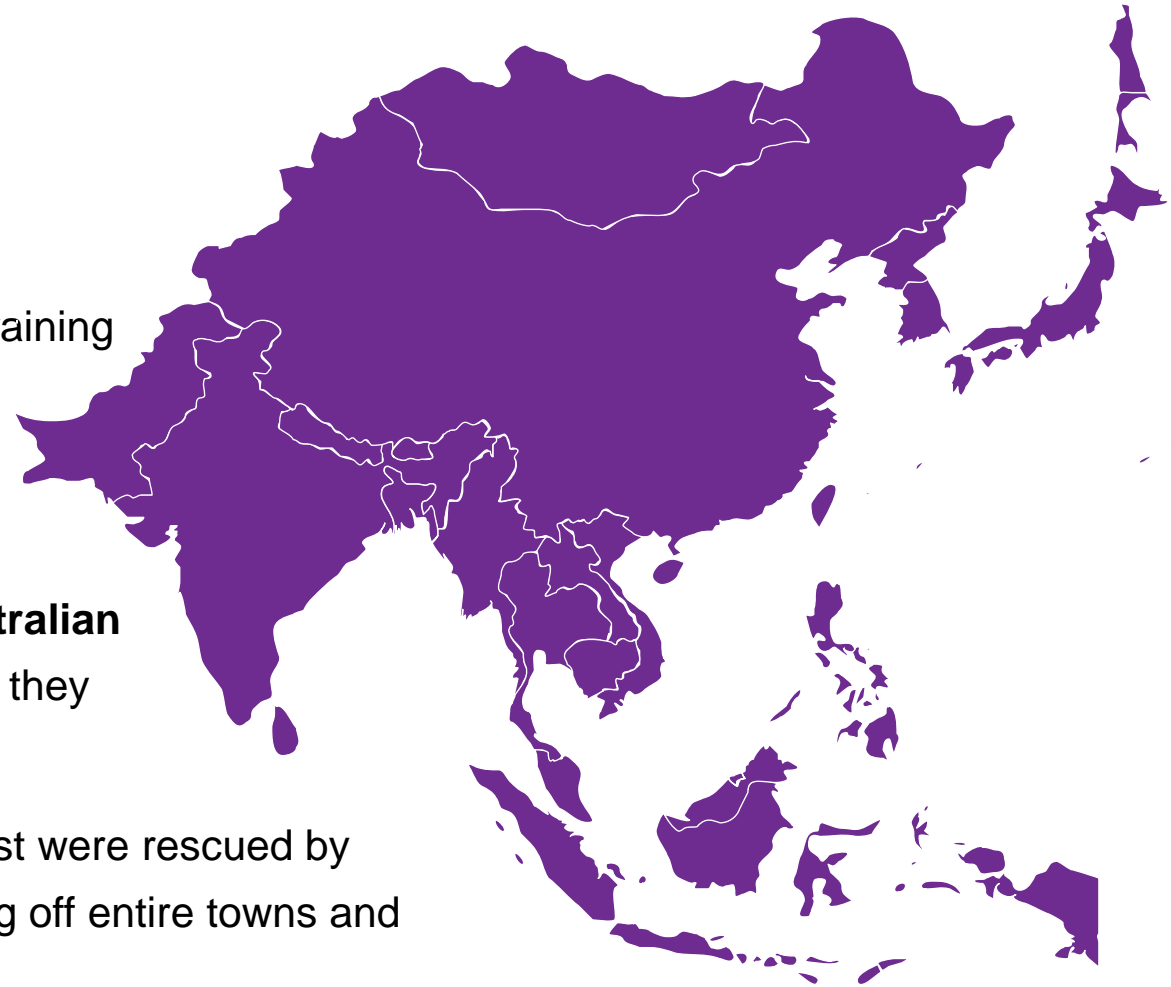
- The Red Cross announced that a convoy of medical aid arrived in Tigray for the first time since late August in the wake of the peace agreement between the **Ethiopian** government and the Tigrayan rebels.
- **Côte d'Ivoire** has announced the gradual withdrawal of its troops from the UN peacekeeping mission in Mali, a decision following months of diplomatic tensions. Britain also announced its withdrawal from the peacekeeping force a day before.
- Donors need to provide cash now to save lives and not wait for famine to be declared in parts of East Africa where tens of millions of people are going hungry, per the head of the International Rescue Committee. **Ethiopia, Kenya and Somalia** are suffering their worst drought in 40 years.
- **Uganda's** efforts to contain an Ebola outbreak were starting to succeed with tightened restrictions slowing the rate of new infections, per President Yoweri Museveni.



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Asia

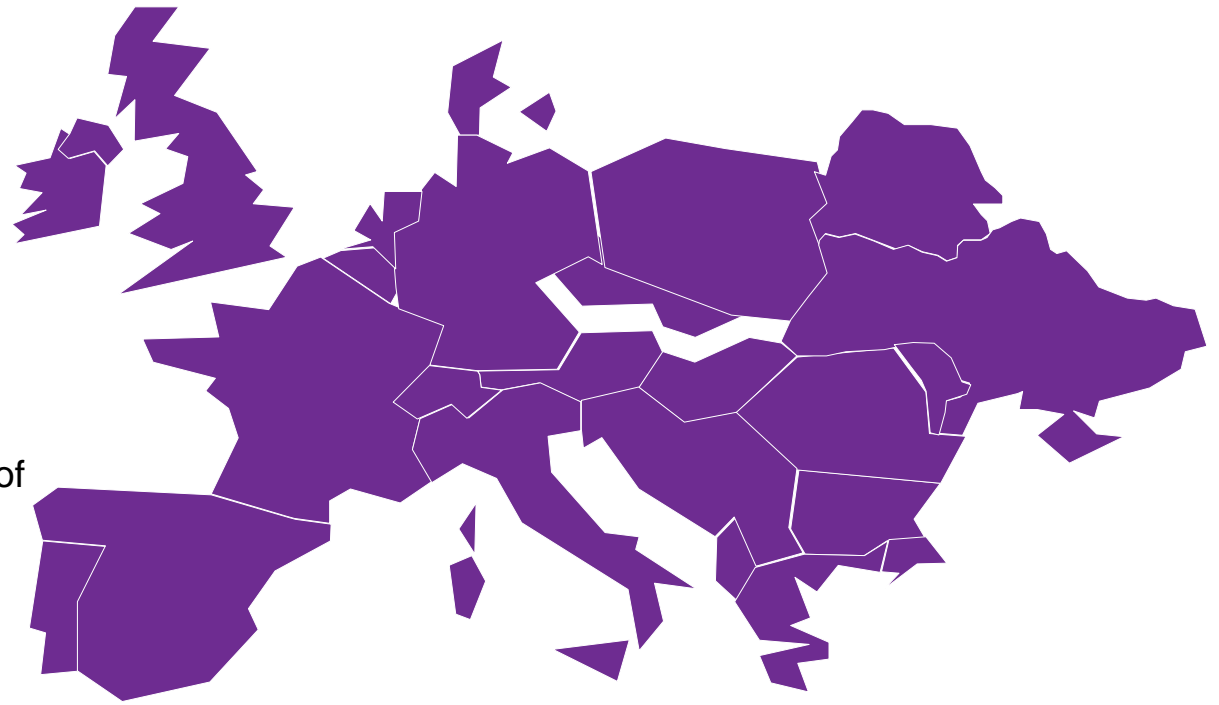
- The **US** has agreed to spend \$66.5 million to start building training and warehouse facilities at three of its military bases in the **Philippines**, under a 2014 Enhanced Defense Cooperation Agreement.
- In the first formal meeting between leaders since 2016, **Australian** Prime Minister Albanese and **Chinese** President Xi signaled they would seek to move past years of disagreements after.
- Hundreds of residents in flood-ravaged **Australia's** southeast were rescued by helicopter and boat after rivers rose rapidly yesterday, cutting off entire towns and inundating houses, highways, bridges and farms.
- **Chinese** President Xi Jinping said China will speed up bilateral free trade agreement negotiations with **South Korea**, expanding trade in high-tech manufacturing, big data and green economy.



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Europe

- Surging household energy bills and food prices pushed **British** inflation to a 41-year high.
- Oil supply to parts of **Eastern and Central Europe** via a section of the Druzhba pipeline has been temporarily suspended. **Ukraine** reported that a **Russian** rocket hit a power station close to the **Belarus** border that provides electricity for a pump station.
- A missile that killed two people in **Poland** may have been fired by **Ukraine** at an incoming **Russian** projectile, according to intelligence shared in a meeting of G7 and NATO leaders, not Russia as originally suspected. Russia pounded cities and energy facilities across Ukraine yesterday, causing widespread power outages in what Kyiv said was the heaviest wave of missile strikes in nearly nine months of war. **Sweden** will deliver new military aid worth 3 billion crowns (\$287 million) to Ukraine, its biggest package of defense material to date which included an air defense system.
- **Moldova** lost electricity in many parts of the country after **Russia's** missile strikes on **Ukraine's** energy infrastructure yesterday caused a power line connecting the nations to disconnect.
- **Germany** has finished construction of its first import terminal for liquefied natural gas, a crucial milestone in its efforts to end its energy dependency on **Russia**.



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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.

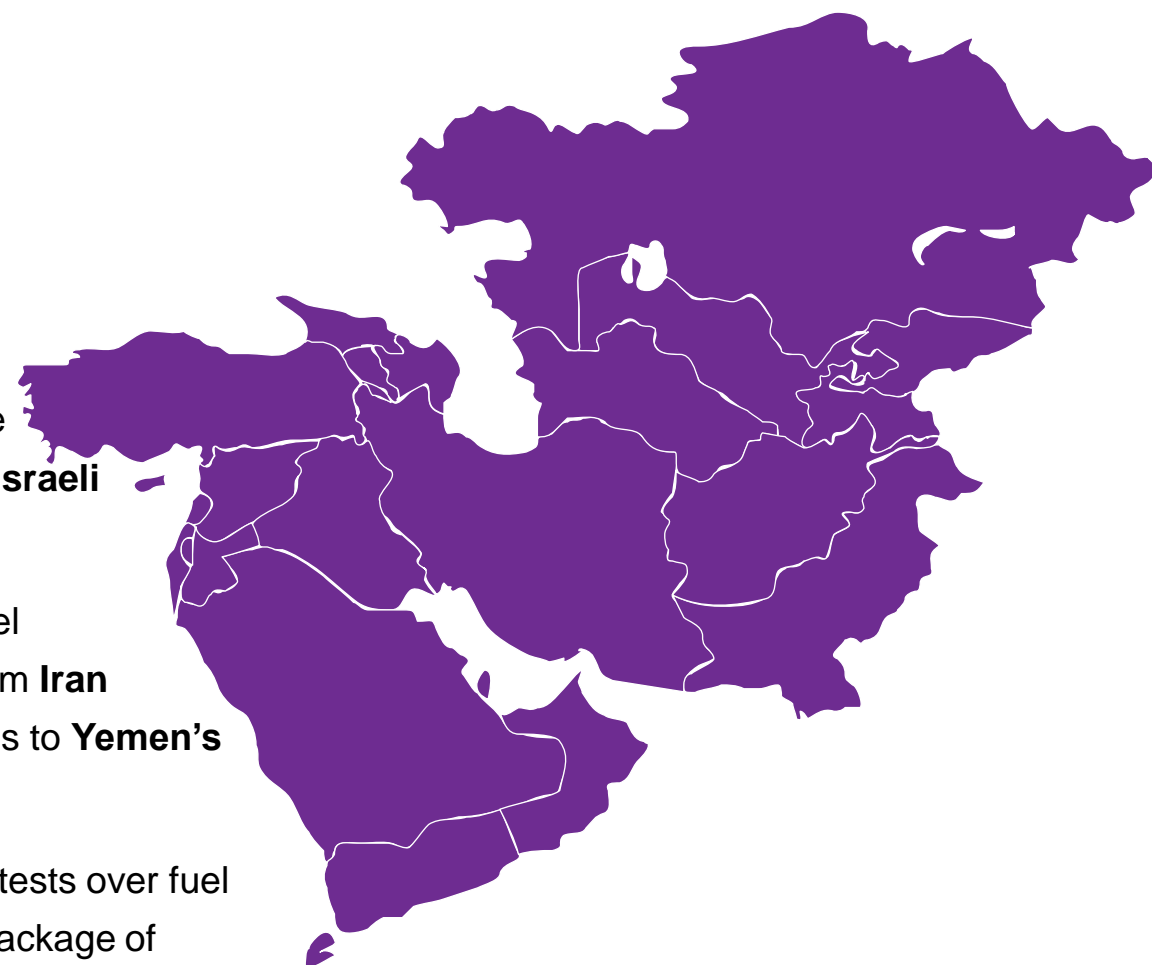
Dentons tabletop sessions are fluid, and designed to enhance preparedness with services, including:

- ❖ 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](#).

Middle East



- A tanker was hit by a suspected Iranian drone off the coast of Oman yesterday, causing minor damage to the hull with no injuries or spillage of the gas oil cargo. The Singapore-based firm, which is controlled by **Israeli** billionaire Idan Ofer, said it was investigating the incident.
- The **US** Navy's Fifth Fleet announced it had intercepted a fishing vessel smuggling "*massive*" amounts of explosive material while transiting from **Iran** along a route in the Gulf of Oman that has been used to traffic weapons to **Yemen's** Houthi group.
- **Iranians** went on strike in several cities to commemorate the 2019 protests over fuel prices. The **US** targeted Iranian transfer of drone to **Russia** in a new package of sanctions. Iran arrested "*French intelligence agents*" provoking demonstrations. The **French** foreign ministry reported last week that seven French nationals were detained in Iran.
- **Germany** warned its delegates at the COP27 environmental summit in **Egypt** that its members may be subject to spying by Egyptian security agents. Detained **Egyptian-British** activist Alaa Abd el-Fattah told his family he has broken a seven-month-long hunger strike.

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Americas

- **Jamaican** Prime Minister Holness declared a state of public emergency in parts of the capital Kingston and in some central and western parishes in an attempt to control rising crime linked to gang violence.
- Workers of **Chile's** Escondida mine, the world's largest copper mine, will strike later this month due to labor demands.
- **Canada's** Prime Minister Trudeau raised "*serious concerns*" over suspected domestic interference by **China** in his first talks with President Xi Jinping in more than three years. Separately, Canadian authorities have charged a researcher at the country's largest electric utility with espionage for allegedly trying to obtain trade secrets for China.
- **Mexican** President Obrador said his administration could issue a reform to the electoral law if his constitutional plan to overhaul the country's electoral commission INE fails to pass in Congress.



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Americas: US

- **US producer prices** increased less than expected in October as services fell for the first time in nearly two years, offering more evidence that **inflation** was starting to subside.
- NASA's next-generation moon rocket blasted off from Florida early this morning on its debut flight, a crewless voyage inaugurating the US space agency's **Artemis exploration** program 50 years after the final Apollo moon mission.
- **Donald Trump** launched a bid to regain the presidency in 2024, amid a growing chorus of voices from within the Republican party urging the former president to step aside. In a secret ballot yesterday, House Republican leader **Kevin McCarthy** was backed to be his party's nominee for speaker by a margin of 188 to 31 votes, signaling a contested selection process to come.
- The Biden Administration is asking Congress for \$9.25 billion to fight COVID-19 and an additional \$37.7 billion to support Ukraine in its war with Russia as part of a **supplemental funding request**.



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Future of Clean Energy: The Race for Copper

By Matthew Gardell

The shift to renewable energy will require extensive use of copper. Clean energy infrastructure and electric vehicles (EVs) are both copper-intensive. As copper demand rises in a tight market, energy analysts worry that demand will outstrip supply, a potential pitfall for businesses and governments attempting to achieve climate goals.

Copper is an essential metal that has a variety of useful properties including thermal conductivity, electrical conductivity and corrosion resistance. Widely used in manufacturing, the production of electronic equipment and the transportation sector, copper is increasingly being used in low-carbon technologies. Copper power lines are used to transport renewable energy to population centers. Renewable energy projects such as wind and solar farms require more copper to produce electricity compared to convention power sources, such as natural gas power plants. EVs, too, use more copper compared to gasoline-powered cars, and EV charging stations also need copper to function with estimates that around 3.5 kg of copper is used in making one charging station. As electric buses, trains and even airplanes are developed, and the use of EVs and renewable energy

sources increases, more and more copper will be mined

The Geopolitics of Copper

Like other critical minerals, the race to mine more copper is impacted by geopolitical tensions. Chile and Peru account for about 40 percent of global output, but the copper industry is under pressure from new leftist governments. These governments are seeking to regulate extractive industries. In Chile, the government introduced a bill that increases copper mining royalties on companies that produce more than 50,000 tons a year. In addition to governmental policies, there has been an increase in industrial actions from indigenous groups; for example, in Peru, a group of residents blocked access to Sierra Metals' Yauricocha zinc-copper-lead-silver mine, with production suspended for more than a week.

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Future of Clean Energy: The Race for Copper

The protest is the most recent in a string of indigenous-led protests that have taken place since leftist President Castillo took power in 2021. There will be continued tension between the copper industry and leftist Latin American governments and indigenous communities as the demand for copper explodes.

China is an important lynchpin for the global copper market as the world's largest copper consumer and as the world's third largest copper producer after Chile and Peru. COVID-19 lockdowns and disruptions in the Chinese property market have roiled the global copper trade, contributing to copper losing gains in the commodities market. However, over the long-term, the demand for copper is projected to grow as renewable energy projects continue and EV demand rises. Due to China's role as a dominant player in the production of materials that comprise renewable technologies, new strategies may emerge to re-configure supply chains. Friend-shoring, or the re-orientation of supply chains among allies, may be part of the US-led strategy to isolate China. The Philippines could be an attractive partner as it has large reserves of copper, and the US wants to bring Manila closer to its orbit. Myanmar and the Democratic Republic of the Congo (DRC) have large reserves as well, but there are impediments; Myanmar is under international

sanctions, and there are operational challenges in the DRC due to instability.

Another major player is Russia, which estimated to hold about 4 percent of the world's copper production. The Ukraine War, however, is affecting the ability of copper to be refined and exported from Russia. Experts also believe that there are vast deposits of copper that have yet to be mined, raising the possibility that continued sanctions on Russia could further depress the global copper supply. As Europe turns away from sourcing its metals from Russia, China may be the end market of discounted copper exports from Russia.

Business Opportunity and Risk

Due to the importance of copper to clean energy infrastructure, there will be a rush to invest in copper mining. Companies and governments will pour resources into discovery and exploration, which would bolster the clean energy transition. However, mining is an environmentally-intensive process, and there may be opportunities for businesses to pursue more sustainable practices in mining copper. Although loosely defined and in its infancy, "green copper" is produced through environmentally-friendly methods. Aurubis, Europe's biggest copper smelter, recently started a series of

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Future of Clean Energy: The Race for Copper

Tests using ammonia to reduce carbon emissions in copper rod production. Given the focus on “greenwashing” and the fact that copper will be disproportionally used in clean energy technologies, producers may be pushed in the direction of developing a greener version of copper.

Copper demand is predicted to outrun supply in the coming decade. This could cause shortages and price spikes at exactly the time the world is ramping up the clean energy transition. Increasing the copper supply in the coming years will be challenging, both from existing mines and from new mines which face lengthy delays due to regulatory burdens. Bloomberg reports that no new copper discoveries are expected to be operational worldwide in the next three years. Further, the average grade of copper ores, referring to the amount of copper concentration in a sample, has declined in recent decades, meaning that even if businesses ramp up copper production, it may not be as profitable. Short of copper, there are no other metals that have its combination of electrical conductivity, flexibility and lower price, so substitution may not be a promising option.

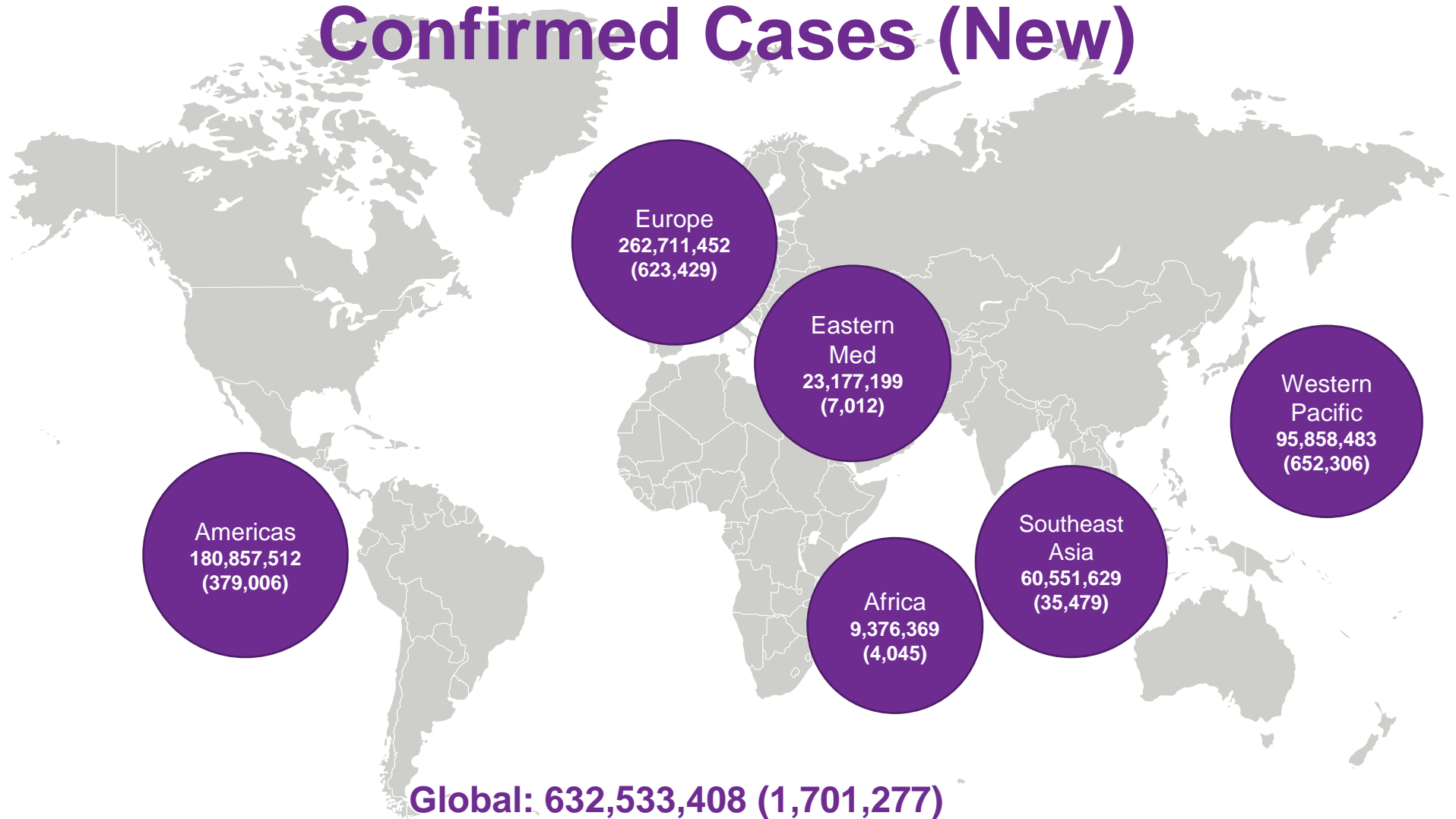
Businesses will also have to contend with the prospect of more resource nationalism. Countries are increasingly moving to nationalize or exert more control over strategic commodities like copper. This means that companies face regulatory risks and will be caught in the middle of geopolitical competition. Taken together, the increasingly complex geopolitical climate and looming supply crunch mean that businesses and governments may fall short of climate benchmarks dependent upon this essential metal.

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Coronavirus Condition Updates

As of 6:19 pm CEST on November 15, 2022

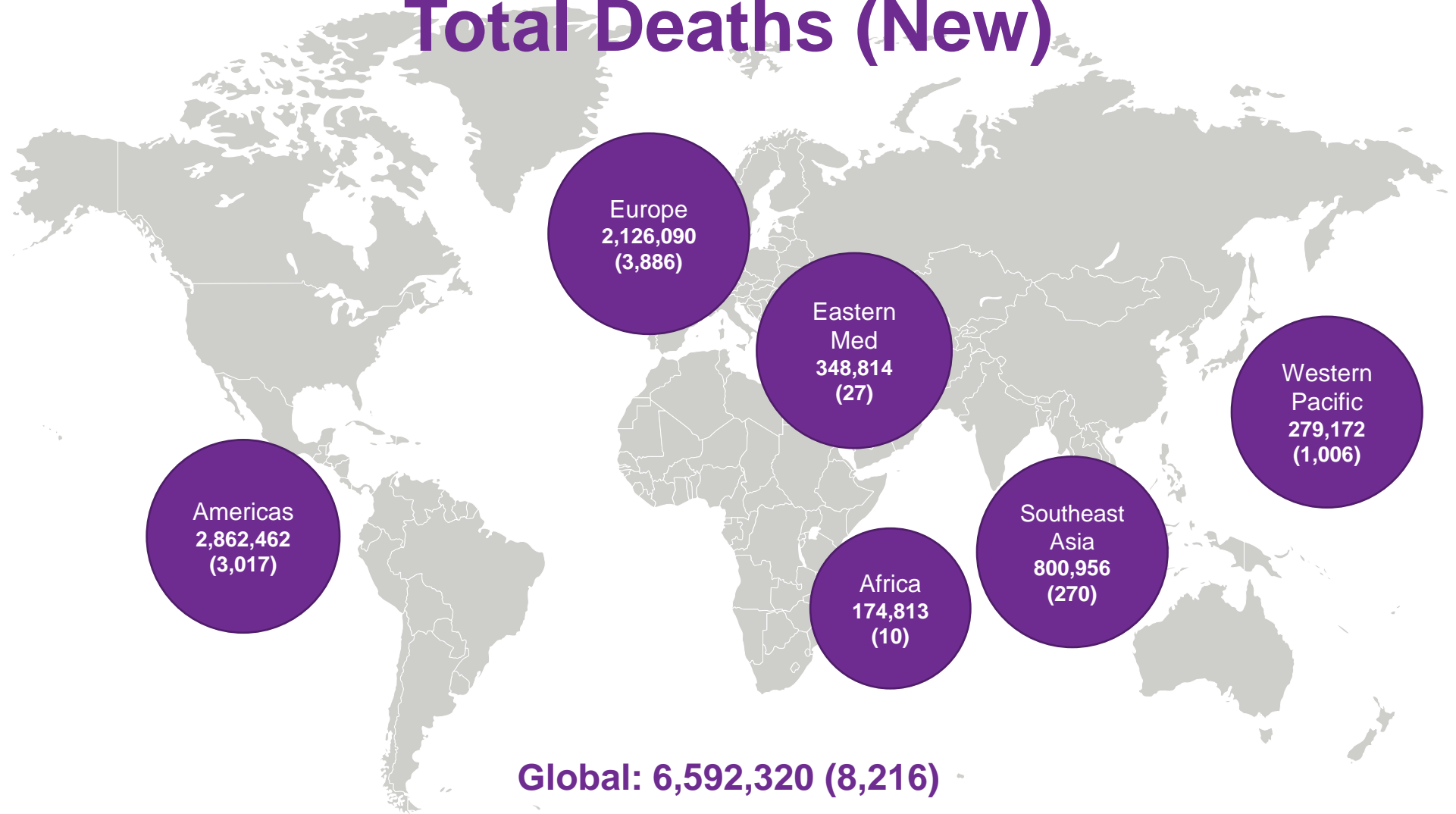
Confirmed Cases (New)



Reflects data as of 6:19pm CEST on November 15, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 6:19pm CEST on November 15, 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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