

Dentons Flashpoint

Daily Global Situation Report

August 3, 2021

Global Situation Update: August 3, 2021

KEY TAKEAWAYS

Media reports that Germany may begin offering booster shots to high-risk groups next month.

The US vowed a “*collective response*” to the likely Iranian attack on an Israeli-managed ship.

Growth in the US manufacturing sector slowed for the second consecutive month in June, as raw material and labor shortages weighed on productivity.

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WHAT WE'RE WATCHING

Today, protests persist across Myanmar after the country's military leader declared himself prime minister and said he would rule under a state of emergency until elections are held in 2023. Demonstrations in Mandalay and Yangon appear to be led by student organizations, while villagers in the south and east opposed the latest moves by the military junta six months after it seized power,

The continued unrest comes as Myanmar struggles with the COVID-19 pandemic, and, also as the Association of Southeast Asian Nations (ASEAN) Foreign Ministers' Meeting discusses the situation in Myanmar. ASEAN has thus far been unable to affect any change in the country.



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Global

Globally, confirmed coronavirus cases topped 198.2 million with 4.2 million deaths; more than 3.8 billion vaccine doses have been administered.

- The head of the Japan Medical Association called on Tuesday for a nationwide state of emergency to contain a surge in COVID-19 cases in **Olympics host city Tokyo** and elsewhere.
- The IMF again warned that **cryptocurrencies** would threaten “*macroeconomic stability*,” and potentially also harm financial integrity, through crypto’s links with illicit activity; El Salvador is set to become the first nation in the world to allow bitcoin to pay for everything from haircuts to taxes.
- The IMF has agreed to boost the **finances of low and middle-income countries** to support their pandemic response through a \$650 billion allocation of its special drawing rights.
- A study by three geologists says that a heat wave in 2020 has revealed a surge in **methane emissions** “*potentially in much higher amounts*” from thawing rock formations in the Arctic permafrost, assessing that thawing wetlands in Siberia’s permafrost are “*much more dangerous*” than past studies have suggested.

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COVID-19 Vaccine

Among fully vaccinated people who never had COVID-19, getting a third dose of an mRNA vaccine from Pfizer/BioNTech or Moderna would likely increase levels of antibodies, but not antibodies that are better able to neutralize new virus variants, per Rockefeller University study.

- The **Lambda variant** of the coronavirus, first identified in Peru and now spreading in South America, is highly infectious and more resistant to vaccines than the original version of the virus, Japanese researchers have found.
- Media reported that **Germany** plans to offer **booster shots** for the elderly and people with underlying health problems, starting in September.
- A trial will begin this week in England to determine the best gap between first and second COVID-19 vaccine doses for **pregnant women**.
- Eli Lilly and Co and partner Incyte Corp said additional results from a late-stage study showed that their **COVID-19 drug baricitinib** reduced the risk of death in patients on mechanical ventilation.

Markets & Business

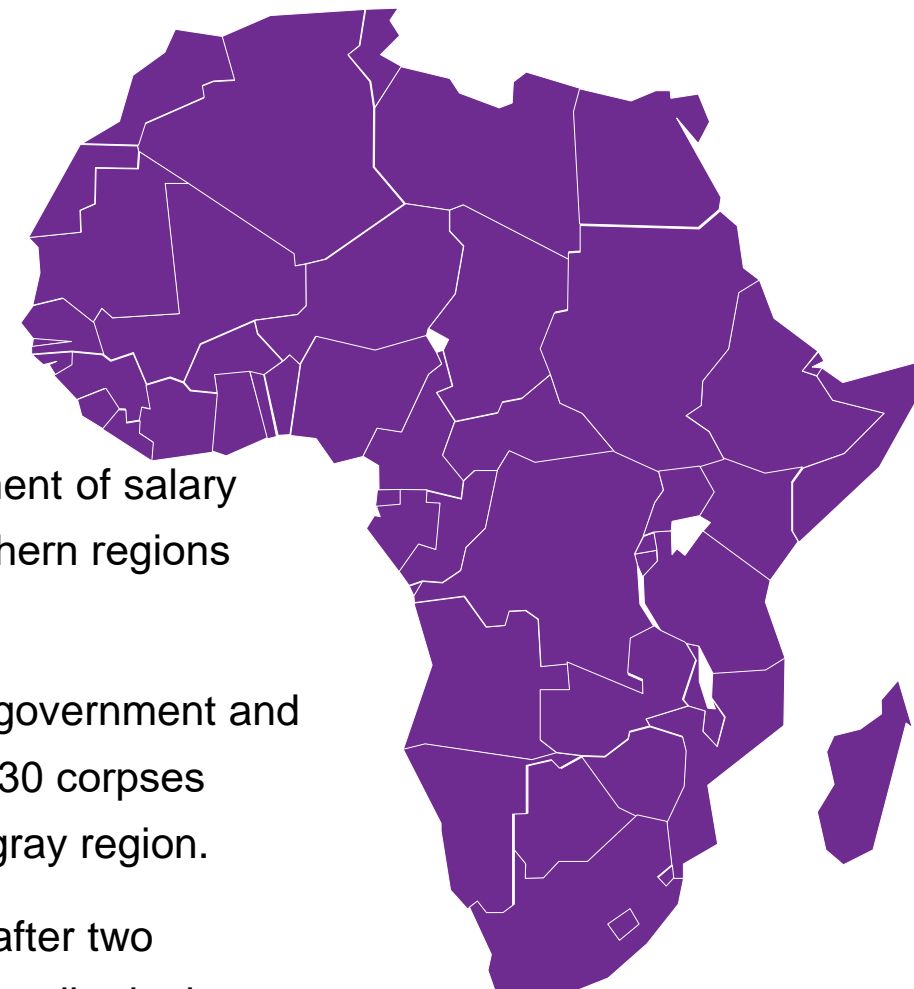
Banks are increasingly cutting funding for coal projects in Asian countries as key financiers in Japan, South Korea and China signal intentions to stop investing in overseas coal.

- Saudi Aramco denied reports that it would begin mining **Bitcoin**.
- **Goldman Sachs** boosted junior staff pay following complaints about burnout.
- **Ernst & Young** will pay \$10 million to settle a SEC investigation into allegations it improperly obtained confidential information in pursuit of a contract.
- **Sanofi** will buy US biotech company **Translate Bio** in a \$3.2 billion deal, as an investment in next-generation mRNA vaccine technology beyond the COVID-19 pandemic.
- Shares in **Tencent** and rivals plummeted after a state-owned newspaper criticized online gaming as “*opium for the mind*,” fueling concerns that the companies’ games could be swept up into a broader regulatory crackdown by China.

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Africa

- **South Sudan** swore in its first national parliament, a long-delayed condition of its peace deal.
- Doctors in **Nigerian** state-run hospitals began a strike over non-payment of salary arrears and a lack of resources to fight COVID-19. The country's northern regions are in the midst of a cholera surge.
- French President Macron called for dialogue between the **Ethiopian** government and the Tigray Peoples' Liberation Front as the conflict persisted. At least 30 corpses washed ashore on the **Sudanese** banks of a river that borders the Tigray region.
- **Zambia's** president deployed the army to quell pre-election violence after two supporters of the ruling party were killed in clashes between protesters earlier in the week.
- **Rwanda** raised \$620 million from investors in its second ever sale of international bonds.



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Asia

- **Indonesia** extended mobility restrictions across densely populated areas, as COVID-19 deaths continue to rise even as infections drop off.
- **Malaysia** anticipates hitting the peak of its COVID-19 wave this month.
- **Hong Kong** will require civil servants to pay for regular COVID-19 tests if they opt not to get vaccinated. A fast-spreading outbreak of the Delta variant in **China** has spurred authorities in Beijing to impose sudden travel restrictions, cancelling trains, planes and buses to and from locations deemed risky.
- **Singapore** will contribute \$100,000 to ASEAN's humanitarian assistance fund to aid **Myanmar**.
- **China's** State Council launched a probe into recent flooding in Henan province after the disaster's death toll rose suddenly from 99 to 302. China's government issued new procurement guidelines that require up to 100 percent local content on hundreds of items including X-ray machines and magnetic resonance imaging equipment, erecting fresh barriers for foreign suppliers.
- **Indian** factory activity bounced back in July to a 3-month high after the Delta spike and hiring also grew.



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How do You Manage Incident Response?

2021 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:

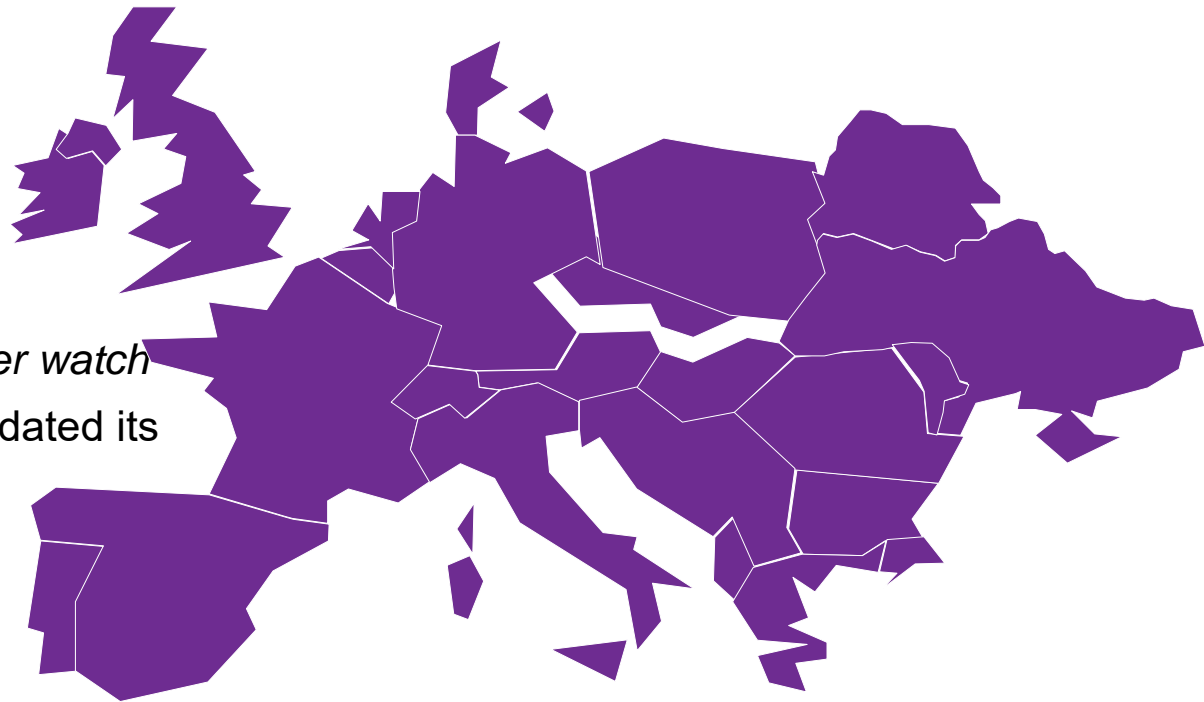
- ❖ Ransomware tabletop exercises
- ❖ Post-tabletop action reports
- ❖ Maturity assessments for preparedness
- ❖ Supply-chain attack simulation
- ❖ Comprehensive incident response plan
- ❖ Threat analysis and monitoring

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

Europe

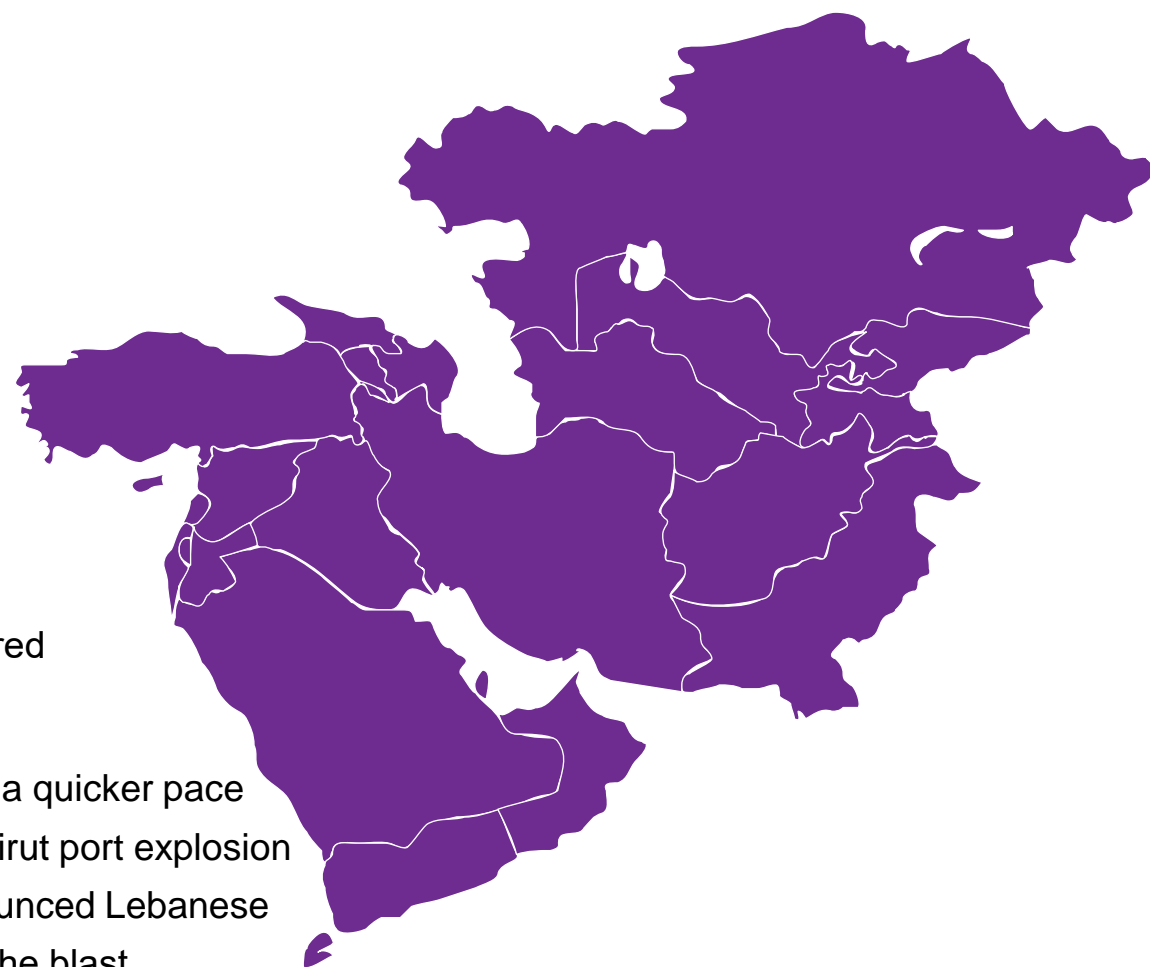
- **UK** Prime Minister Johnson scrapped the idea of a “*amber watch list*” system for foreign holiday destinations. The NHS updated its COVID app to ask fewer people to self-isolate.
- UK think tank The Resolution Foundation said that the Bank of England should adopt a “Fed-like” approach to monetary policy.
- The **EU** promised extra aid to **Lithuania** to combat illegal migration, which Lithuania blames on neighboring Belarus.
- A **Belarusian** activist living in exile in **Ukraine** was found hanged in a park near his home in Kyiv, and Ukrainian police said they had launched a murder case.
- **German** prosecutors may open an investigation into government failures relating to devastating recent floods.



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Middle East

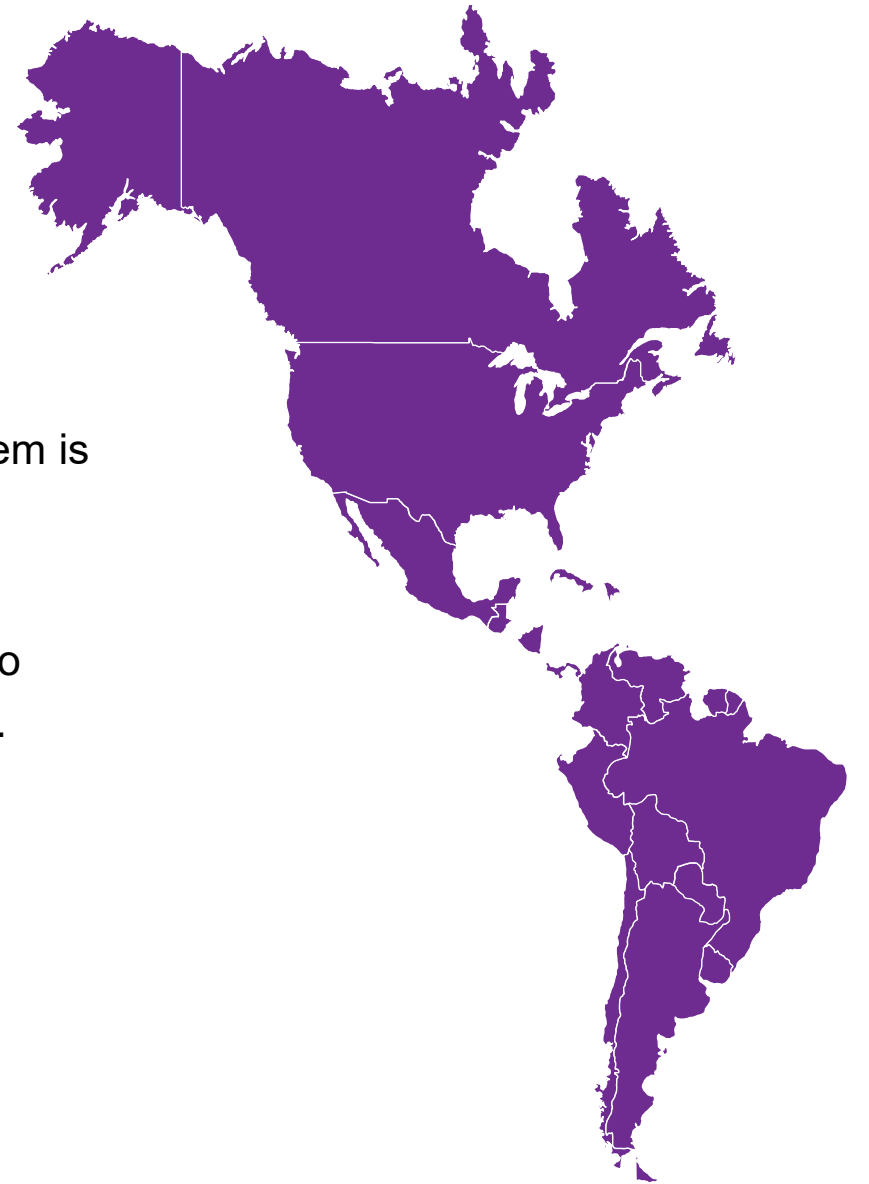
- The **US** vowed a “*collective response*” to the likely **Iranian** attack on an **Israeli**-managed ship, saying it is in close contact with the **UK, Israel, Romania**, and others.
- **Iran's** incoming president Ebrahim Raisi said he will take steps to lift “*tyrannical*” sanctions imposed by the US. Iran’s supreme leader ordered authorities to probe the need for a new lockdown.
- **Lebanese** Prime Minister-designate Mikati said that he had hoped for a quicker pace towards forming a new government, on the year anniversary of the Beirut port explosion that caused the old government to resign. Amnesty International denounced Lebanese officials for “*shamelessly*” obstructing international investigations into the blast.
- **Israel's** cabinet advanced a national budget, passing a major hurdle for the fractious coalition.
- The **UAE's** non-oil private sector expanded at its fastest pace in two years in July as demand rebounded from the COVID-19 pandemic.
- **Morocco** will lengthen its night curfew, starting two hours earlier at 9 pm from Tuesday, as it tightens restrictions to counter a surge in coronavirus infections; daily COVID-19 infections have oscillated between 4,000 and 9,000 over the past week.



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Americas

- The **EU** imposed sanctions on 8 more **Nicaraguans**, including President Ortega's wife, for human rights violations.
- **Brazil's** Supreme Court asserted that the country's electronic voting system is free of fraud, despite claims by President Bolsonaro.
- A **Mexican** referendum on whether to investigate the political decisions of former Mexican presidents fell far short of the turnout threshold required to make it binding, although it received overwhelming support among voters. Mexico's factory index showed tentative signs of recovery.

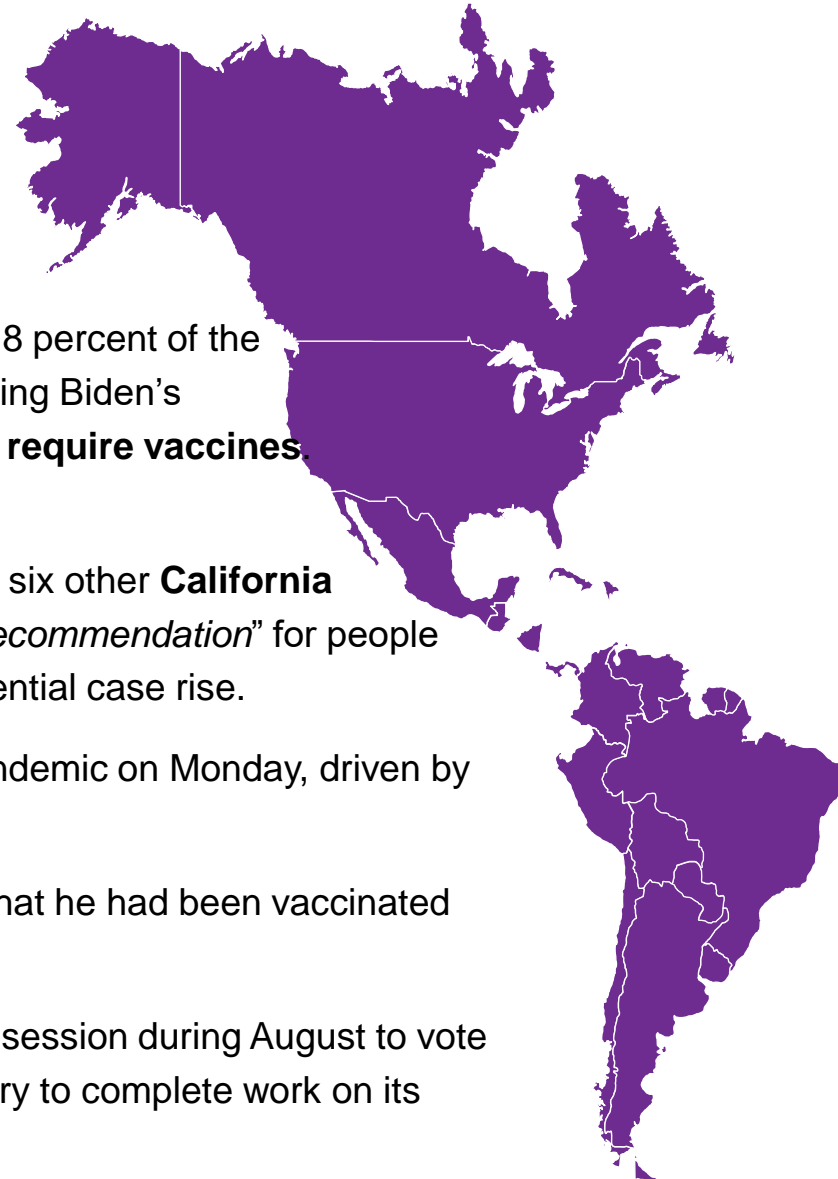


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Americas: US

- Across the nation, 191.8 million have received at least **one dose of the vaccine**, or 57.8 percent of the total population. The US has vaccinated 70 percent of adults with at least one dose, hitting Biden's target one month late. New York Governor Cuomo (D) reiterated calls for businesses to **require vaccines**. Equinox and Soulcycle will begin requiring vaccinations for members and employees.
- Target and Home Depot reinstated **mask mandates** for employees. San Francisco and six other **California** Bay Area counties reinstated indoor mask mandates. **New York** City issued a "*strong recommendation*" for people to wear masks indoors. **Louisiana** tightened mask requirements in response to exponential case rise.
- Florida and Louisiana were at or near their highest **hospitalization numbers** of the pandemic on Monday, driven by the still-spreading Delta variant.
- **Senator Lindsey Graham** (R-SC) tested positive for COVID-19, expressing gratitude that he had been vaccinated and only suffered mild symptoms.
- Progressive Democrats are pushing Speaker Pelosi (D-CA) to call the House back into session during August to vote on renter protections, following the **eviction moratorium's** expiration. The Senate will try to complete work on its bipartisan \$1 trillion **infrastructure package** this week.
- Growth in the **US manufacturing sector** slowed for the second consecutive month in June, as raw material and labor shortages weighed on productivity.

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New Risks as Iran Swears in Raisi Administration

By Alexander Lucaci

Iranian President-elect Ebrahim Raisi, a hardline cleric under US and European sanctions, will be inaugurated in Tehran on Thursday. Raisi's ascension to power marks the end of a period of relative moderation in Iranian presidential politics and raises numerous questions about the direction of Iran's foreign policy and subsequent impacts on regional security.

Outgoing president Hassan Rouhani was initially credited with Iran's improved relations with Europe and the US, implementing a series of domestic social reforms, and striking a nuclear deal with the Obama Administration in 2015. Come Thursday, Rouhani will be leaving Raisi with an economy in tatters, growing domestic instability and unrest, and uncertainty over the future of nuclear negotiations to re-enter the 2015 deal. Policymakers in Washington and Brussels are now forced to wait and see to what extent, if any, they are able to engage with the new administration in Iran and what new risks Raisi presents to broader regional security.

Accordingly, the Biden Administration and other Western leaders have appeared to deliberately play down the election of Ebrahim Raisi and are proceeding as though they do not expect any dramatic changes in Iranian foreign policy once he is officially inaugurated. For

the past several weeks, however, European and US diplomatic patience has worn thin, particularly over the lack of progress in resuming nuclear negotiations in Vienna. Despite Western pressure to return to talks, Tehran has not indicated when or how they will get back to talks about how to return to the 2015 nuclear deal, nor have they declared whether it will be the same diplomatic team that returns. Furthermore, the US and European teams are unclear about whether the terms they agreed to in the first six rounds of meetings will be upheld once the new Iranian administration is sworn in. This period of uncertainty will not last forever - several parties to the negotiations, including Special Representative for Iran Rob Malley and German Foreign Minister Heiko Maas have stated that if an agreement is not possible "*in the foreseeable future*", Berlin and Washington may decide to walk away.

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New Risks as Iran Swears in Raisi Administration

The primary sticking point remains how the two sides will sequence lifting sanctions on the Iranian economy and rolling back nuclear advancements made since the US's withdrawal from the deal in 2018, although issues such as hostage swaps are also still on the table.

The growing gap between rounds of nuclear negotiations has elevated the risks of confrontation and miscommunication between Iran, the US, and its regional allies. On Monday, the Biden Administration blamed Iran for a drone attack on an Israeli tanker which resulted in the deaths of a British national and Romanian national. The unmanned aerial vehicle (UAV) strike was conducted off the coast of Oman and close to the Strait of Hormuz, a critical passage for over 30 percent of the world's oil transports. In a statement, Secretary of State Blinken said that the US is working with partners to formulate "an appropriate response" but did not specify if the response would include military action, economic sanctions or otherwise. Apart from the risk of military escalation against US naval forces in the region, the tanker attack has also intensified political pressure on the Biden Administration to withdraw from the nuclear

negotiations, especially after last month's revelation that Iranian agents plotted to kidnap a Brooklyn-based Iranian journalist.

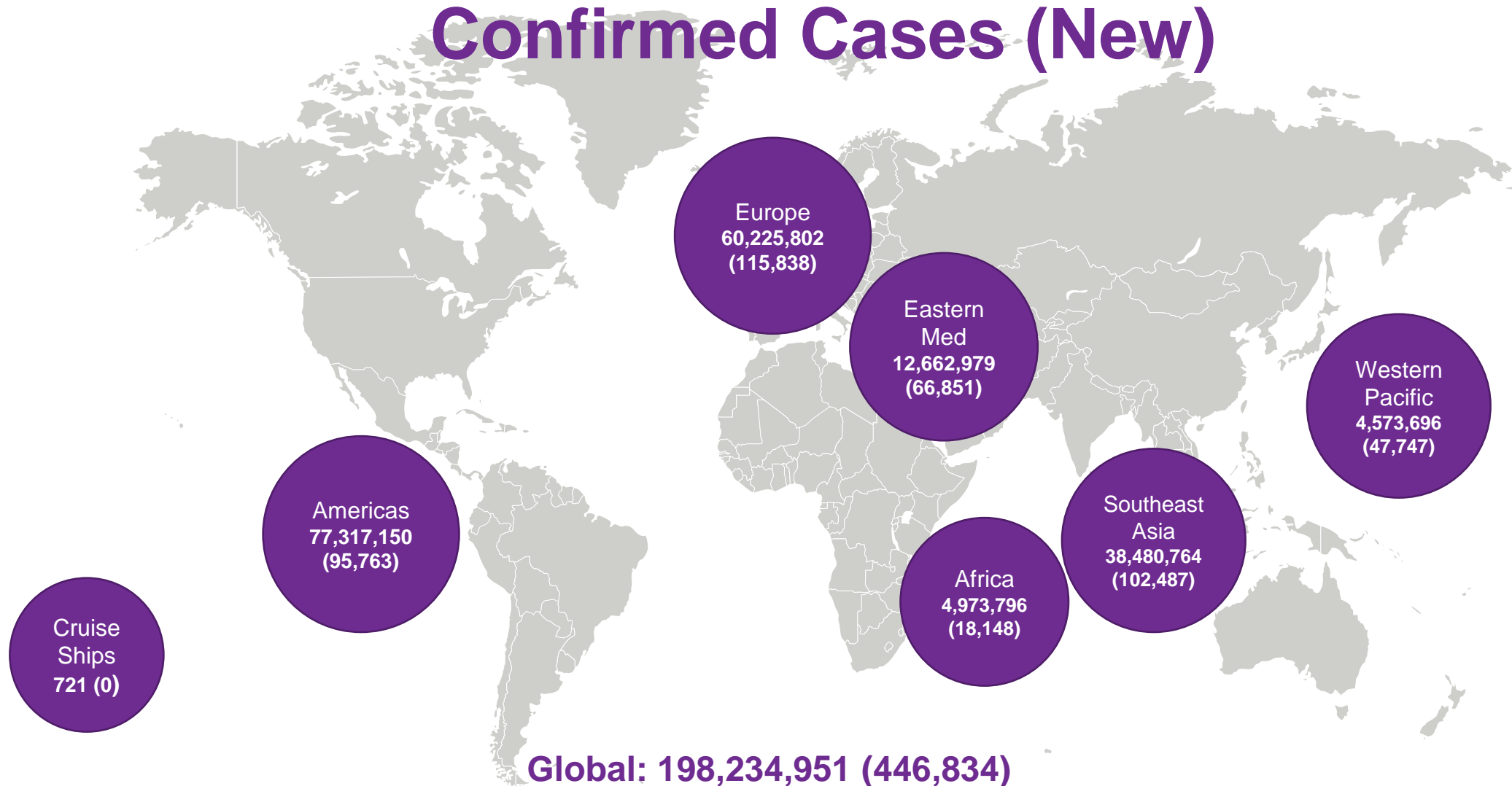
It is likely that the White House is waiting to see whether the drone attack represents part of an increasing trend of Iranian actions in and around the Persian Gulf, or if it was the result of Iranian proxies or Iran-backed rogue elements in the region. In either case, the window for productive talks in Vienna is closing fast, as the Biden Administration may soon view engagement with Tehran as a political albatross instead of a strategic security priority, especially with the incoming Raisi Administration likely to stiffen the terms of any potential deal. Although returning to the 2015 nuclear deal was a top foreign policy priority for President Biden, he may soon recognize that the geopolitical calculus has altered considerably even since his inauguration seven months ago. Raisi's election, combined with Iran's accumulation of nuclear knowledge and expertise over the last several years, may mean that the terms agreed to in 2015 are no longer relevant. If the US and European delegations determine this is the case, there may not be either political or security upsides to continuing negotiations with Iran and resort to further exporting regional security initiatives to key allies like Israel and Saudi Arabia.

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Coronavirus Condition Updates

As of 5:19 pm CEST on August 2, 2021

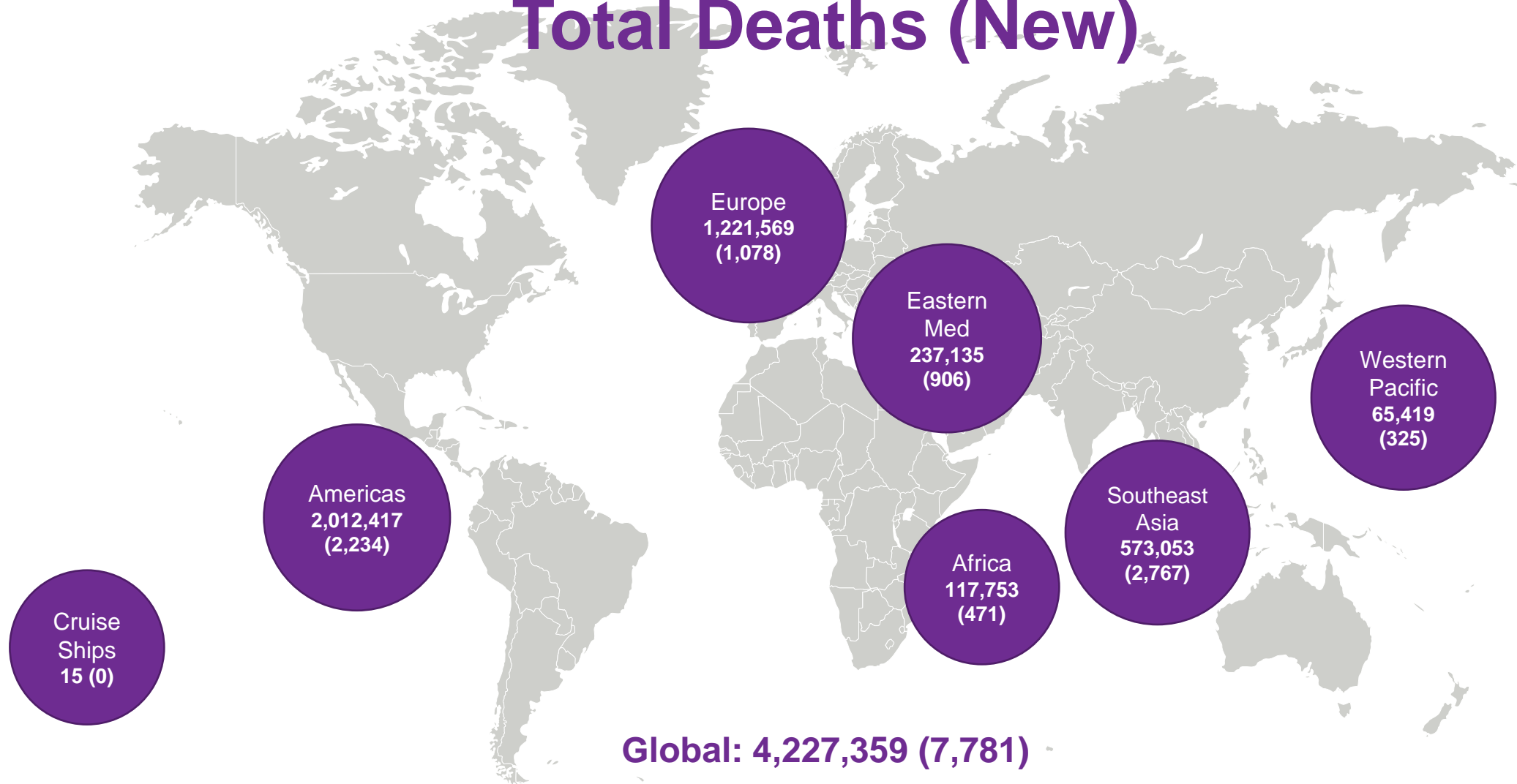
Confirmed Cases (New)



Reflects data as of 5:19 pm CEST on August 2, 2021.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 5:19 pm CEST on August 2, 2021
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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Karl Hopkins

Partner and Global Chief Security Officer
Dentons
Washington, DC

D +1 202 408 9225
karl.hopkins@dentons.com

Melissa Mahle

Senior Analyst
Dentons
Washington, DC

D +1 202 408 6383
melissa.mahle@dentons.com