

Dentons Flashpoint

Daily Global Situation Report

July 14, 2021

Global Situation Update: July 14, 2021

KEY TAKEAWAYS

The pace of US inflation accelerated in June, further raising concerns about whether higher prices will prove temporary.

Indonesia overtakes India as the epicenter for COVID-19 in Asia.

The US expands its warnings to companies doing business in China's Xinjiang region, calling investments there a potential threat.

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WHAT WE'RE WATCHING

Today, mass unrest is expected to continue across South Africa despite calls for calm from political leaders. Protests that began earlier this week over the jailing of ex-president Jacob Zuma on corruption charges have now morphed into looting and rioting against police, and forceful demands for social justice.

Almost 100 people have died so far and nearly 1,000 people have been arrested, with most of the arrests taking place in Johannesburg, South Africa's economic capital. Armed civilians are now moving into many cities to scare away the rioters and looters, with many vigilantes perpetrating violence of their own upon suspected thieves. Zuma's foundation has said their will be no peace until the former president is released from jail.



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

Global

The WTO is nearing a deal with member nations to cut fishing subsidies after 20 years of negotiations, in an effort to fighting depletion of fish stocks.

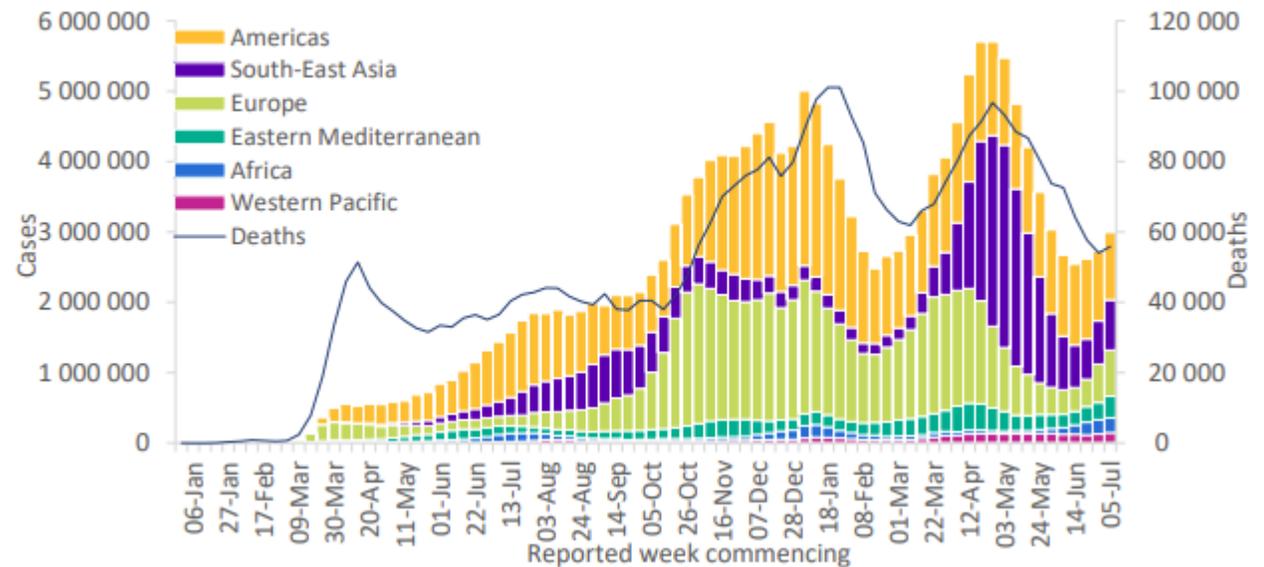
- A coronavirus cluster at a Japanese hotel where dozens of Brazilian Olympic team members are staying has raised new concern about infections. Yesterday, Tokyo reported its highest number of coronavirus cases in the city in nearly six months, just days ahead of the start of the **Olympic Games**.
- About one in three countries where schools are or have been closed due to the pandemic are not yet implementing remedial initiatives to help **students** catch up, according to a new survey by UNESCO, Unicef, the World Bank and the OECD.

Global

Globally, confirmed coronavirus cases topped 187.0 million with 4.0 million deaths; more than 3.3 billion vaccine doses have been administered.

The global number of new coronavirus cases rose by 10 percent over the past week, after more than two months of steady decline. All regions apart from the Americas reported increases in new cases in the past week and the largest increase in new deaths was observed in the African region.

Figure 1. COVID-19 cases reported weekly by WHO Region, and global deaths, as of 11 July 2021**



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COVID-19 Vaccine

The head of the WTO said that wealthy nations are undermining Covax vaccine distribution.

- The Russian Direct Investment Fund said that the Serum Institute of **India** will begin production of the **Sputnik V vaccine** in September.
- An advisor to **Thailand's** government endorsed a plan to mix doses of **Sinovac and AstraZeneca** vaccines, despite public unease about the proposition.
- **Japan** will send a third batch of COVID-19 vaccines to **Taiwan** in a show of support for the island; Japan will also donate 1 million doses each to **Indonesia and Vietnam**.
- Over 1.7 million people in **France** have booked vaccine appointments since President Macron announced new restrictions for the unvaccinated.
- The **UK's** vaccination program is showing signs of slowing ahead of next week's lifting of restrictions.

Markets & Business

Singapore unveiled one of the world's largest floating solar panel farms, spanning an area equivalent to 45 football fields and producing enough electricity to power the island's five water treatment plants.

- Key export firms in Vietnam, including **Intel, Coca Cola and Nike** are using vaccine priority, on-site housing, and mass testing to keep facilities open.
- **TSMC** said that no further COVID-19 cases were found after an initial three on Monday, easing concerns about an outbreak.
- Food sellers including **Conagra and General Mills** are raising grocery store prices to offset cost inflation.
- **Goldman Sachs and JPMorgan** are benefiting from a surge in fees for advising M&A deals, helping offset second quarter declines in bond and stock trading returns.
- A Genting **Cruise Lines'** ship on a "*cruise to nowhere*" has returned to Singapore after a passenger was suspected of having contracted COVID-19 and the nearly 3,000 passengers and crew on board have been confined to their cabins.
- The US SEC has issued fines against Russian-owned **Momentum**, a space transportation start-up and a special purpose acquisition vehicle, for misleading investors about the company's technology and the national security risks in the first crackdown of its kind.

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How do You Manage Risks?

The coronavirus pandemic has not just added a new layer of risk for business leaders to navigate, but has accelerated drivers of change, including disruptive technologies, political and economic realignments and cultural priorities on equality, justice and conservation, while increasing vulnerabilities that bad actors seek to exploit.

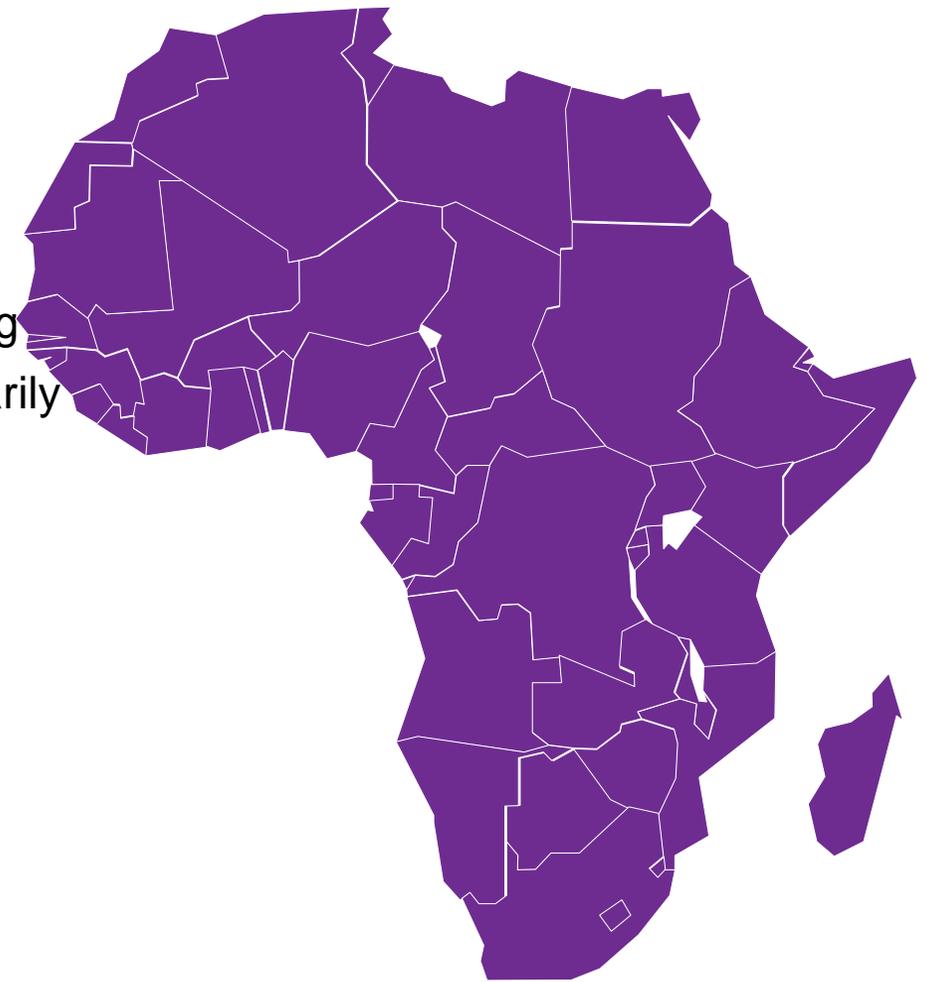
Dentons Intelligence and Security Services Group offers bespoke services to provide business leaders with the intelligence they need to understand and thrive in complex operating environments.

- ❖ due diligence and compliance investigations
- ❖ physical and cyber security assessments
- ❖ country and political risk assessments
- ❖ enterprise risk management and organizational resiliency advice
- ❖ crisis and incident response (physical security breaches and cyber incidents, insider threats and reputational impacts)

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

Africa

- Police and protesters clashed as anti-government protests, looting and violence escalated in **South Africa**. South Africa will temporarily shut vaccination sites in areas affected by violence.
- A new UN report found that 282 million people in **Africa** face malnourishment.
- **Ethiopian** Tigrayan forces said that they have launched a new offensive pushing south further into Tigray; the UN called for a verified withdrawal of Eritrean forces.



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Asia

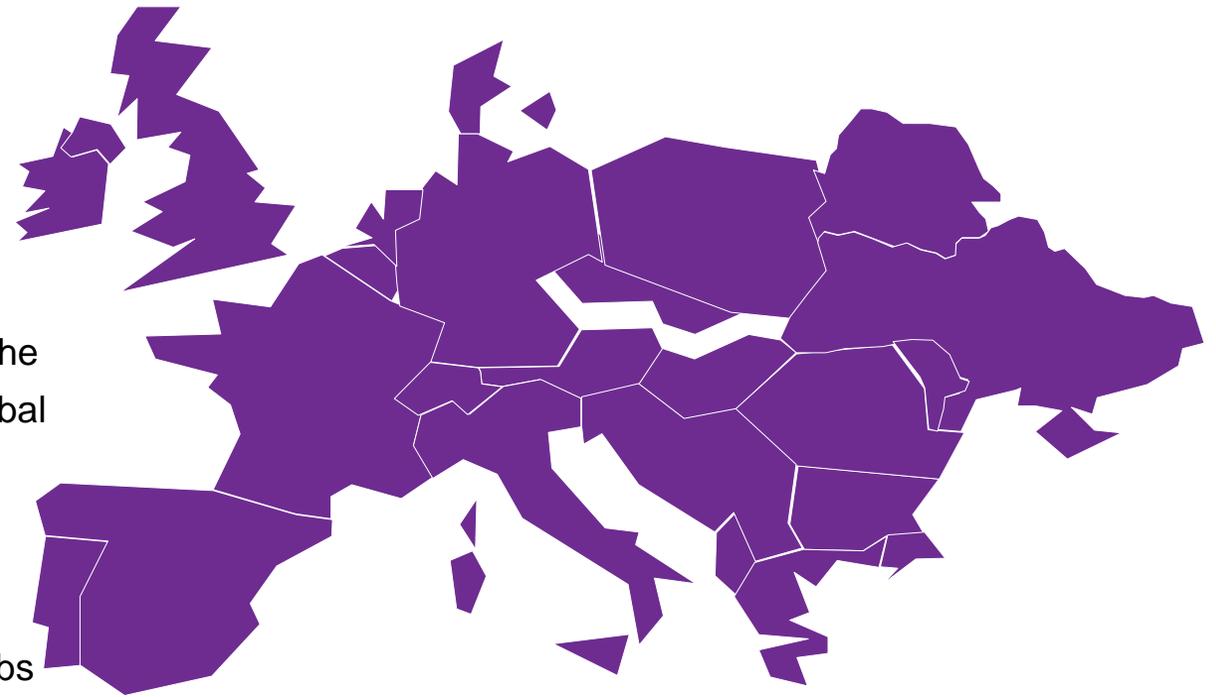
- **Indonesia** has overtaken **India** as the epicenter for COVID-19 in Asia; daily infections have exceeded 40,000 for two days, with health experts warning of fast Delta spread. The **Japanese** government announced that it supports special flights for citizens seeking to leave Indonesia.
- **Malaysia** logged a record 11,079 new cases.
- **China** has begun vaccinating teenagers, with some provinces planning to expand eligibility to youths as young as 12 by the end of September.
- Heavy monsoon rains in northern **India** are triggering flash floods and landslides in two states
- At the ASEAN foreign ministers conference, the **US** rejected **China's** "*unlawful*" maritime claims in the South China Sea and urged the group to take action to end violence and restore democracy in **Myanmar**. The US State Department expanded its warnings to companies doing business in China's Xinjiang region, calling investments there a potential threat. Sources say that the State Department will also issue stronger warnings this week to companies operating in **Hong Kong**.



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Europe

- Brussels will set out plans on Wednesday for the **EU** to become the global leader on achieving net zero emissions in order to limit global warming, with a decarbonization strategy targeting all sectors of the economy and international trade.
- The number of coronavirus cases in the **Netherlands** increased by more than 500 per cent last week after restrictions on nightclubs and the catering sector were loosened two weeks ago. The **UK** government and mayor of London are in open dispute over the requirement to wear masks on public transportation.
- **France** called on **EU** governments to give the pan-European markets watchdog, the European Securities and Market Authority, responsibility for overseeing cryptocurrencies.
- An advisory group to the **German** government has come under fire for suggesting the country should restrict press freedom to ease IPOs.
- **Lithuania's** parliament approved the mass detention of migrants crossing the border from Belarus amid accusations that **Belarus** is weaponizing migrant flows.



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Middle East

- **Qatar** will drop quarantine requirements for vaccinated travelers, as the country seeks to bolster tourism ahead of the 2022 FIFA world cup.
- **Bahrain** suspended entry for several countries, including **Tunisia, Iran** and **Iraq**, due to COVID-19 concerns.
- **Iran** claimed that the **US** will delist the IRGC and lift sanctions on Ayatollah Khomeini and his inner circle when a new nuclear deal is reached and said that prisoner swaps are currently under discussion.
- Relatives of those killed in **Lebanon's** August Beirut port blast clashed with police while protesting outside the home of the caretaker interior minister. UNICEF has begun delivering aid in dollars due to the rapid inflation of the Lebanese lira.
- An **Iranian** commander reportedly urged further escalation against US forces in a visit to proxy militias operating in **Syria and Iraq**. Iranian intelligence agents plotted to abduct an Iranian **American** journalist living in Brooklyn the US Justice Department alleged in an indictment unsealed Tuesday.



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Americas

- The **US** warned **Haitians and Cubans** against illegal sea crossings amid unrest.
- One of the **Haitian-American** men arrested in Haiti on suspicion of involvement with President Moise's assassination was reportedly a US DEA informant.
- One man has died, and several people injured during anti-government protests in Havana, **Cuba**. Cuba restricted access to social media and messaging platforms.
- External analysts estimate that **Mexican** inflation will rise to 6 percent this year, double the central bank's estimate.
- **Argentina** and the IMF said there had been progress in talks on Argentina's \$45 billion debt.

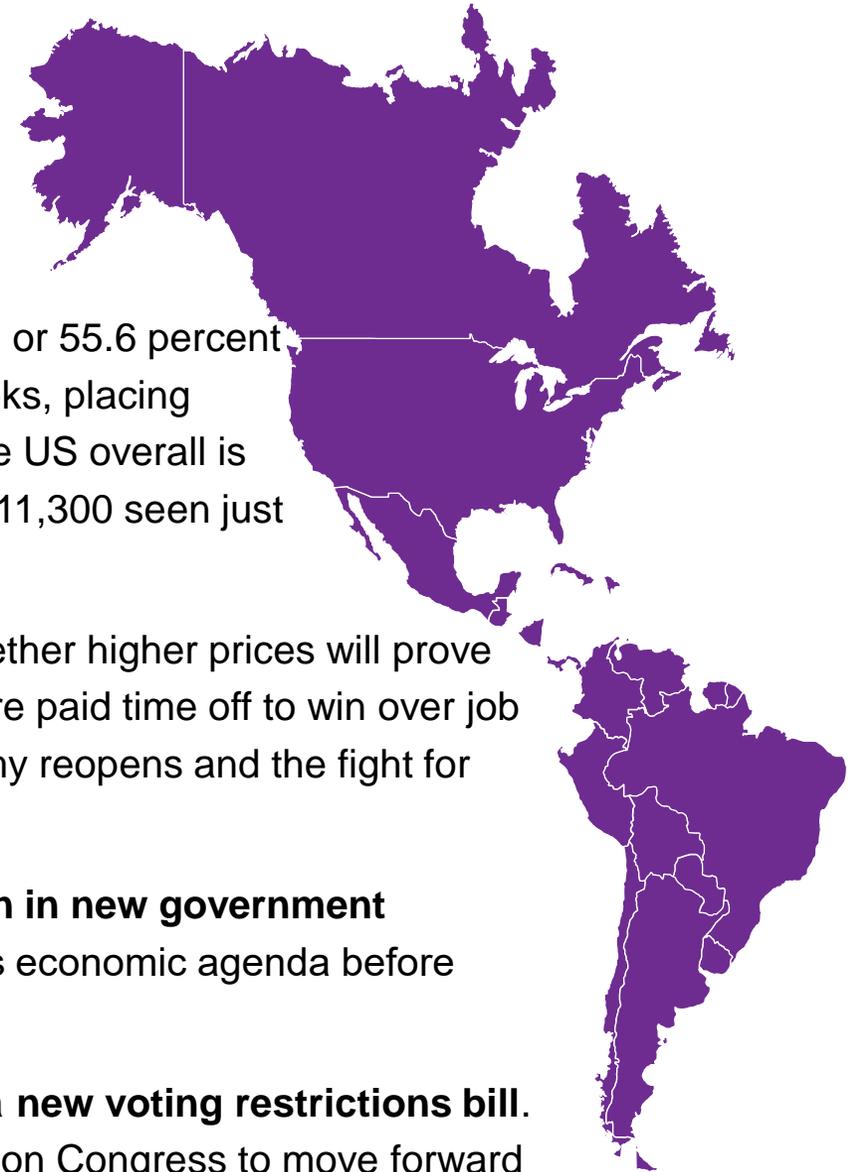


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Americas: US

- Across the nation, 184.5 million have received at least **one dose of the vaccine**, or 55.6 percent of the total population. Chicago, **Illinois** announced its first travel advisory in weeks, placing restrictions on travelers from Delta variant hotspots **Arkansas and Missouri**. The US overall is averaging over 23,000 new cases per day, almost double the average of around 11,300 seen just three weeks ago.
- The pace of **US inflation** accelerated in June, further raising concerns about whether higher prices will prove temporary. **US employers** are resorting to signing bonuses and promises of more paid time off to win over job candidates for roles in finance, technology and legal departments, as the economy reopens and the fight for talent heats up.
- Senate Democrats have agreed to press ahead with legislation worth **\$3.5 trillion in new government spending** without Republican support in a bid to enact the Biden Administration's economic agenda before next year's midterm elections.
- Democratic lawmakers from Texas left the state in a bid to block the passage of a **new voting restrictions bill**. President Biden condemned Republican efforts to tighten voting rules and called on Congress to move forward on voting legislation.
- Biden tapped former Republican Arizona senator Jeff Flake to serve as ambassador to **Turkey**.

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COVID-19 and Vaccination Progress in COVID-19-Skeptical Countries

By Anni Coonan

When the novel coronavirus first emerged in early 2020, different countries adopted myriad strategies and levels of risk tolerance to weather the pandemic. While most countries acted cautiously, some adopted a much higher tolerance for risk, or denied that COVID-19 could emerge in their countries.

Countries including North Korea and Tajikistan, for example, rebutted and punished claims that the virus was spreading, African countries including Madagascar and Tanzania downplayed risks and leaned on natural remedies, and countries like Sweden chose an unconventionally lax COVID-19 strategy. Over a year on, the COVID-19 and vaccination record in these countries is mixed and often opaque. Below, a brief survey of the COVID-19 and vaccination outcomes in countries that adopted unconventional, avoidant, or simply repressive policies towards the novel coronavirus.

Tanzania

In mid-2020, after Tanzania had undergone a mild first wave of COVID-19, the late President Magufuli claimed that COVID-19 in

the country had been “entirely eliminated by God,” earning the suspicion of the international community. From the onset of the pandemic to his death from complications related to a heart disease (although NGOs and opposing politicians claim he died of COVID-19), Magufuli denied that the virus was circulating within the country, declined to join the international Covax vaccine initiative, refused to implement social distancing restrictions, and counseled that Tanzanians should avoid the virus through prayer, herbal remedies, and steam inhalation. The lax policies made Tanzania a popular tourism destination for those seeking to escape COVID-19 restrictions, and the island of Zanzibar remained fully open throughout the pandemic. Decisions not to collect or publicly share virus data means that the scale of the outbreak in Tanzania is uncertain - the country did not confirm a single COVID-19 case from

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May 2020 until late last month - and while only an in-depth investigation into excess death data would likely reveal the extent of the outbreak in the country, it likely experience waves comparable to its peers. Kenya and Uganda, for example which have similar populations, have confirmed 189,000 and 40,000 cases, respectively.

Following President Magufuli's death, however, Tanzania's COVID-19 policies have taken a more proactive turn: his vice president, Samia Suluhu Hassan, acknowledged the spread of the coronavirus, advised Tanzanians to wear face coverings and socially distance, and, several weeks after Magufuli's death, caused a stir by appearing in public wearing a face mask for the first time since the onset of the pandemic. Most importantly, Hassan broke with Magufuli to join the Covax initiative and request its first shipment of vaccines in mid-June and will likely begin vaccinations in the coming weeks. Despite some transparency - Tanzania confirmed 100 new cases of COVID-19 in June, its first data reporting since May of 2020 - transparency remains a concern, and the progress of the vaccination drive is likely to remain unclear for some time.

Madagascar

Similar to Tanzania, Madagascar garnered early headlines for its nontraditional approach to COVID-19. The country's president, Rajoelina, initially denied that the virus had reached the island nation, and later espoused unproven theories about higher natural immunity in African populations to explain the country's early low numbers. Most controversially, Rajoelina touted a domestically-produced herbal remedy, "Covid-Organics," as both a treatment and vaccine against COVID-19. The remedy, which is based on the artemisia plant used in some malaria treatments, was never approved by the WHO or other international bodies, although several African countries agreed to buy the treatment to study it. In conjunction with the supposed effects of the treatment, Madagascar imposed comparatively lax COVID-19 restrictions, first imposing travel restrictions in October of 2020 and never restricting gatherings smaller than 200 people. Notably, the country did experience fairly mild outbreaks throughout most of the pandemic and has to date reported only just over 42,000 cases, slightly lower in comparison to its neighbors.

COVID-19 and Vaccination Progress in COVID-19-Skeptical Countries

In May of 2020, however, Rajoelina announced that Madagascar would join the Covax initiative after several months of claiming to rely on Covid-Organics, likely prompted in part by an April case spike that surpassed the early pandemic highs. The country has since begun vaccinating with AstraZeneca doses received through the facility.

North Korea

Predictably, North Korea has likely been the single most opaque country with regards to the coronavirus pandemic. As in other areas, it is essentially impossible to access independent information about the extent of the outbreak in the country, and the official line from Pyongyang since early 2020 has been that the country is entirely COVID-19-free. Since March of 2020, the country has locked down its already impermeable borders, banning tourists and cross-border trade from China, and claiming to the WHO that population-wide testing campaigns have returned zero positives. Late last month, however, hints emerged that North Korea could be experiencing a severe outbreak after leader Kim Jong Un called a special meeting of the Political Bureau of his Workers' Party in which he cited a

“great crisis” in the pandemic response that could create “grave consequences” for the country and the officials responsible.

While Kim has accepted offers of vaccines from Covax, just last week he rejected shipments of AstraZeneca vaccines, citing health risks, and has not taken Russia up on offers to buy its Sputnik V, likely due to a lack of funds - illustrating the consequences of North Korea's desire to stay independent of the international system. With an impoverished health infrastructure, high case loads are likely resulting in high fatality rates, and, as in other areas experiencing sustained case spikes and low vaccination, the emergence of new variants is a significant risk (even more so due to North Korea's nonexistent gene sequencing capability). The further shuttering of the North Korean economy has also likely exacerbated food shortages and quality of life concerns, and Kim warned of a looming food shortage in June's Politburo meeting.

Tajikistan

After North Korea, Tajikistan adopted one of the most repressive systems in the world to discourage discussion of COVID-19 and

COVID-19 and Vaccination Progress in COVID-19-Skeptical Countries

deny its spread in the country. The country did not acknowledge the pandemic until mid-2020, at which point governmental case reports diverged sharply from civil society estimates, and in January of 2021, Tajik President Rahmon declared the virus “completely eradicated” from the country, and ceased publicly reporting any new case data. While several governments have jailed critics or denounced media coverage of their COVID-19 responses throughout the pandemic, Tajikistan took an especially harsh line to prevent public discussion of the pandemic, accusing news outlets of “spreading panic” when covering the virus and, shortly after acknowledging the outbreak in Tajikistan, passing new legislation instituting heavy fines and jail time for spreading “inaccurate” information regarding the virus, including over private communication channels on WhatsApp, Twitter and Instagram. Any arrests due to the law have not been well publicized, but activists agree that the measure had the intended effect of steeply cutting down on COVID-19 discussion in public and on the media.

Despite anti-COVID-19 rhetoric throughout 2020 and 2021, Tajikistan did register to participate in the Covax alliance in the fall of

2020, and began its vaccination campaign with AstraZeneca in March. Additionally, on July 3, Tajikistan then became the first country to mandate the coronavirus vaccine for all citizens over 18. To date, less than one percent of the population has been fully vaccinated, and the country has reported a small spike in COVID-19 cases, which civil society sources report is much larger than officially reported.

Sweden

On the less extreme side of the spectrum, Sweden early adopted a markedly lax COVID-19 strategy that included virtually no legally enforced restrictions on travel, gatherings, or mask usage throughout the pandemic. Despite calls for increased restrictions from international organizations and heated debates within the Swedish scientific community, the Swedish health ministry never implemented COVID-19 restrictions in line with its neighbors, arguing that high levels of interpersonal trust and a high percentage of single-occupancy homes to stem the virus in the country. The approach largely failed: Sweden has one of the highest rates of

COVID-19 and Vaccination Progress in COVID-19-Skeptical Countries

infection in western Europe, with over four times as many cases per capita as its neighbors Finland and Norway, and its outbreak has disproportionately affected the elderly and low-income. However, the country's differences in managing COVID-19 appear not to have extended to its vaccine campaign; the country has thus far vaccinated almost half of its population, about on par with its neighbors, using purchased vaccines. Unlike other countries who chose unconventional coronavirus management strategies, more resources to address infections and administer vaccines will likely lead to a quicker resolution of the outbreak.

Skepticism and COVID-19 Recovery

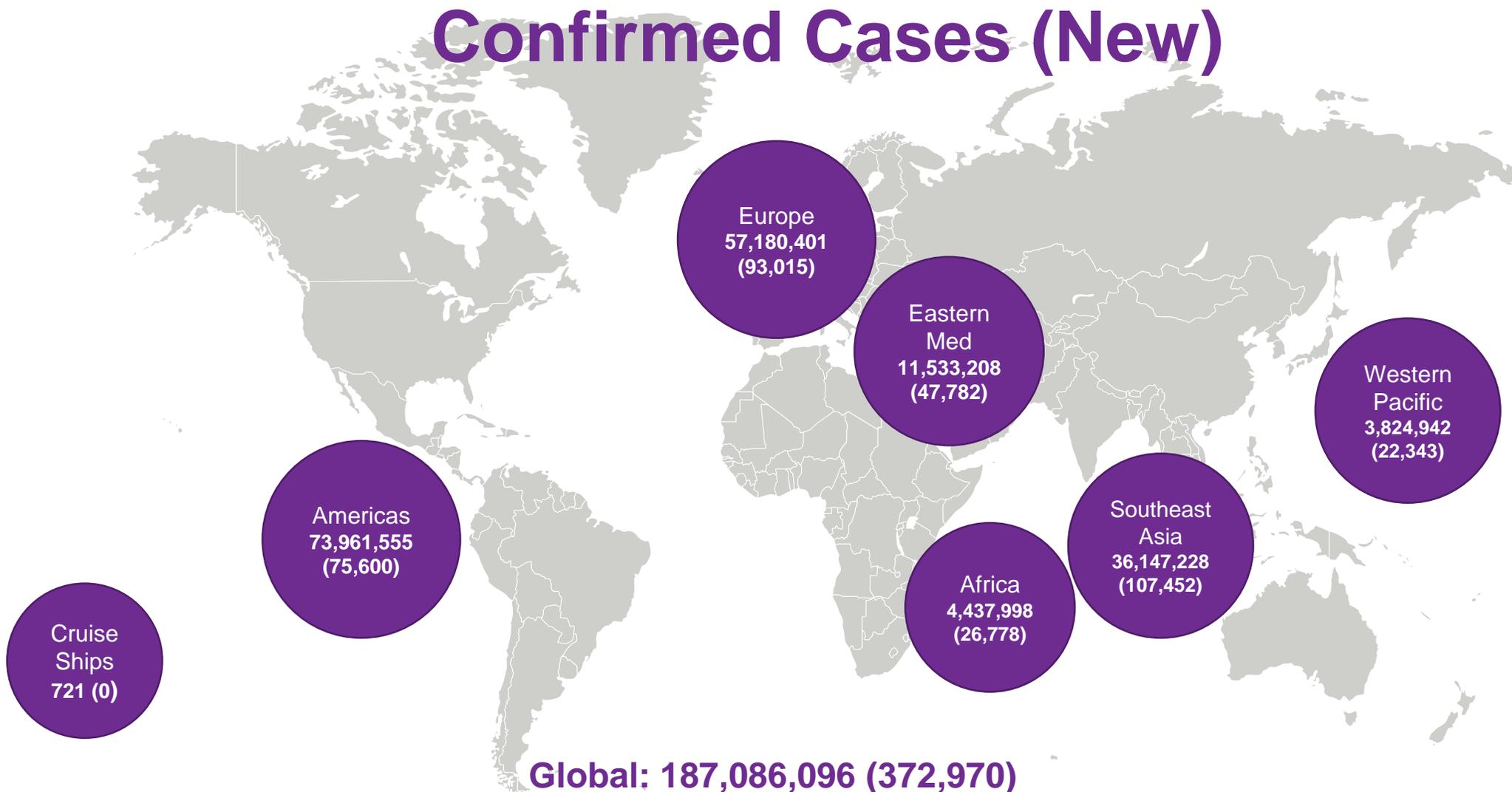
Most countries have now opted to receive vaccine doses, likely calculating that the political costs of receiving Covax doses (which are free or low-cost for low-income countries) is fairly low, meaning that global vaccine efforts are not wholly blocked in these countries. However, COVID-19 skepticism at high levels of government, as well as attempts to outright deny the existence of the virus, harm the global push towards normalcy and illustrate the political concerns that incentivize leaders to downplay the risks of the pandemic. In

Madagascar, for example, vaccination efforts may be hampered by a full year of elite messaging discounting vaccinations and promoting unproven herbal remedies; in the extreme example of North Korea, unwillingness or inability to use international-standard vaccines could prolong the country's outbreak and allow variants to develop. As is frequently said with regards to vaccination, no country is safe until every country is safe, and public skepticism about COVID-19 both exacerbates existing outbreaks and endangers vaccination campaigns.

Coronavirus Condition Updates

As of 5:55 pm CEST on July 13, 2021

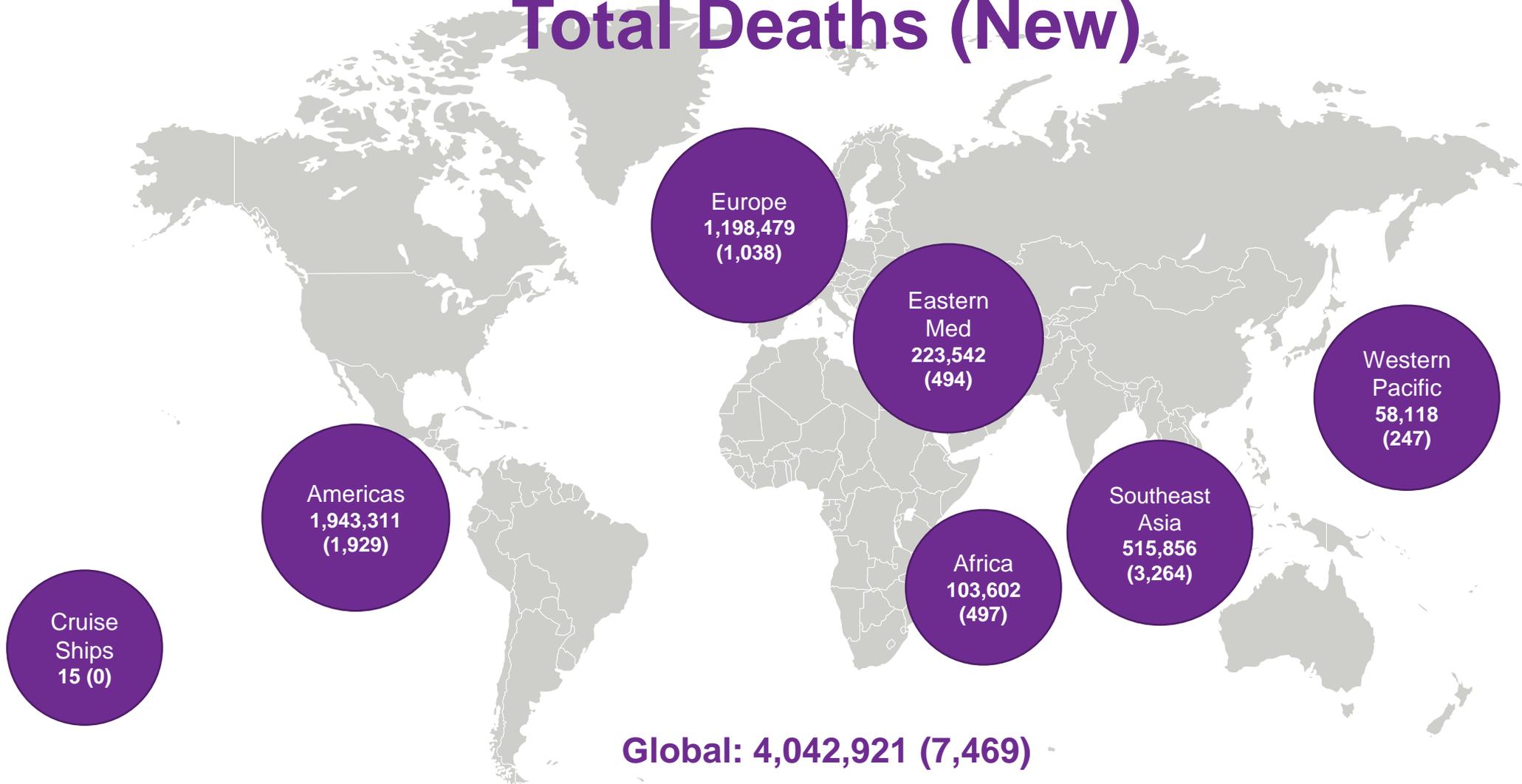
Confirmed Cases (New)



Reflects data as of 5:55 pm CEST on July 13, 2021.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 5:55pm CEST on July 13, 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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