

Dentons Flashpoint

Daily Global Situation Report

April 15, 2022

Global Situation Update: April 15, 2022

KEY TAKEAWAYS

IMF chief says the consequences of Russia's invasion were contributing to economic downgrades for 143 countries.

Small protests have broken out in Shanghai as residents grow increasingly frustrated with China's COVID-19 lockdown restrictions.

Russia warned the US and NATO to stop arming Ukraine or risk “unpredictable consequences.”

Global Situation Update: April 15, 2022

WHAT WE'RE WATCHING

Representatives of Libya's two rival governments are participating in UN-brokered negotiations in Cairo over the next week to reach an agreement on national elections. Following the postponement of the presidential vote originally planned for late December, Libyan militias on both sides of the divide are mobilizing, stirring fears of an outbreak of violence.

A full-scale battle between the former warring parties is unlikely in the coming months given the economic costs of war and the reaching in January of a preliminary agreement on unifying armed groups. Occasional clashes between militias supporting the rival heads of government are likely in Tripoli, Misrata and southern Libya. Armed confrontations, however, will not target businesses and foreign personnel.



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

Global

The IMF managing director Kristalina Georgieva said that Russia's invasion of Ukraine has weakened the economic outlook of most of the world's countries.

- Russia sent a formal diplomatic note to the US warning that US and NATO shipments of the “*most sensitive*” weapons systems to Ukraine were **fueling the conflict** there and could bring “*unpredictable consequences*.”
- Russia’s flagship naval vessel in the Black Sea, the Moskva, has sunk. The US Pentagon assessed that the loss will be a “*big blow*” to their Black Sea fleet, as the Moskva was a key part of their efforts to execute some sort of **naval dominance in the Black Sea**.
- More than 600 Western companies have said they would **exit or cut back operations in Russia**, according to researchers at Yale University. Billions in potential corporate losses are beginning to be reported in earning statements.
- A **third dose of the COVID-19 vaccine** from Pfizer Inc/BioNTech produced significant protection against the Omicron variant of the coronavirus in healthy children ages 5 to 11, per company research.

Markets & Business

Elon Musk has made an offer to buy Twitter with a bid that values the company at \$43.4 billion in a move that could turn the Tesla chief executive into a social media mogul.

- The number of **failed trades in the US corporate bond market** increased following Russia's invasion of Ukraine, with investors linking the settlement problems to sanctions imposed after the war began. Nearly \$70 billion of transactions failed in the week ending April 6, well above the long-term average of \$40 billion a week.
- **Goldman Sachs** reported a 42 percent drop in profits in Q1 as a surge in trading activity failed to compensate for a cooling in the dealmaking boom.
- **Citigroup's** profits were hit in Q1 by the fallout from the war in Ukraine as the US bank set aside \$1.9 billion for potential loan-losses and continued to search for an exit from its retail business in Russia.

Environment, Sustainability & Governance

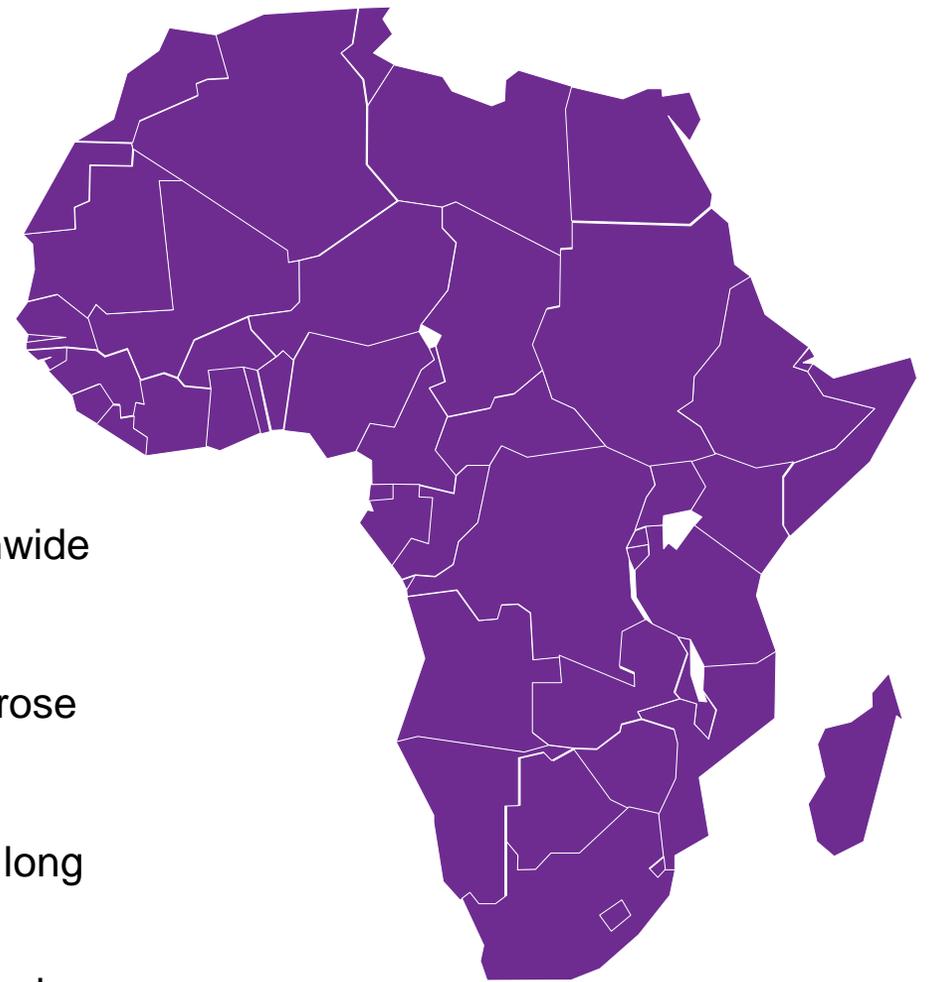
A survey of executive-level Google Cloud users found that 93 percent were willing to, or already do, tie compensation to ESG goals.

- Exxon Mobil Corp has begun design studies for its **carbon capture storage** (CCS) hub in southeast Australia, similar to its project in Houston, Texas.
- Rio Tinto, one of the largest Australian mining companies, confirmed its exit from the state mining lobby group after raising concerns that its policy on expansion of **coal mines** did not align with the **Paris Climate Agreement**.
- BlackRock projected that by 2030 at least three quarters of its investments in companies and governments will be tied to issuers with a scientific target to cut net **greenhouse gas emissions** to zero by 2050, up from 25 percent currently.
- Apple announced commitments from dozens of manufacturers in its supply chain to **source clean energy** for the production of Apple products, and investments in renewable energy to address the climate impact of the use of its products.

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

Africa

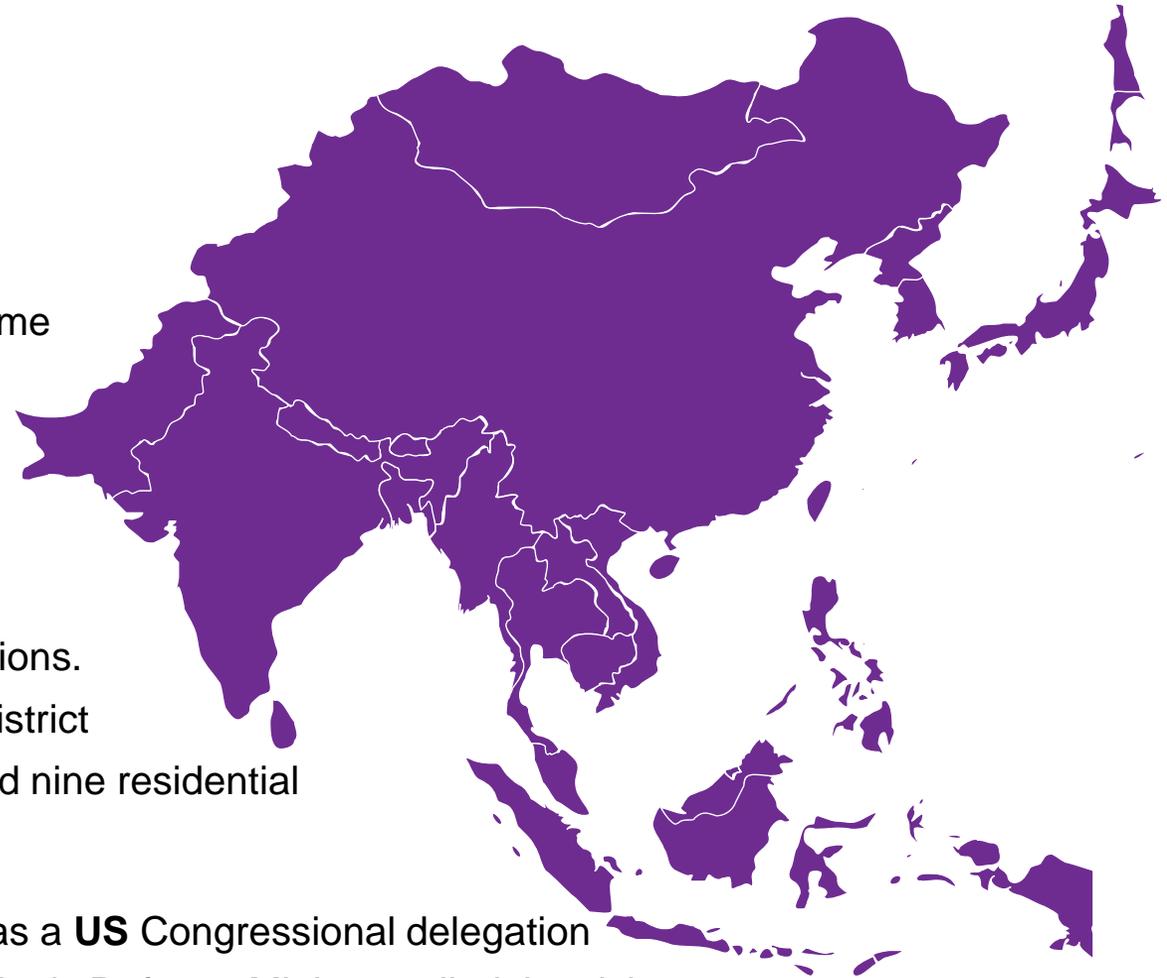
- **Africa** is experiencing its longest-running decline in COVID-19 cases since the onset of the pandemic, per the WHO.
- The World Food Program announced that it had resumed food aid programs to the Tigray region of **Ethiopia** on April 1 following a nationwide ceasefire intended to allow the passage of aid.
- The death toll of historic flooding in the **South African** city of Durban rose to 341, and the province declared it a provincial disaster.
- The **Kenyan** government promised that fuel crisis, that has prompted long lines and anxiety throughout the country, will resolve itself within three days, blaming fuel distributors with hoarding fuel to drive up costs. Local media reported that the government will deport the CEO of fuel storage and distribution company Rubis Energy Kenya.



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

Asia

- **Pakistan's** powerful military establishment dismissed ousted prime minister Imran Khan's claims that he was the victim of a US-led conspiracy and described his visit to Moscow on the day Russia invaded Ukraine as "*embarrassing.*"
- Small protests have broken out in Shanghai as residents grow increasingly frustrated with **China's** COVID-19 lockdown restrictions. Residents in the Zhangjiang compound in the eastern Pudong district resisted police efforts to move them after authorities requisitioned nine residential buildings for temporary quarantine facilities.
- **China** said it conducted military drills around **Taiwan** on Friday as a **US** Congressional delegation visited the island in a show of support to a fellow democracy. China's Defense Ministry called the visit a "*deliberately provocative*" and had "*led to further escalation of tension in the Taiwan Strait.*"



Asia

With the reduction of new COVID-19 infections, South Korea plans to remove all remaining social-distancing measures next week, with the exception of the mask mandate, while downgrading COVID-19 to a “Class 2” disease alongside conditions such as tuberculosis and cholera.

Republic of Korea Situation

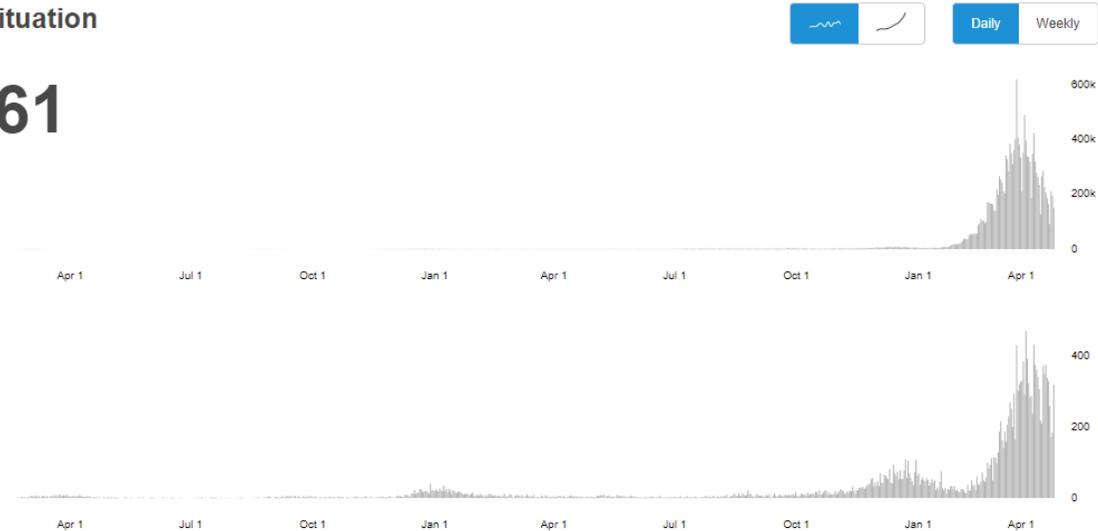
15,979,061

confirmed cases

20,352

deaths

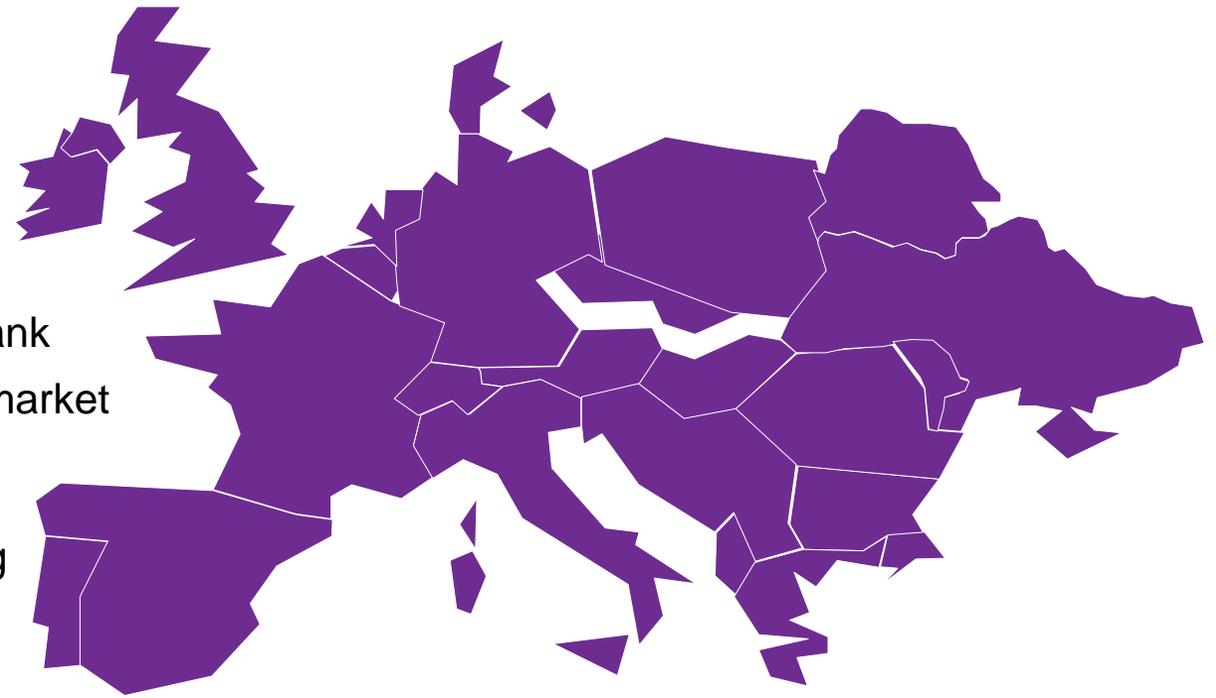
Source: World Health Organization



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

Europe

- The euro fell on Thursday after the **European** Central Bank opted to leave interest rates unchanged, falling short of market expectations on the pace of stimulus withdrawal.
- **Turkey** kept its main interest rate on hold despite soaring inflation that last month rose to 61 percent, its highest official level in twenty years.
- For the first time since the COVID-19 pandemic began, the streets of Seville were full as people turned out for one of **Spain's** most iconic Easter processions.
- Amid surging inflation, the two remaining **French** presidential candidates are promising to help voters make a better living. Incumbent Macron is promising to triple the amount of a special tax-free bonus that employers can give workers. Far-right hopeful Le Pen wants to give tax incentives to companies to raise the basic salary.



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

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.

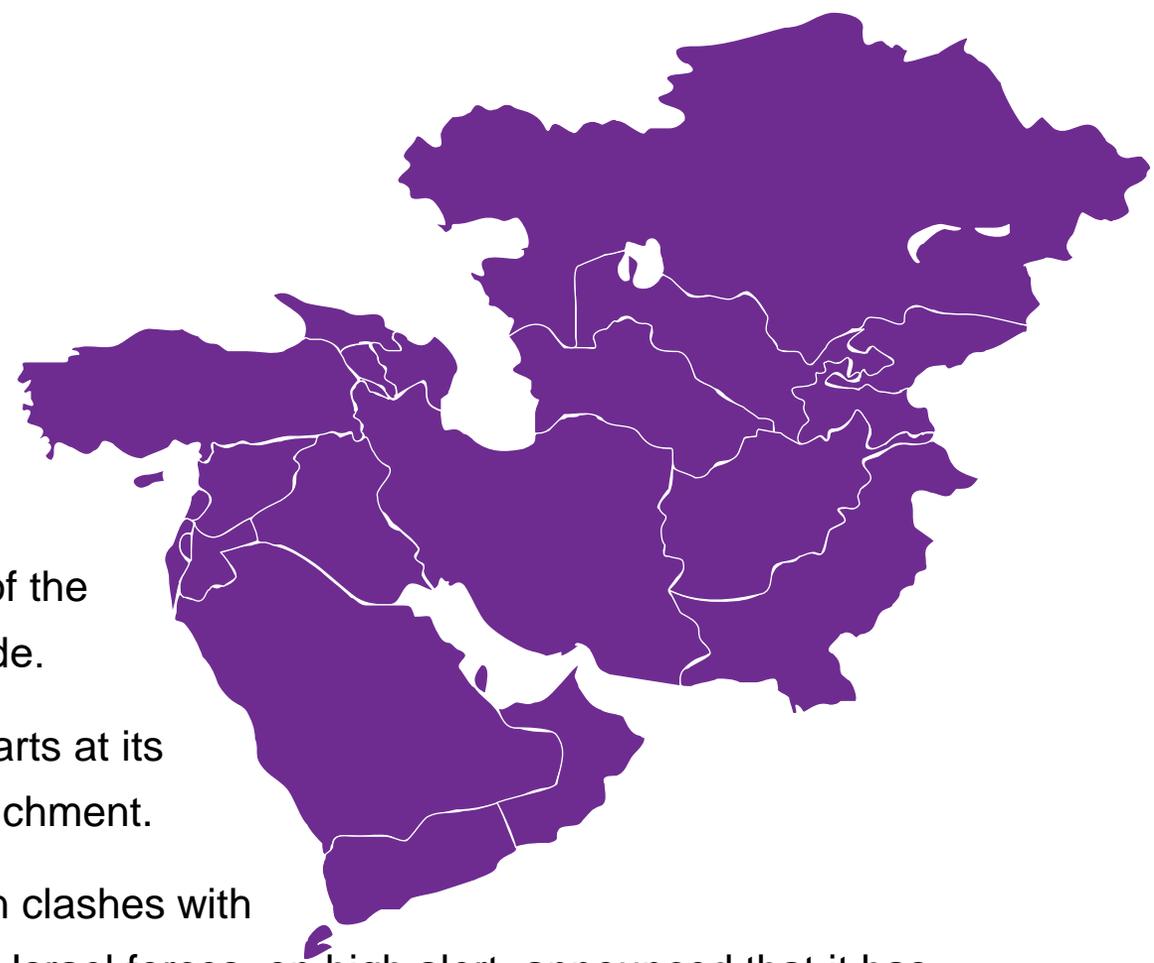
Dentons tabletop sessions are fluid, and designed to enhance preparedness with services, including:

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

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

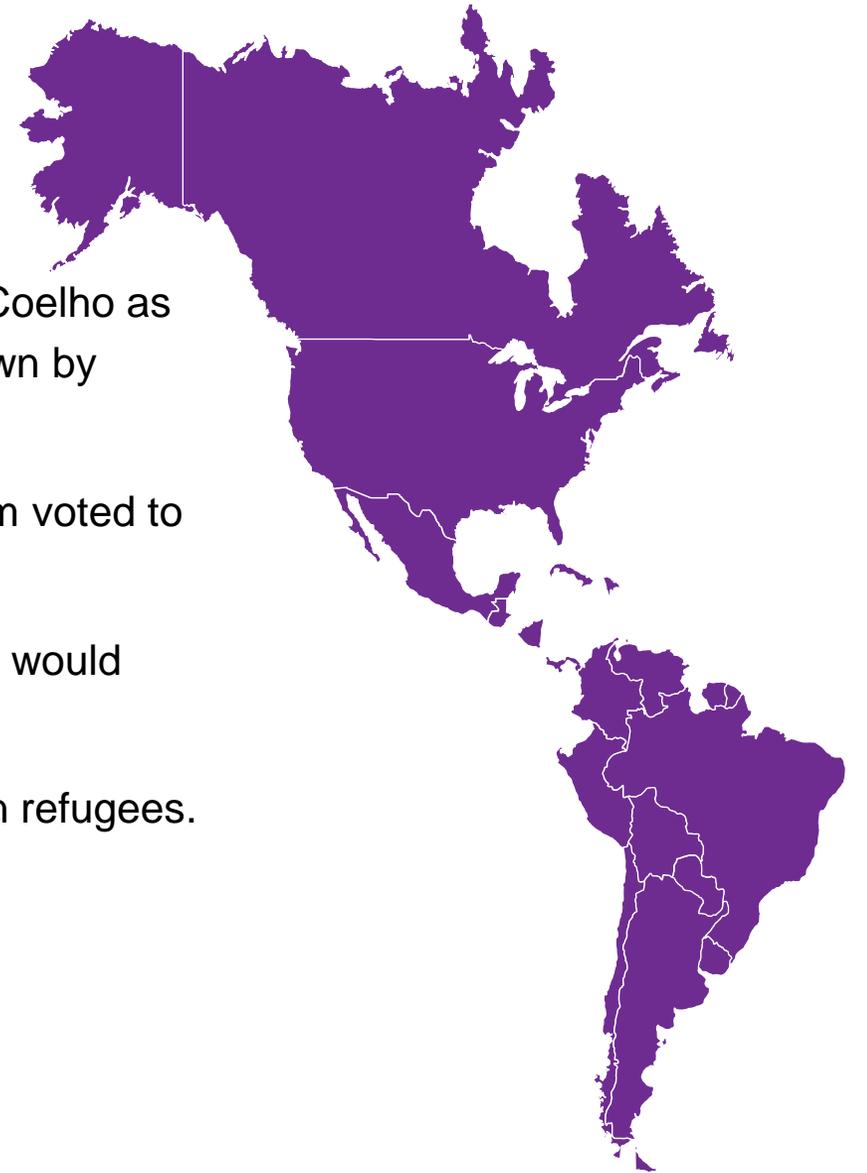


- The UN’s envoy for the war in **Yemen** said he sees “*a light at the end of the tunnel*” in the war, a rare point of optimism in the seven-year conflict.
- Some **Iraqi** oil station owners shut off their pumps in protest of the government’s fuel distribution policies, causing lines nationwide.
- **Iran** began operation at a new workshop making centrifuge parts at its central Natanz nuclear plant, another sign of accelerating enrichment.
- In mounting tensions, at least 152 Palestinians were injured in clashes with Israeli riot police at **Jerusalem's** Al-Aqsa mosque compound. Israel forces, on high alert, announced that it has arrested the Palestinian responsible for several ISIL-linked knife attacks in recent years.
- For the first time, **Israel** successfully tested a new laser air defense system to intercept drones, missiles, and other airborne threats.

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

Americas

- The board of **Brazilian** state oil company Petrobras elected Jose Mauro Coelho as CEO following months of turmoil over nominations submitted and withdrawn by President Bolsonaro.
- The **Chilean** council tasked with drafting a new constitution for referendum voted to abolish the Senate in favor of a new “*chamber of regions.*”
- **Brazilian** presidential candidate, former leftist president Lula, said that he would change the country a more progressive tax system if elected.
- **Canada** will deploy up to 150 military personnel to Poland to aid Ukrainian refugees.



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

Americas: US

- In New Mexico, the McBride Fire has destroyed 207 homes and burned 5,736 acres since it started on Tuesday. The **wildfire** has been fanned by spring winds gusting at up to 90 mph (144 kmph), spreading through forested canyons dotted with homes.
- **Unemployment claims** ticked up slightly last week, a rise to 185,000 initial jobless claims on a seasonally adjusted basis in the week ending April 9, compared with an upwardly revised 167,000 in the previous week, reflecting a tight labor market with limited layoffs.
- New York Federal Reserve President Williams assessed a half-point **interest rate increase** at the upcoming May meeting is a “*reasonable option*.” US 30-year fixed mortgage rates swelled above 5 percent for the first time in more than a decade.
- The US government has linked the Lazarus Group, a notorious gang of **North Korean** hackers, to a cryptocurrency address that was used last month to steal more than \$600 million from a popular video game.



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

Ukraine War Update: Global Economic Fallout, Warship Moskva Sunk, Russian Payment Defaults

IMF managing director Kristalina Georgieva said that Russia's invasion of Ukraine has weakened the economic outlook of most of the world's countries. "For the first time in many years, inflation has become a clear and present danger for many countries around the world. This is a massive setback for the global recovery. In economic terms, growth is down, and inflation is up. In human terms, people's incomes are down, and hardship is up."

Political Developments

Ukraine's Foreign Minister Kuleba has called on Germany to make a "quick decision" on weapons deliveries to Ukraine. German Economics Minister and Vice-Chancellor Habeck supported sending more weapons to Ukraine but ruled out the delivery of large tanks and combat aircraft for the time being.

Russia sent a formal diplomatic note to the US warning that US and NATO shipments of the "most sensitive" weapons systems to Ukraine were fueling the conflict there and could bring "unpredictable consequences."

With more world leaders visiting Ukraine in shows of solidarity, US President Biden expressed interest in visiting Kyiv.

France's foreign ministry announced that its embassy in Ukraine would return to Kyiv.

Ukraine's parliament passed a resolution on Thursday recognizing the actions of the Russian military in the country as "genocide."

Jailed Russian opposition leader Alexei Navalny called for an "information front" to be opened against Russian "propaganda" around the war in Ukraine. The chief editor of Novy Fokus in the Russian region of Khakassia, was arrested by security forces over the website's reporting on 11 riot police who had allegedly refused deployment to Ukraine as part of Russia's military action there.

Seeking aid from allies and partners, Russia has asked Brazil for support in the International Monetary Fund, the World Bank and the

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

Ukraine War Update: Global Economic Fallout, Warship Moskva Sunk, Russian Payment Defaults

G20 group of top economies to help it counter crippling sanctions imposed by the West.

Battlefield Developments

Russia's flagship naval vessel in the Black Sea, the Moskva, has sunk. The US Pentagon assessed that the loss will be a "big blow" to their Black Sea fleet, as the Moskva was a key part of their efforts to execute some sort of naval dominance in the Black Sea.

The Ukrainian military assessed Russian units are currently focused on capturing the cities of Popasna and Rubizhne in the Luhansk region in eastern Ukraine but are not making gains. Ukrainian troops had repelled attacks in eight places in the past 24 hours, destroying several Russian tanks and an artillery system.

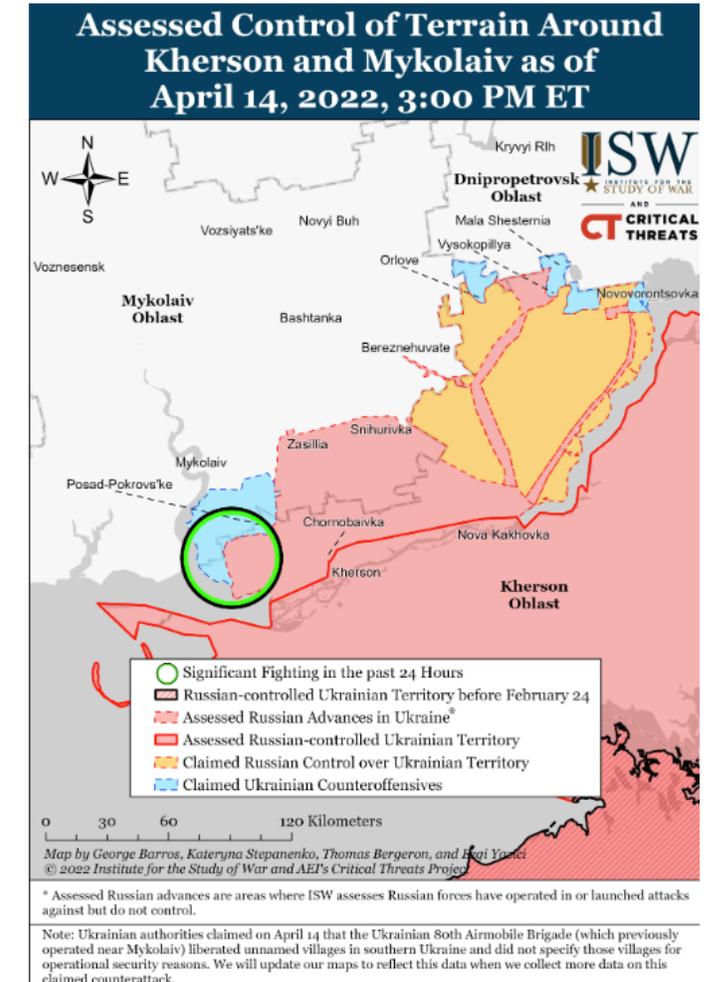
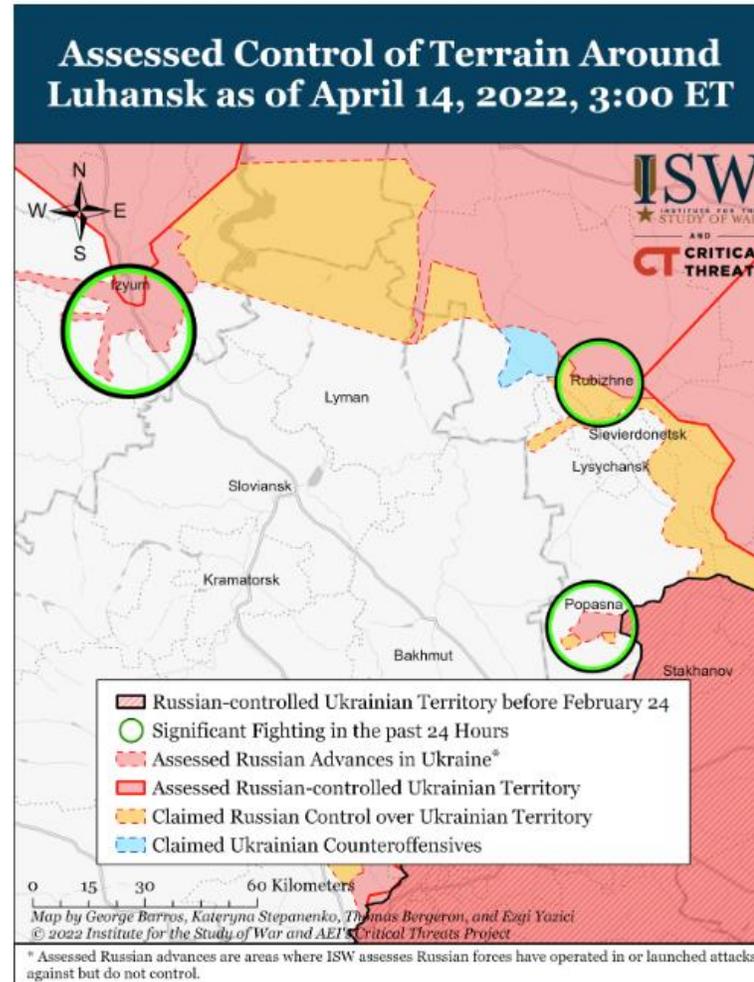
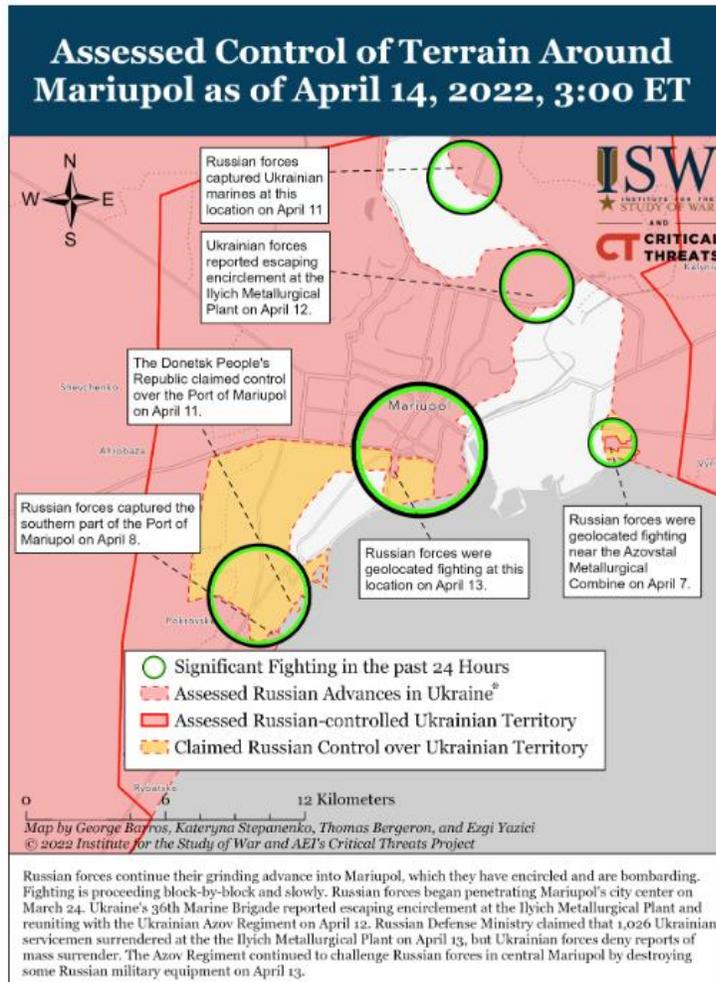
Slovak Defense Minister Jaroslav And confirmed that it has transferred an S-3000 missile defense system to Ukraine, upgrading the country's air defense capabilities.

Moscow warned NATO that if Sweden and Finland join, Russia would deploy nuclear weapons and hypersonic missiles in a Russian enclave in the heart of Europe. CIA Director Burns said the threat of Russia potentially using nuclear weapons in Ukraine could not be taken lightly, but the agency had not seen much evidence reinforcing that concern.



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

Ukraine War Update: Global Economic Fallout, Warship Moskva Sunk, Russian Payment Defaults



Source: [Institute for the Study of War](https://www.instituteforthe studyofwar.com/)

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

Ukraine War Update: Global Economic Fallout, Warship Moskva Sunk, Russian Payment Defaults

Powerful explosions were heard in Kyiv on Friday as Russia claimed to hit a "*military*" factory outside Kyiv using a sea-based long-range Kalibr missiles. Russia says it will scale up attacks on Ukraine's capital in response to cross-border strikes on Russian soil. Ukraine's National Security and Defense Council has rejected Russia's claims that attacks were launched around the border area between the two countries. The governor of Russia's western Bryansk region accused the Ukrainian army of mortar shelling of houses in the village of Klimovo.

Russia said it had killed about 30 "*Polish mercenaries*" in a strike in northeastern Ukraine. Russian troops have continued to shell several residential areas in and near Kharkiv.

Ukrainian officials admitted Russian forces captured "*some*" personnel from Ukraine's 36th Marine Brigade in Mariupol despite initial denials. Ukrainian defenders continued to hold out against Russian assaults.

Humanitarian Developments

Ukraine said it reached an agreement with Moscow to reopen humanitarian corridors in Mariupol.

The head of the World Food Program said his agency and other aid organizations are having trouble getting access to civilians in Ukraine.

More than 4.6 million refugees have fled Ukraine since Russia's invasion, with millions being displaced internally, mostly in the western parts of the country.

Economic Developments

Ukraine's economy will gradually recover after the Russian invasion, but GDP may shrink by at least a third in 2022, the National Bank of Ukraine reported. According to Ukraine's Ministry of Economy, at least 300 Ukrainian companies have been relocated from the war zone to safer areas.

Germany's economy minister Robert Habeck called on Germans to cut energy consumption by 10 percent to help the country reduce its dependence on Russian oil and gas.

Rating service Moody's said Russia may be in default because it tried unsuccessfully to service its dollar bonds in roubles.

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

Ukraine War Update: Global Economic Fallout, Warship Moskva Sunk, Russian Payment Defaults

Russian President Vladimir Putin accused Western banks of failing to make payments for Russian gas on Thursday. "*There are defaults on export deliveries of Russian energy resources,*" Putin said during a meeting about the development of Russia's energy sector.

Wall Street banks are reporting billions of dollars in potential losses from the war in the Ukraine this week, described the losses as manageable, while warning that they saw no end in sight for the market turbulence unleashed by the Russian invasion.

More than 600 Western companies have said they would exit or cut back operations in Russia, according to researchers at Yale University.

The UK has frozen an estimated £10 billion of assets held by Russian oligarchs Eugene Tenenbaum and David Davidovich, two longstanding business associates of Roman Abramovich, bringing the total number of oligarchs, family members and associates with ties to Russia on the UK list to 106.

The US is preparing new efforts to crack down on sanctions evasion by Russia, signally new enforcement action will be announced in the next few days.

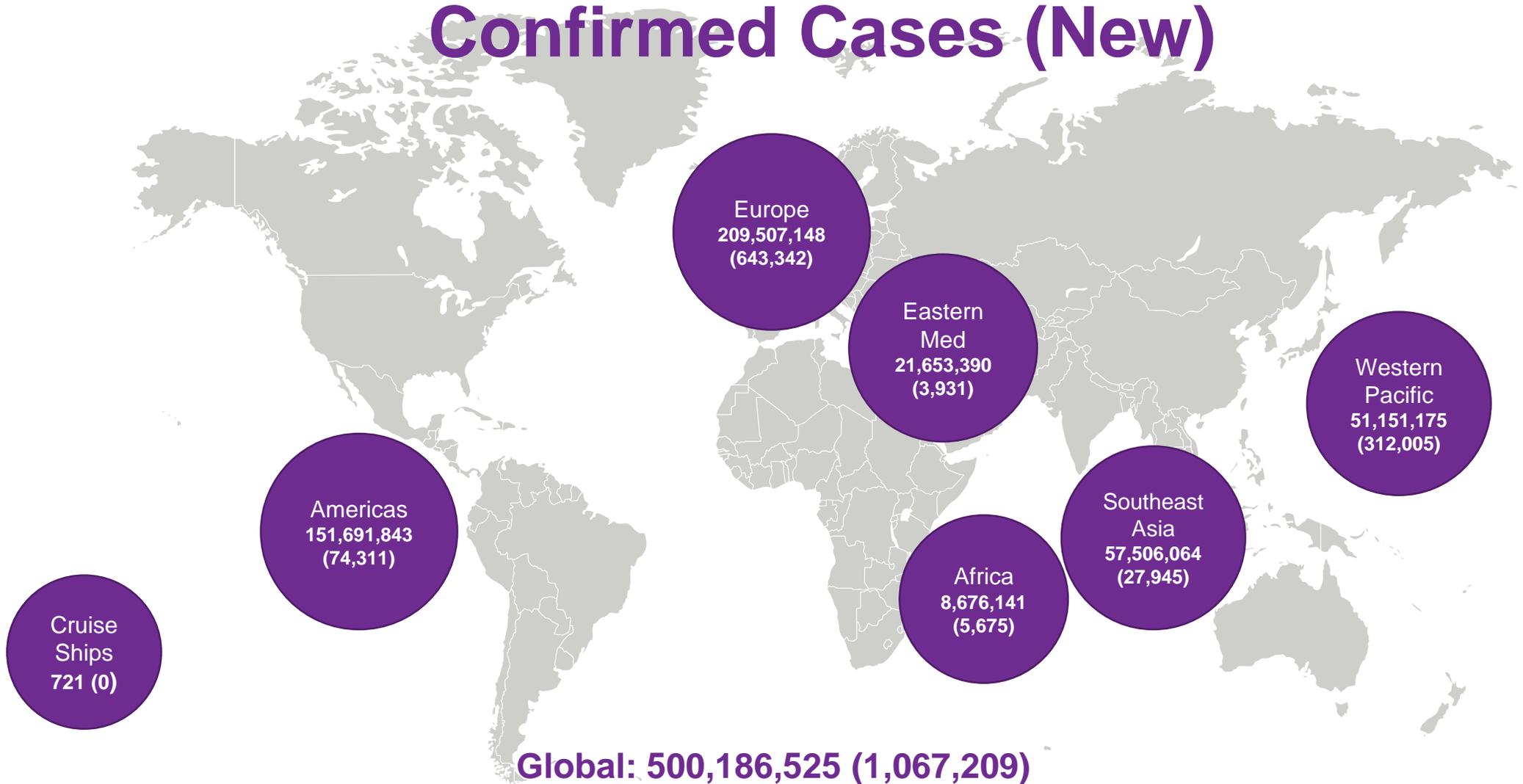
Oreo-maker Mondelez, Nestle and PepsiCo face pushback from workers in Ukraine and eastern Europe angered by the companies' decisions to maintain some business in Russia.

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

Coronavirus Condition Updates

As of 8:36 pm CEST on April 14, 2022

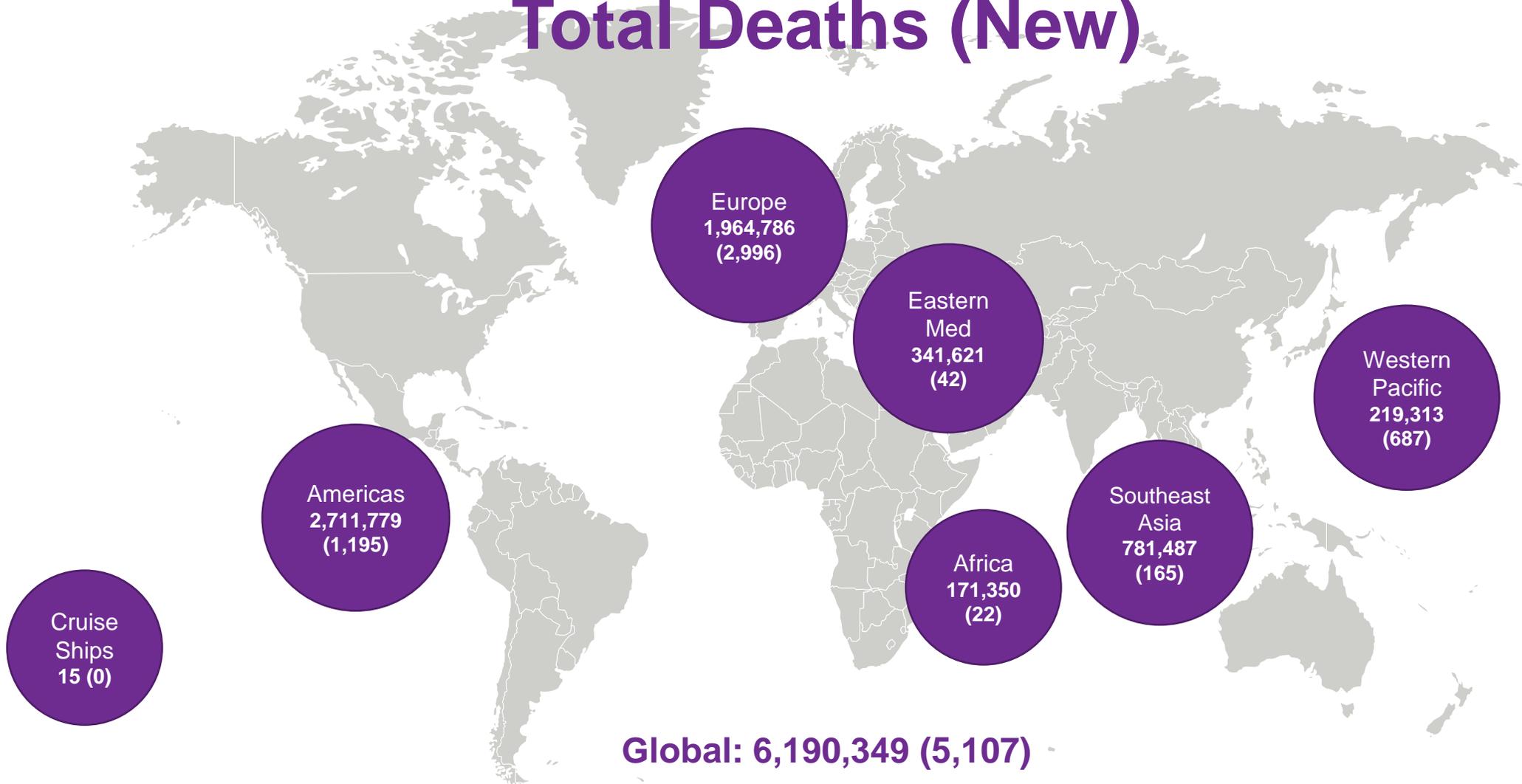
Confirmed Cases (New)



Reflects data as of 8:36 pm CEST on April 14, 2022.
Data Source: World Health Organization

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

Total Deaths (New)



Reflects data as of 8:36 pm CEST on April 14, 2022.
Data Source: World Health Organization

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

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.

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