

# Dentons Flashpoint

## Daily Global Situation Report

May 19, 2022

# Global Situation Update: May 19, 2022

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## KEY TAKEAWAYS

Turkey blocks quick accession of Finland and Sweden into NATO.

Sri Lanka defaults on its sovereign debt.

Mozambique declared a polio outbreak after identifying the first case of wild polio in the country since 1992.

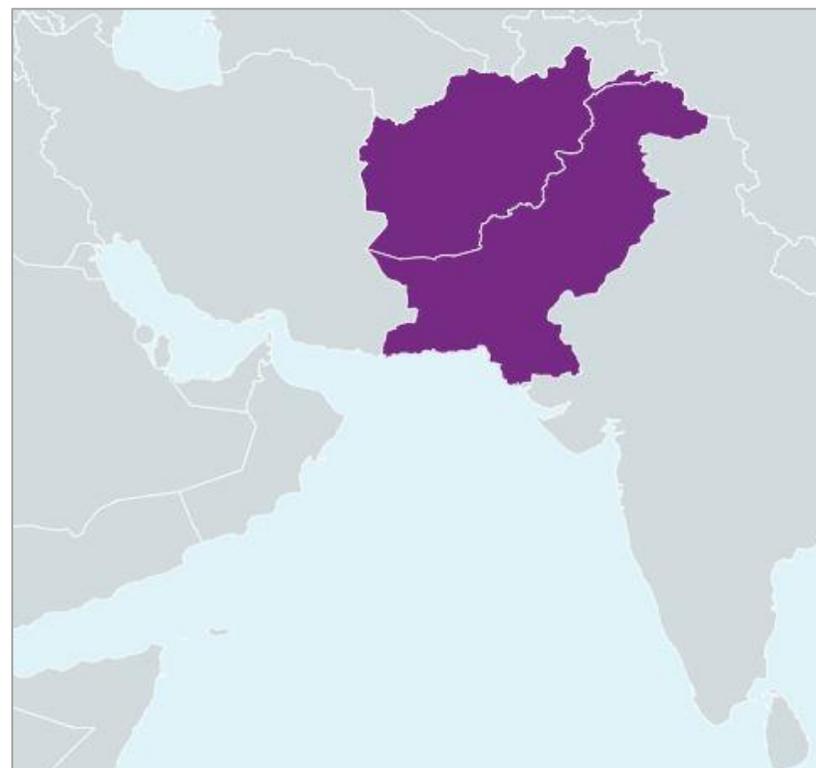
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# Global Situation Update: May 19, 2022

## WHAT WE'RE WATCHING

There are numerous notable developments out of Afghanistan and Pakistan. The Afghan Taliban is hosting negotiations in Kabul between officials from Islamabad and the Pakistani Taliban who have stepped up their violent campaign in recent months. Meanwhile, the Afghan Taliban are facing their own security challenge with the Islamic State group in that country recently claiming a series of bombings targeting Shiites.

Pakistan is in search of greater political stability and security as it begins negotiations with the International Monetary Fund for the revival of a bailout package to rescue a crumbling economy. In Afghanistan, the new Taliban rulers face global scrutiny after a decree that orders women to wear head-to-toe burkas in public and to leave home only when necessary.



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# Global

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**The number of troops under NATO command stationed across the alliance's eastern flank to deter Russian aggression has reached 40,000, nearly 10 times what it was last year.**

- Ukrainian President Zelensky is preparing the Ukrainian public for a **long war**. Kyiv has hardened its position since the beginning of the war, seeking to completely push back Russian forces to internationally recognized borders.
- The World Bank will make \$30 billion available to help stem a **food security crisis** threatened by Russia's war in Ukraine, which has cut off most grain exports from the two countries. The total will include \$12 billion in new projects and over \$18 billion funds from existing food and nutrition-related projects.
- A new study by the central bank to the world's central banks, the Bank of International Settlements, has called for urgent action to tackle rising **wealth inequality**, warning the problem was feeding a dangerous loop of recessions and poverty.
- A new report found that **smoking rates** have declined globally for the first time on record, except for in youth and parts of Africa.

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# Markets & Business

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**Hong Kong's new listings volume plunged 90 percent to a nine-year low this year, as China's sharp economic slowdown and its regulatory drive undercut the city's prospects as a destination for initial public offerings.**

- **Renault** unveiled a prototype hydrogen fuel cell-powered sports utility vehicle in the race to cleaner driving. Renault said the car, dubbed the 'Scenic Vision', would not be commercially available before 2030-2032.
- **Credit Suisse** has received its second ratings downgrade this week, to BBB+ from A-, adding further pressure to the Swiss lender which has been under fire over a series of losses and scandals.
- US auto-safety regulators have opened a special crash investigation into a fatal wreck involving a **Tesla Inc.** vehicle that has left three people dead. The regulatory agency has disclosed it is investigating more than 30 incidents in which a Tesla vehicle suspected to be using Autopilot was involved in a serious crash.
- **New York Times Co.** has delayed its plan to have employees return to the office a few days a week starting in June due to a Covid spike in New York City, the latest company to make adjustments in the face of a rapid surge in cases.

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# Environment, Sustainability & Governance

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**A new study from Ernst & Young found that ESG data collection and reporting procedures are underdeveloped, with 55 percent of companies still housing ESG data in spreadsheets.**

- Schrodgers, Britain's biggest listed asset manager, said it would back a swathe of shareholder resolutions at Amazon, Meta and Google-owner Alphabet concerning **workers' and digital rights**.
- Deutsche Bank will require its vendors and suppliers around the world to have a **sustainability rating** from July, according to an internal memo.
- Corporate Issuers are currently spending an average of more than \$675,000 per year on **climate-related disclosures**, and institutional investors are spending nearly \$1.4 million on average to collect, analyze and report climate data, according to a new survey released by the SustainAbility Institute by ERM.

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# Africa

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- The **Malian** military junta reported that three soldiers “backed by a *Western government*” had been arrested following an attempted coup.
- **Egypt** called on the **US** to exert pressure on **Ethiopia** to come to an agreement on the Grand Ethiopian Renaissance Dam, which Ethiopia began filling this year and over which the two countries have repeatedly failed to come to an agreement on drought precautions.
- Health authorities in **Mozambique** declared a polio outbreak after identifying the first case of wild polio in the country since 1992; scientists linked the case to a strain circulating in Pakistan in 2019.
- **Niger’s** president said that **Mali’s** withdrawal from the G5 Sahel, a multinational counterterrorism force, will “*mark the death*” of the alliance as the region grapples with a spike in Islamist violence.
- The **Nigerian** government asked Facebook to curtail posts by Biafran separatists, which the country classifies as terrorists.

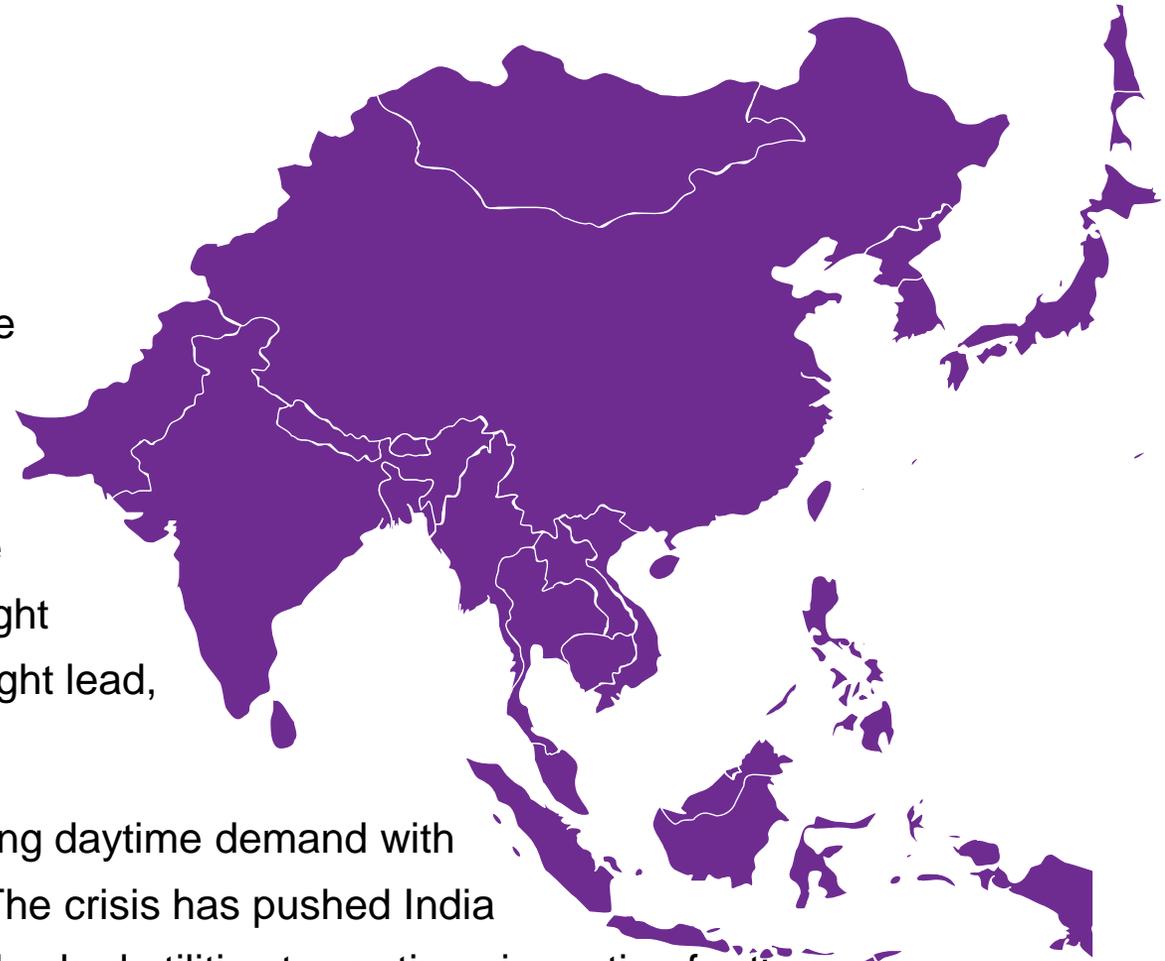


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# Asia

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- **Sri Lanka** fell into default for the first time in its history as the government struggles to halt an economic meltdown that prompted mass protests and a political crisis.
- **Australians** vote on Saturday in a national election, with the conservative Liberal-National coalition seeking a fourth straight term and the Labor Party challenging with polls giving it a slight lead, after nine years in opposition.
- **India** is facing an acute power crunch, with a heatwave driving daytime demand with more consumers working from home due to the pandemic. The crisis has pushed India to reverse a policy to slash thermal coal imports to zero, and asked utilities to continue importing for three years.
- **Chinese** authorities gave more Shanghai residents freedom to go out to shop for groceries for the first time in nearly two months as the COVID-19 lockdown begins to ease. China has removed some COVID-19 test requirements for people flying in from countries such as the **US** and shortened the pre-departure quarantine for some inbound travelers.

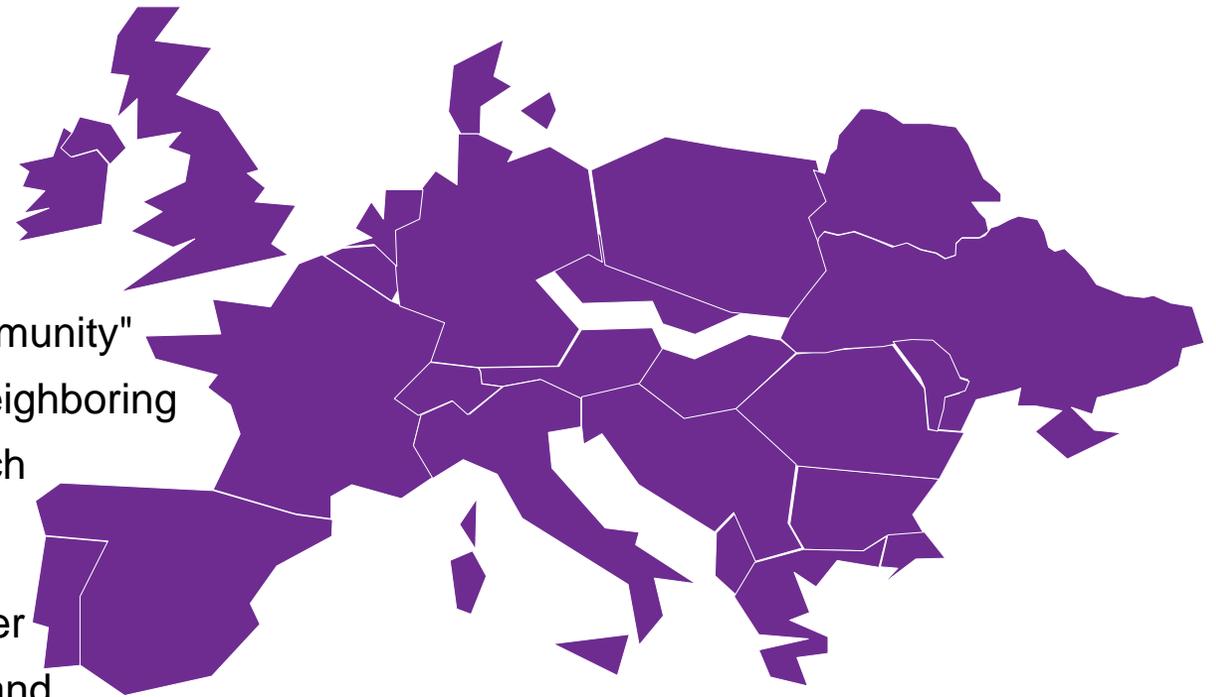


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# Europe

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- The **EU** is going to create a "European Geopolitical Community" that would be a sort of waiting room with privileges for neighboring countries hoping to join the bloc, an idea proposed French President Macron last week.
- A group of prominent **Austrians** has written an open letter urging the country to drop the country's neutral position and consider a deeper EU defense policy or Austria joining NATO.
- **Belarus** has introduced the death penalty for planning an attack or "*attempting an act of terrorism*," according to a decree issued Wednesday amid charges that target many opposition activists, including its exiled leader.
- **Turkey** stopped NATO members from starting talks on the bids launched by **Finland and Sweden** to join the alliance, making a series of military and political demands. Allies must wait for negotiations between Finland, Sweden and Turkey to resolve the issue, in order to consider the applications at the Madrid NATO summit at the end of June.



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# How do You Manage Incident Response?

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*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:*

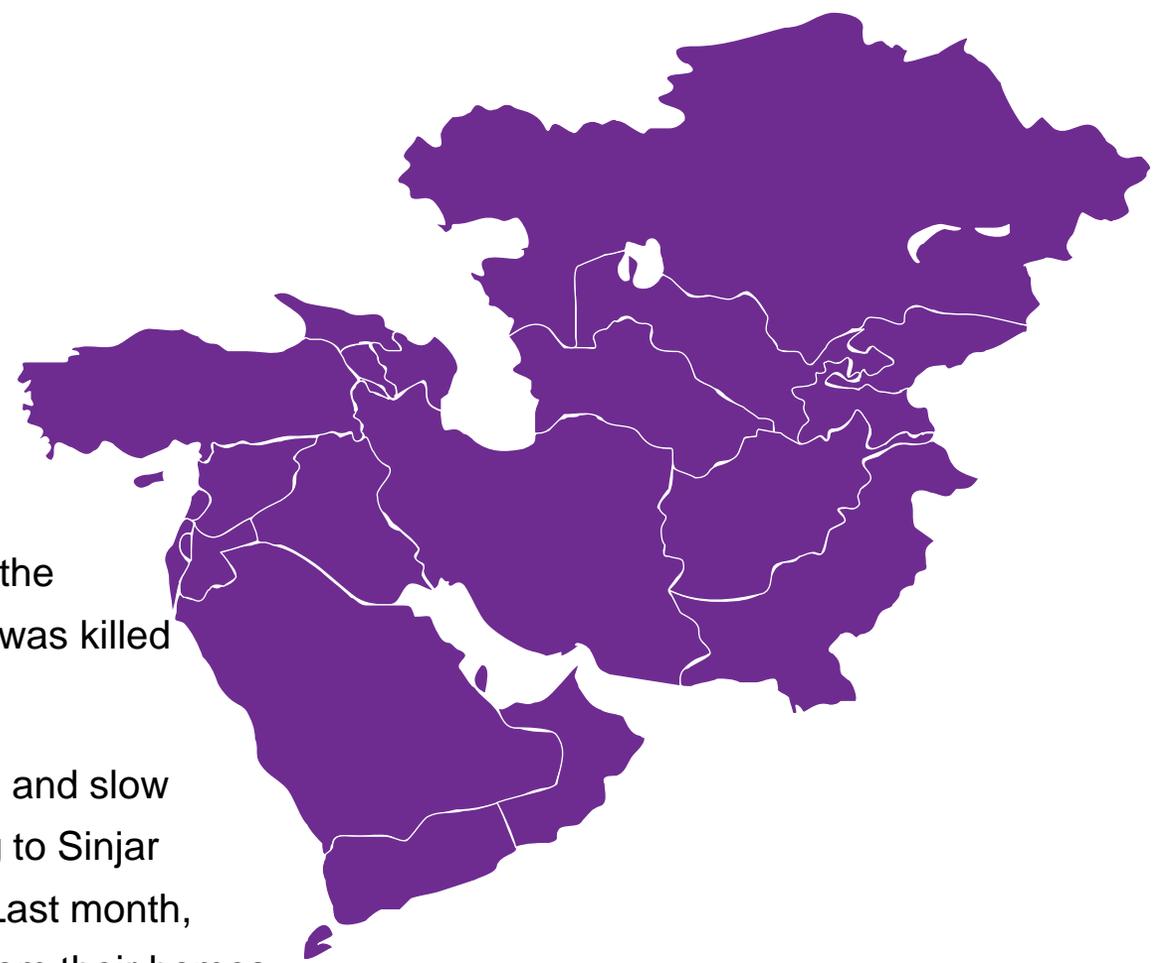
- ❖ Ransomware tabletop exercises
- ❖ Post-tabletop action reports
- ❖ Maturity assessments for preparedness
- ❖ Supply-chain attack simulation
- ❖ Comprehensive incident response plan
- ❖ Threat analysis and monitoring

*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

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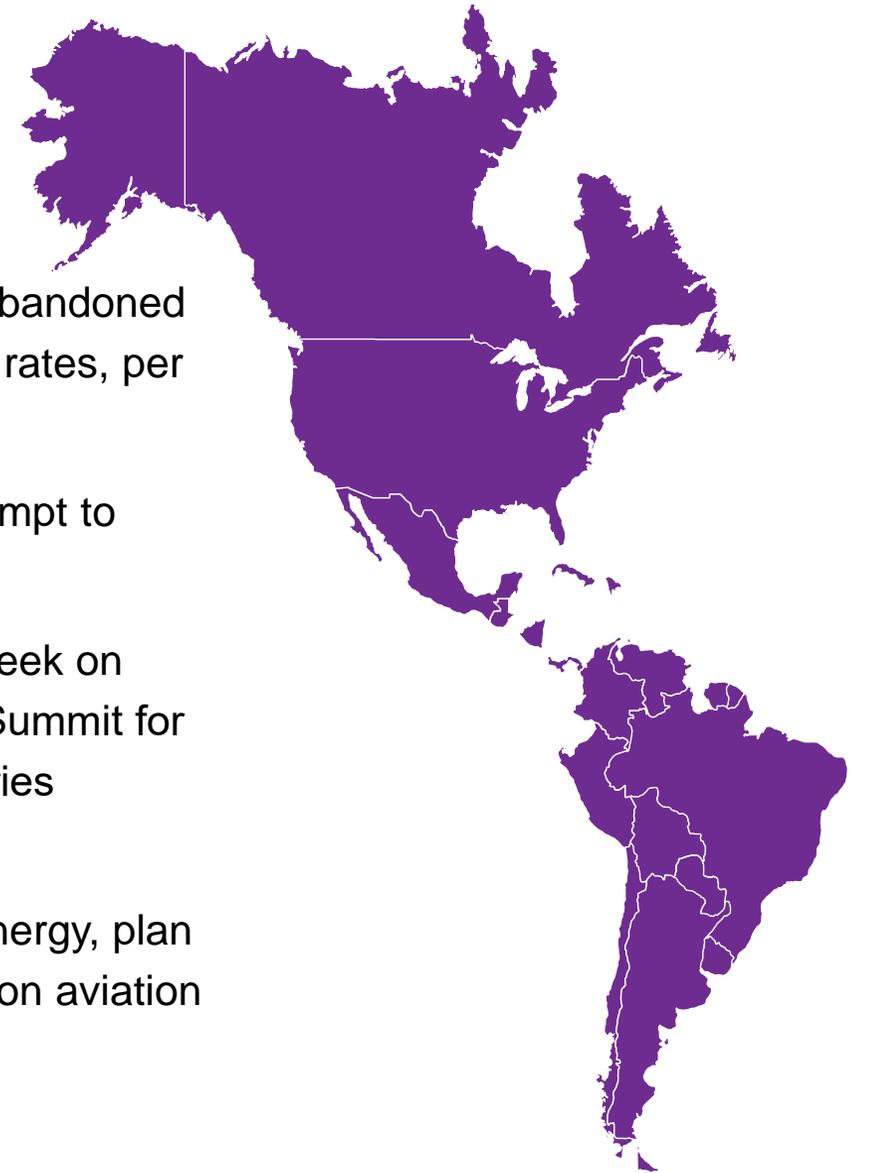
- Anti-government protests driven by rising costs of living broke out again in **Iran's** central Isfahan district, and unofficial death counts rose to 6 amid reported clashes with authorities.
- **Israeli** officials have reportedly arrested one of the pallbearers at the **Jerusalem** funeral of a reporter that Palestinian authorities claim was killed by Israeli forces and at which new clashes broke out.
- The Norwegian Refugee Council reported that continued violence and slow redevelopment efforts have kept most **Iraqi** Yezidis from returning to Sinjar province, even five years after ISIL was unseated from the area. Last month, clashes between Baghdad and a Yezidi militia drove thousands from their homes.
- **Libyan** Prime Minister Bashagha announced that he would set up his government in Sirte after he was militarily rebuffed from entering the capital of Tripoli, where the previously UN-backed government of Prime Minister Dbeibah rules.

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# Americas

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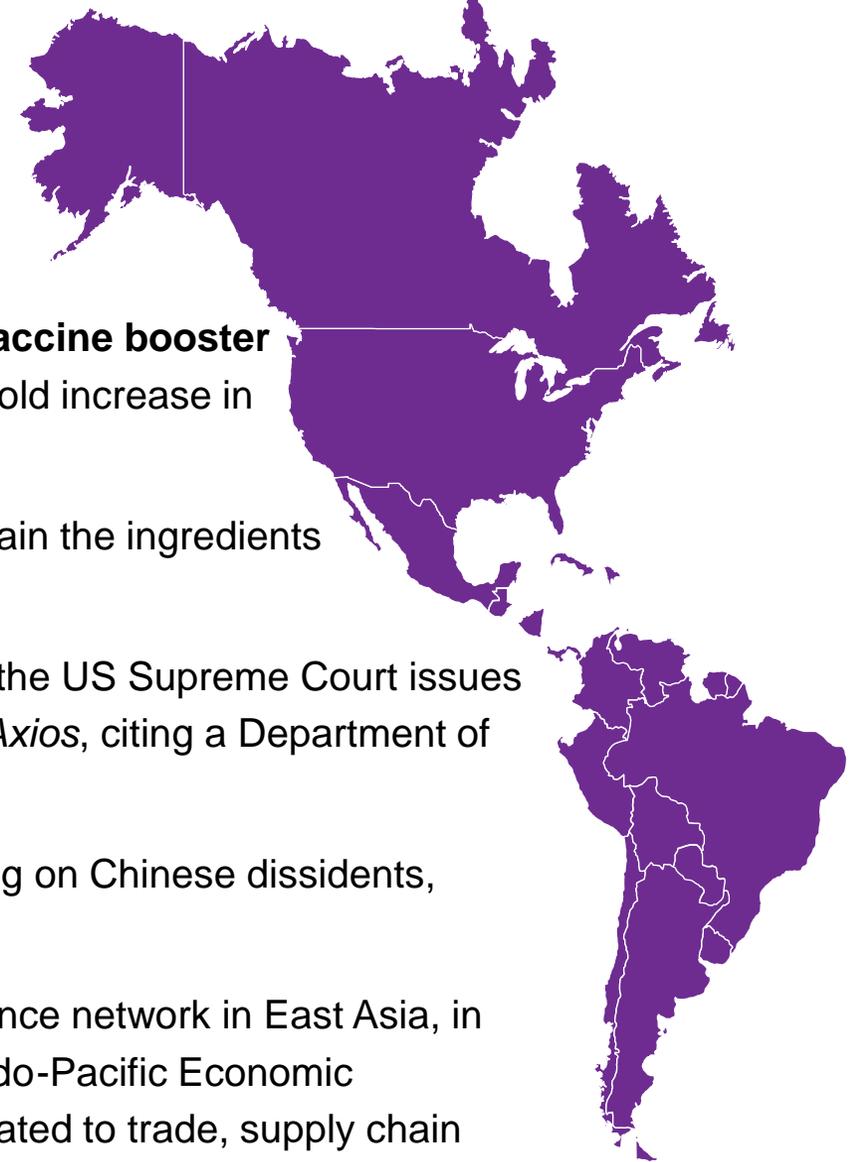
- COVID-19 is on the rise again in the **Americas** as many countries have abandoned measures like masking and social distancing and many lag in vaccination rates, per PAHO.
- **Chile's** Congress approved a 14.3 percent minimum wage hike in an attempt to counter rising costs of living amid high inflation.
- **Mexico's** foreign minister requested a response from the **US** within the week on whether all countries in the Americas will be invited to the US' upcoming Summit for the Americas; Mexico's president has threatened to send a proxy if countries including **Cuba and Venezuela** are not there.
- The government of **Panama** and energy companies, including SGP BioEnergy, plan to develop a major, advanced biorefinery to increase supply of lower-carbon aviation fuel.



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# Americas: US

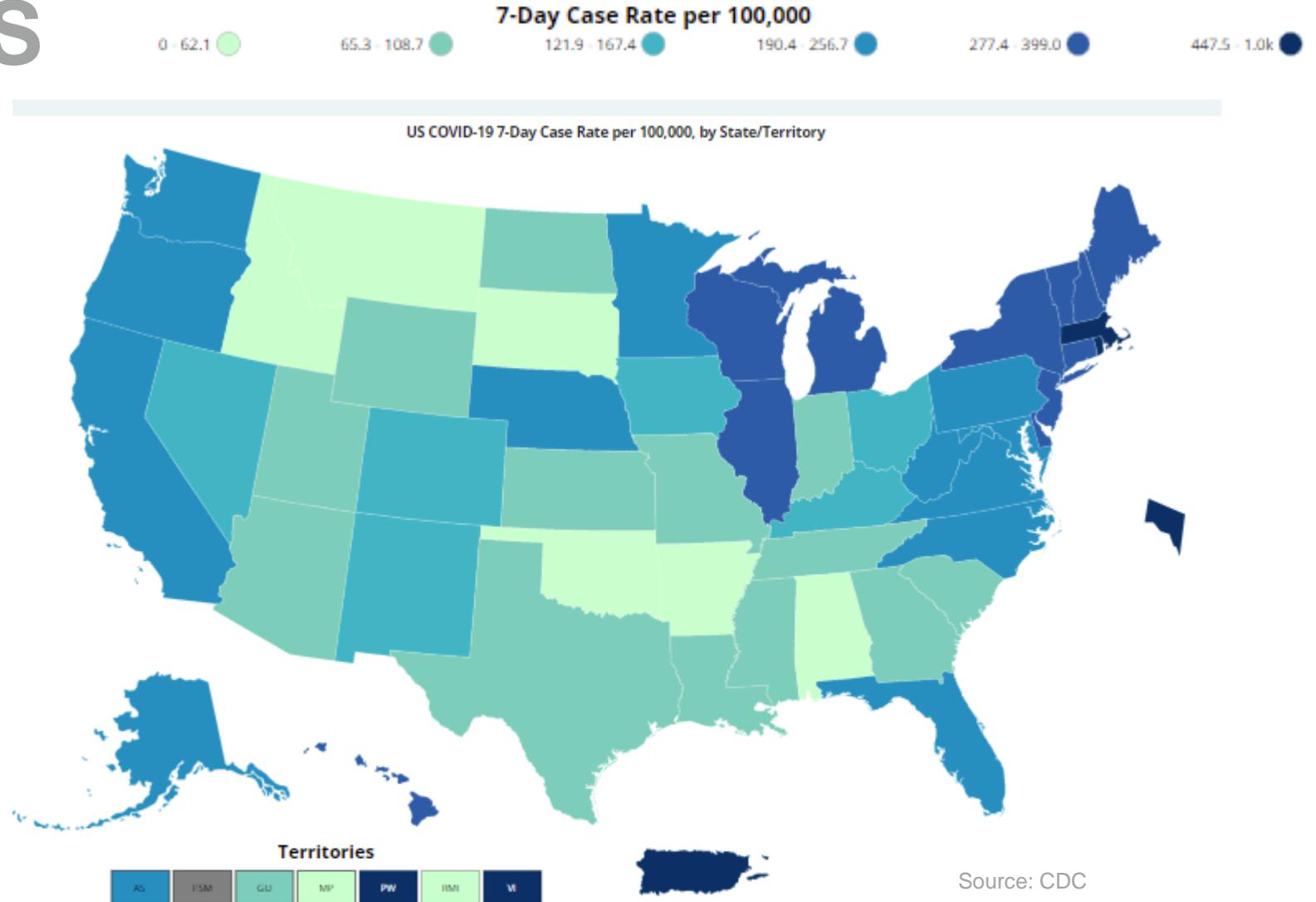
- Health officials are considering extending the eligibility for a second **COVID-19 vaccine booster** dose to people under 50 amid a steady rise in cases, with the US seeing a threefold increase in infections over the past month.
- President Biden invoked the **Defense Production Act** to help manufacturers obtain the ingredients needed to ramp up supply of **infant formula**.
- Law enforcement agencies are readying for a **possible spike in violence** when the US Supreme Court issues its highly anticipated abortion ruling, including by racist extremists, according to *Axios*, citing a Department of Homeland Security memo.
- A US citizen and four **Chinese** intelligence officers have been charged with spying on Chinese dissidents, human rights leaders and pro-democracy activists residing in the US.
- President Biden departed on a five-day **Asia** trip focused on building out the alliance network in East Asia, in part to counter any Chinese actions against Taiwan. Biden will also launch the Indo-Pacific Economic Framework, a partnership encouraging dialogue and cross-border investment related to trade, supply chain resilience, infrastructure, decarbonization, and tax and anti-corruption measures. US intelligence warned there could be a North Korean nuclear test, or missile test, or both, before, during or after US President Biden's trip.



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# Americas: US

- COVID-19 cases are up 26 percent over the previous week and up threefold over the last month. Hospitalizations are up 19 percent to about 3,000 per day.



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# Russian-Speaking Ransomware Gang Takes Aim at Latin America

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

***Conti, the largest ransomware gang in the world, appears to have shifted its targeting of government organizations away from countries engaged in the war in Ukraine and towards Latin America. This geographic shift, and messaging in its latest ransom notes indicates that the organization is likely seeking to distance itself from the war in Ukraine and pursue financially motivated operations in countries viewed as not aligned to the conflict.***

The Russian-speaking group is purportedly based in Russia with ties to Kremlin intelligence and has struck the governments of Costa Rica and Peru over the past month demanding tens of millions of dollars. In the case of Costa Rica, Conti is taking an unprecedented approach in pursuit of a ransom. Organizations working with Latin American governments must be aware they are currently perceived as lucrative targets by cybercriminals that may be stealing money for themselves and perhaps hosts in need of quick cash.

## ***What is Happening?***

On May 8, Costa Rica's newly elected president declared a national emergency after government and financial institutions in the country

suffered a series of attacks from notorious ransomware gang Conti. The attacks, launched on April 18, have struck at least 27 government institutions and a university, and disrupted Costa Rica's systems for collecting taxes and paying pensions. One week later, the campaign expanded into an onslaught of more than four million attacks, including malware-driven attacks, phishing, cryptocurrency mining, and command-and-control activities impacting electrical utilities and other entities. Conti initially demanded USD \$10 million to end the attacks, and after Costa Rica refused to pay, the Conti increased the pressure by raising its demand to \$20 million and calling on citizens to engage in mass protests and overthrow their government.

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# Russian-Speaking Ransomware Gang Takes Aim at Latin America

In Peru, Conti hacked the National Directorate of Intelligence, the premier intelligence agency responsible for national, military and police intelligence, as well as counterintelligence. The Russian ransomware gang stole 9.41 GB of sensitive data and is threatening to publish it if a ransom is not paid. In taunting messages aimed at authorities in Lima, Conti also claims to have hacked data from Peru's ministry of finance and is threatening to turn off critical infrastructure such as electrical and water utilities in the Andean nation.

## Why Latin America?

Following its pledge of support for Russia in the Ukraine war, Conti suffered a leak of its source code likely carried out by a disgruntled affiliate. The shift to targeting governments in Latin America reflects an effort to distance itself from perceived politically motivated targets in the US and Europe engaged in supporting Ukraine. The gang's targeting of non-aligned states in Latin America is therefore likely intended to avoid further attention from international law enforcement agencies, as well as disagreement among its affiliates.

Importantly, a lack of technical expertise and cybercrime legislation are at the root of Latin America's digital vulnerabilities, according to

AdvIntel, which describes itself as the world's first cybercrime and adversarial ransomware disruption platform. Only slightly more than one-third of the countries across the region have an approved national cybersecurity strategy. Therefore, sophisticated and technically capable gangs like Conti view Latin America as a target rich landscape where it can extort money with minimal blowback from powerful states with offensive tools.

## Outlook

The cybercriminal world is certainly watching with interest the blackmailing of entire governments, including threats to overthrow them or expose national secrets if hefty ransoms go unpaid. This will only escalate without a global response. The US is attempting to impose some deterrents with a USD \$10 million reward for any information that leads to the identification or location of those connected to Conti, as well as a USD \$5 million reward for information leading to the arrest and/or conviction of any individual attempting to participate in Conti ransomware attack. In the meantime, Conti is counting down to deadlines for both Costa Rica and Peru this weekend for which it vows that if the ransom is not paid it will delete the decryption keys for all entities currently in its grasp.

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# Russian-Speaking Ransomware Gang Takes Aim at Latin America

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Conti and its affiliates will likely continue to conduct ransomware operations against government organizations in Latin America and other low risk, high reward regions which see as profitable targets. The Russian-speaking gang is better-organized and more capable than its black market peers, not to mention more bold and brazen as it is suspected of being under the protection of Moscow which makes it difficult to find, extradite, arrest, and prosecute. Thus, it remains to be seen how widespread this phenomenon of attacking entire governments head on will be.

## *Expertise on Your Side*

Whether or not copycats emerge in the months ahead, ransomware gangs are a persistent threat to organizations of all sizes in the public and private sectors due to their ability to diversify their operations and evolve their tactics, techniques, and procedures to circumvent defensive measures and increase their chances for success.

Dentons offers business leaders a full complement of cyber risk management counseling and advice and also offers regulatory and litigation services, as well as analysis and intelligence products to better understand fast-changing complex operating environments.

Importantly, all interaction with Dentons is attorney-client privileged. To learn more about the bespoke cyber intelligence and risk services from Dentons and how to navigate the complex economic and political changes affecting international business today please contact us.

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# Ukraine War Update: Diplomatic Expulsions, War Crimes Trial, Azovstal POWs

*Ukrainian President Zelensky is preparing the Ukrainian public for a long war. In his nightly video address, he told the Ukrainian people, "Kherson, Melitopol, Berdyansk, Enerhodar, Mariupol and all our cities and towns that are under occupation, under temporary occupation, should know that Ukraine will return." Kyiv has hardened its position since the beginning of the war, seeking to completely push back Russia to internationally recognized borders.*

## **Political Developments**

United Nations Secretary-General Guterres said he was in "intense contact" with Russia, Ukraine, Turkey, the US and the EU to try and restore Ukrainian grain shipments and revive Russian fertilizer exports. Speaking at a major United Nations summit in New York, he warned of years of mass hunger and famine if a growing global food crisis goes unchecked.

German Chancellor Scholz said he was not in favor of granting Ukraine a "shortcut" to join the EU.

Human Rights Watch reported that Russian forces controlling much of the Kyiv and Chernihiv regions from late February through March had subjected civilians to summary executions, torture and other grave abuses.

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A 21-year-old Russian soldier facing the first war crimes trial since Moscow invaded Ukraine pleaded guilty Wednesday to killing an unarmed civilian. Sgt. Vadim Shishimarin could get life in prison for shooting a 62-year-old Ukrainian man in the head through an open car window in the northeastern Sumy region on February 28, four days into the invasion.

The Russian Foreign Ministry said it is expelling scores of diplomats from several European countries in a retaliatory move to their expulsions of Russian diplomatic personnel. Those expelled include 34 French, 27 Spanish and 24 Italian diplomats.

Russia also announced it was closing the Moscow bureau of Canada's CBC and withdrawing visas and accreditation from the public broadcaster's journalists after Ottawa banned Russian state TV station Russia Today.

# Ukraine War Update: Diplomatic Expulsions, War Crimes Trial, Azovstal POWs

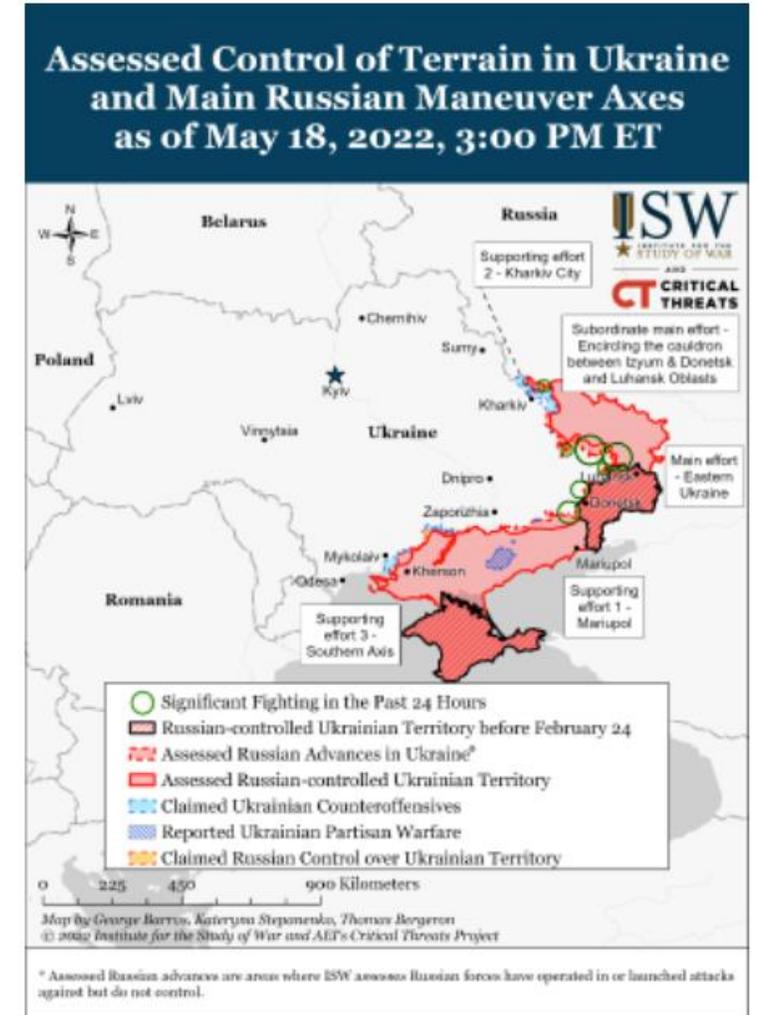
## Battlefield Developments

Ukrainian officials said Moscow-backed forces had "suffered significant losses" around the settlement of Velyka Komyshevukha, in the north of the Donetsk region. The General Staff also said that despite heavy fighting in the Luhansk region, including ground offensives supported by Russian aircraft, Moscow had failed to gain much ground. Late on Wednesday, the Ukrainian army announced that it had made further territorial gains in the Kharkiv region, with Ukrainian forces regaining control of the village of Dementievka, near the Russian border.

Ukrainian officials reported protests against Russian occupation forces in Donetsk and Luhansk "People's Republics" over forced mobilizations on May 16-17. Authorities in the Melitopol region of Ukraine are also reporting acts of resistance against Russian troops, with an attack on a Russian command post and sabotage of a Russian armored train, which was carrying troops and ammunition, which overturned in Melitopol, causing ammunition to go off.

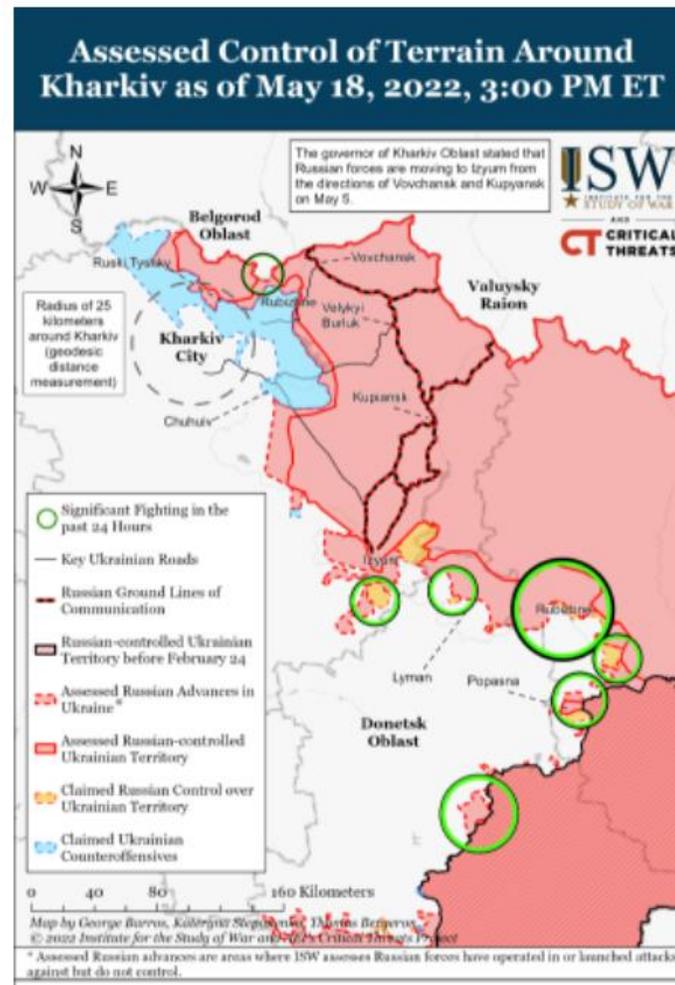
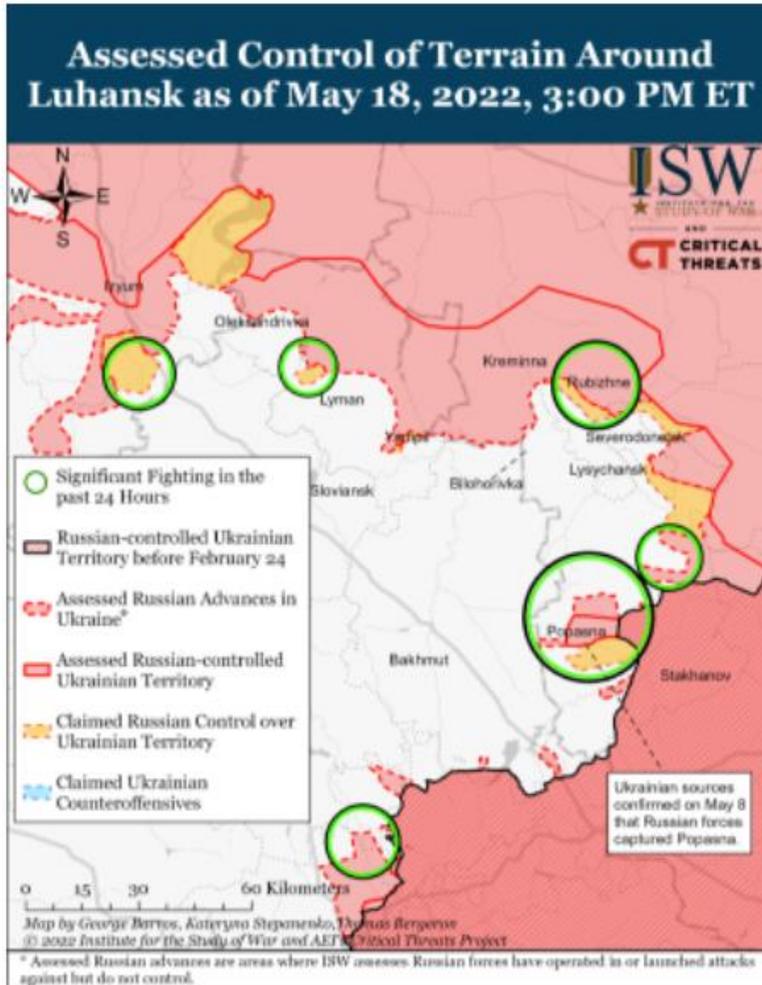
Russia on Wednesday said it was using a new generation of powerful laser weapons in Ukraine to burn up drones, deploying some of Moscow's "secret weapons" to counter a flood of Western arms.

Russia's defense ministry said that 694 Ukrainian fighters holed up in Mariupol's Azovstal steelworks had surrendered over the last 24 hours. Since Monday, 959



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# Ukraine War Update: Diplomatic Expulsions, War Crimes Trial, Azovstal POWs



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

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# Ukraine War Update: Diplomatic Expulsions, War Crimes Trial, Azovstal POWs

fighters from Azovstal have surrendered, 80 of whom were wounded, RIA reported, citing the ministry.

Ukrainian military officials say they still hope fighters extracted from the Azovstal steel plant in Mariupol could be exchanged for Russian prisoners of war. However, Russian lawmakers plan to take up a resolution that would prevent the exchange of Azov Regiment fighters on Wednesday.

The International Committee of the Red Cross is registering prisoners of war from the Azovstal steel works in order to track their status and condition.

## *Humanitarian Developments*

Germany has registered a slight increase in the number of Russian nationals applying for asylum since the beginning of the war in Ukraine, an Interior Ministry spokesperson said on Wednesday.

## *Economic Developments*

US Treasury Secretary Janet Yellen assessed Western sanctions against Russia have already had an enormous impact. "*Russia is*

*experiencing recession, high inflation, acute challenges in their financial system, and (an) inability to procure the material and products they need to support their war or their economy.*"

Britain and fellow G7 nations are looking at how Russian assets can be used to fund the rebuilding of Ukraine.

European Commission President Ursula von der Leyen has proposed extra aid to Ukraine this year of up to nine billion euros (\$9.5 billion). Von der Leyen said the fund would help the country cope with the ravages of war.

Japan will double fiscal aid for Ukraine to \$600 million in a coordinated move with the World Bank to back the country's near-term fiscal necessities.

French bank Société Générale announced it had completed the sale of its Russian subsidiary Rosbank to Interros Capital, an investment firm founded by one of Russia's richest oligarchs, Vladimir Potanin. The sale will result in a net loss of 3.2 billion euros (\$3.4 billion), slightly more than it forecast when it announced the deal last month.

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Google's Russian subsidiary plans to file for bankruptcy after authorities seized its bank account, making it impossible to pay staff and vendors, but free services including search and YouTube will keep operating.

Russia Finance Minister Anton Siluanov said Moscow will service its external debt obligations in roubles if the US blocks other options.

Russian Deputy Prime Minister Marat Khusnullin said Russia will finance the reconstruction of territories in Ukraine that it has taken control of and will repair roads that link those areas with Russia. He also said the Zaporizhzhia nuclear power plant, the biggest in Europe by capacity, will supply energy to Russia and to Ukraine if the latter pays for it.

Russian Deputy Prime Minister Alexander Novak claimed that half of Gazprom's 54 clients have opened rouble accounts at Gazprombank, as Moscow seeks to compel its clients to pay for its gas in roubles.

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# Coronavirus Condition Updates

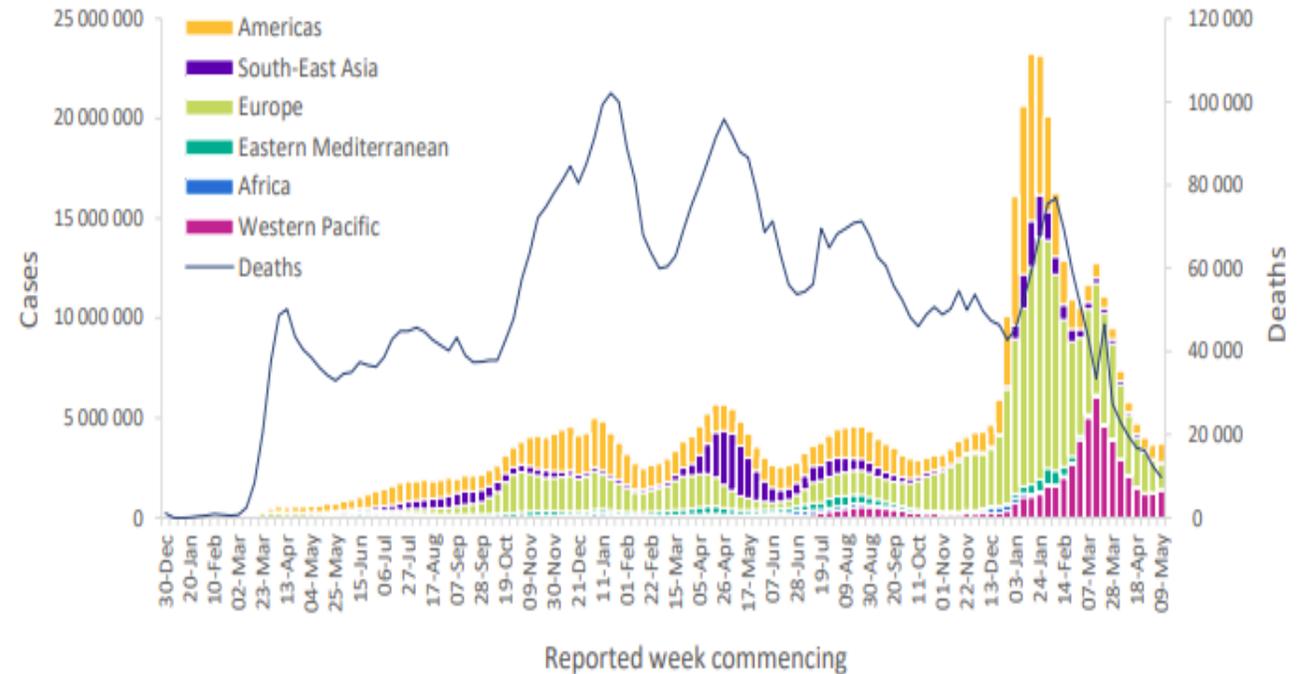
As of 7:41 pm CEST on May 18, 2022

# Coronavirus Snapshot

Globally, after the continued decline observed since the end of March 2022, new weekly COVID-19 cases have stabilized during the reporting period (9 May to 15 May 2022), with over 3.6 million cases reported, a 1 percent increase as compared to the previous week.

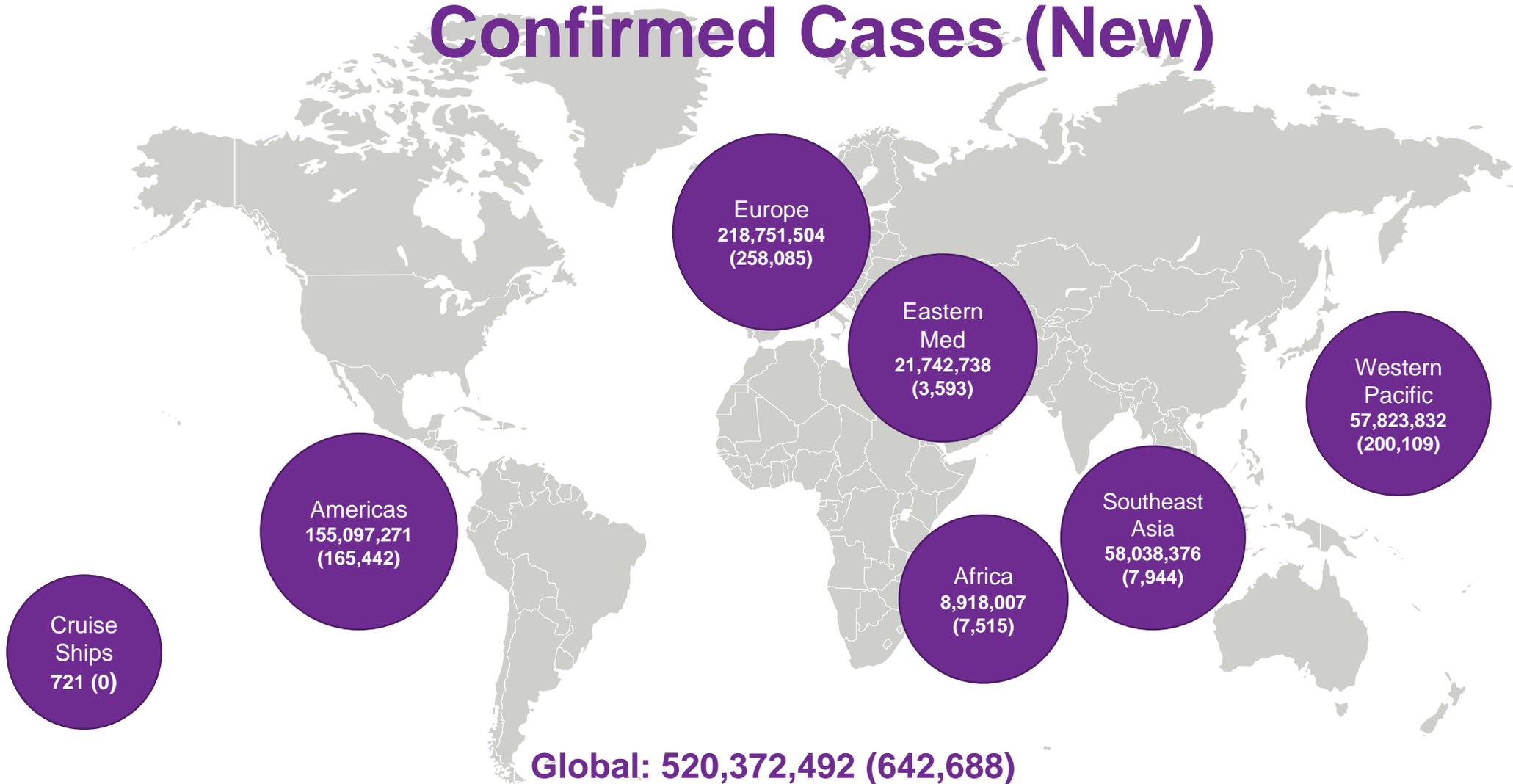
The number of new weekly deaths continues to decline, with over 9000 new deaths reported during the same period, representing a 21 percent decrease as compared to the previous week.

Figure 1. COVID-19 cases reported weekly by WHO Region, and global deaths, as of 15 May 2022\*\*



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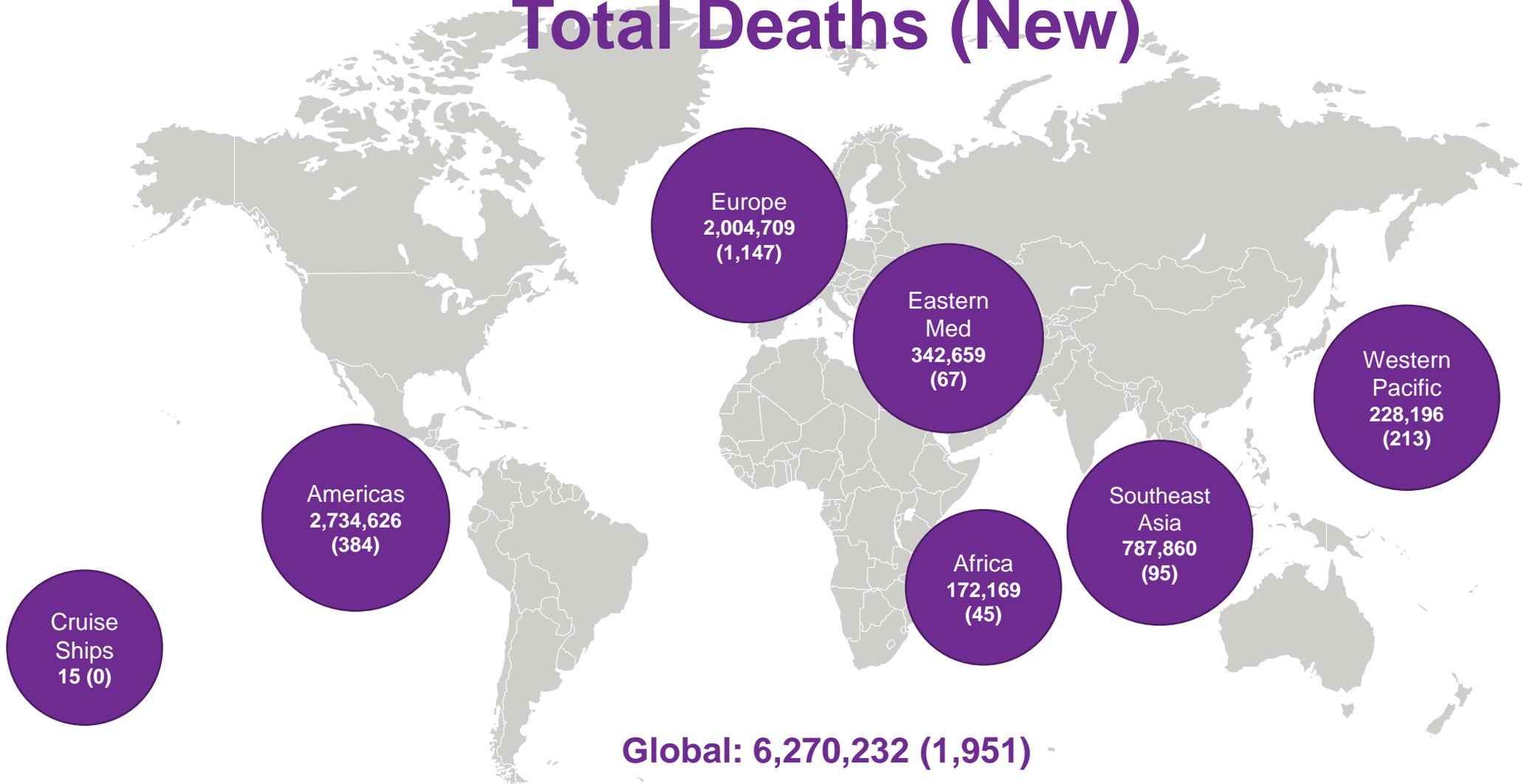
# Confirmed Cases (New)



Reflects data as of 7:41 pm CEST on May 18, 2022.  
Data Source: World Health Organization

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# Total Deaths (New)



Reflects data as of 7:41 pm CEST on May 18, 2022.  
Data Source: World Health Organization

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# Contacts

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*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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