

Dentons Flashpoint

Daily Global Situation Report

July 21, 2021

Global Situation Update: July 21, 2021

KEY TAKEAWAYS

The UK is set to unveil a “*wholesale change of approach*” to post-Brexit trading arrangements between Great Britain and Northern Ireland.

Chinese suppliers to Nike and Apple are phasing out workers from Xinjiang amid increased scrutiny from western countries.

New research from Italy revives debate over the timeline of COVID-19's spread in Europe.

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WHAT WE'RE WATCHING

During a two-day visit to the island, Turkish President Erdogan called for a two-state solution that would rule out a reunification of Cyprus, in a move likely to stoke tensions in the eastern Mediterranean.

Erdogan's stance, as well as his accusations against the US and EU of conspiring against Turkish Cypriots, will also strain relations with western partners - particularly given stiff EU opposition to recognizing a Turkish Cypriot state. However, international displeasure may do little to dissuade Erdogan from hardening his stance on Cyprus. With economic downturn weighing on domestic support, analysts say Erdogan's actions on Cyprus are aimed at rallying his Turkish nationalist base.



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

Global

Eid al-Adha celebrations throughout the Muslim world began, with some governments lifting limitations to permit the traditional communal prayer and large family gatherings, while others have maintained their strict pandemic lockdown. For the hajj, only 60,000 worshipers were permitted, all of them fully vaccinated Saudi citizens, in a pilgrimage that normally draws 2 million from across the globe.

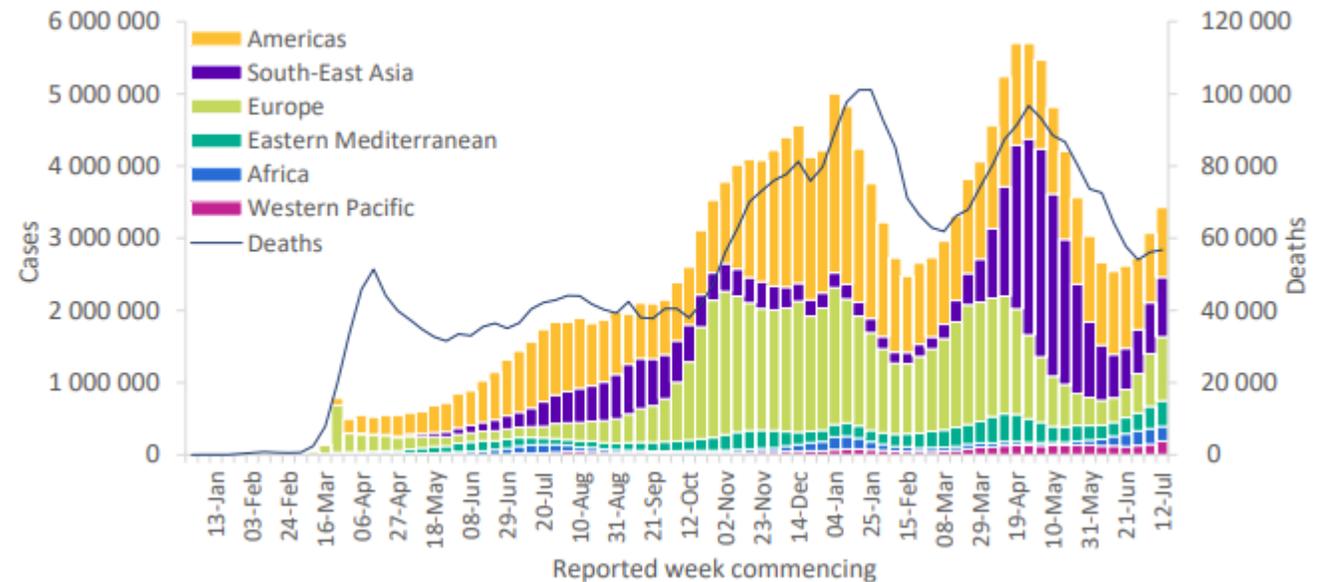
- Scientists from Italy's Istituto Nazionale Tumori found presence of antibodies usually associated with a coronavirus infection in blood samples from Italy from as early as October 2019; while the samples are not conclusive, they are reviving debate over the timeline of **COVID-19's spread to Europe**.
- The British president of the upcoming United Nations' climate conference, COP26, called on rich nations to consign **coal power** to history.
- High profile **targets of surveillance** by NSO Group's Pegasus software included Moroccan King Mohamed V, sitting presidents Macron of France, Salih of Iraq, and Ramaphosa of South Africa, as well as prime ministers of Pakistan, Egypt, and Morocco, per a new analysis. Indian opposition parties disrupted Parliament to demand an investigation of Pegasus and its reported use on opposition leader Rahul Gandhi.

Global

Globally, confirmed coronavirus cases topped 190.6 million with 4.0 million deaths; more than 3.5 billion vaccine doses have been administered.

The global number of new cases reported last week (12-18 July 2021) was over 3.4 million, a 12 percent increase as compared to the previous week. All regions, except the Americas and Africa reported an increase in case incidence.

Figure 1. COVID-19 cases reported weekly by WHO Region, and global deaths, as of 18 July 2021**



Source: WHO

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COVID-19 Vaccine

Vaccine supplies are in short supply in Russia, as the government mandates inoculations for frontline workers.

- Novartis is still helping **CureVac** make COVID-19 vaccines, planning to deliver 50 million doses this year, and could expand its capacity to assist other vaccine manufacturers as well.
- Catalent Inc plans a \$100 million expansion of its plant in Anagni, Italy, where the contract drug manufacturer is currently filling millions of vials of COVID-19 vaccines for **AstraZeneca and Johnson & Johnson**.
- European Medicines Agency said it had started a real-time review of **Vidprevtyn**, the COVID-19 vaccine developed by French drugmaker Sanofi and Britain's GlaxoSmithKline, whose late-stage trial began in May, with a target for approval by the end of 2021.
- In **Spain**, 80 percent of new COVID-19 cases in the past five weeks were detected among non-vaccinated people, with just 5.5 percent of new cases within the period were detected among people who had been fully vaccinated.

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Markets & Business

Nasdaq is teaming up with a group of banks including Goldman Sachs and Morgan Stanley to create its own marketplace for pre-IPO shares in private companies.

- Top US banking regulators pledged to modernize rules for **lending to lower-income communities**.
- **Netflix** lost 430,000 subscribers in the US and Canada in the second quarter, causing further investor concerns about the platform's performance post reopening.
- Bitcoin fell below \$30,000 for the first time in a month. **Cryptocurrency** exchange FTX was valued at \$18 billion in its latest funding round.
- Chinese suppliers to **Nike and Apple** are phasing out workers from Xinjiang amid increased scrutiny from western countries.

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Africa

- **Malian** President Goita, who came to power in an August military coup, survived an assassination attempt during Eid al-Adha prayers in Bamako.
- **Zimbabwe** will require civil servants to be vaccinated.
- A **South African** court agreed to delay the corruption trial of former President Zuma.
- The US carried out an air strike against al Shabaab militants in **Somalia**. The group's campaign of bombings and gun attacks has targeted Somali military bases and civilian infrastructure including hotels, bars and schools in both Somalia and other regional countries.



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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.

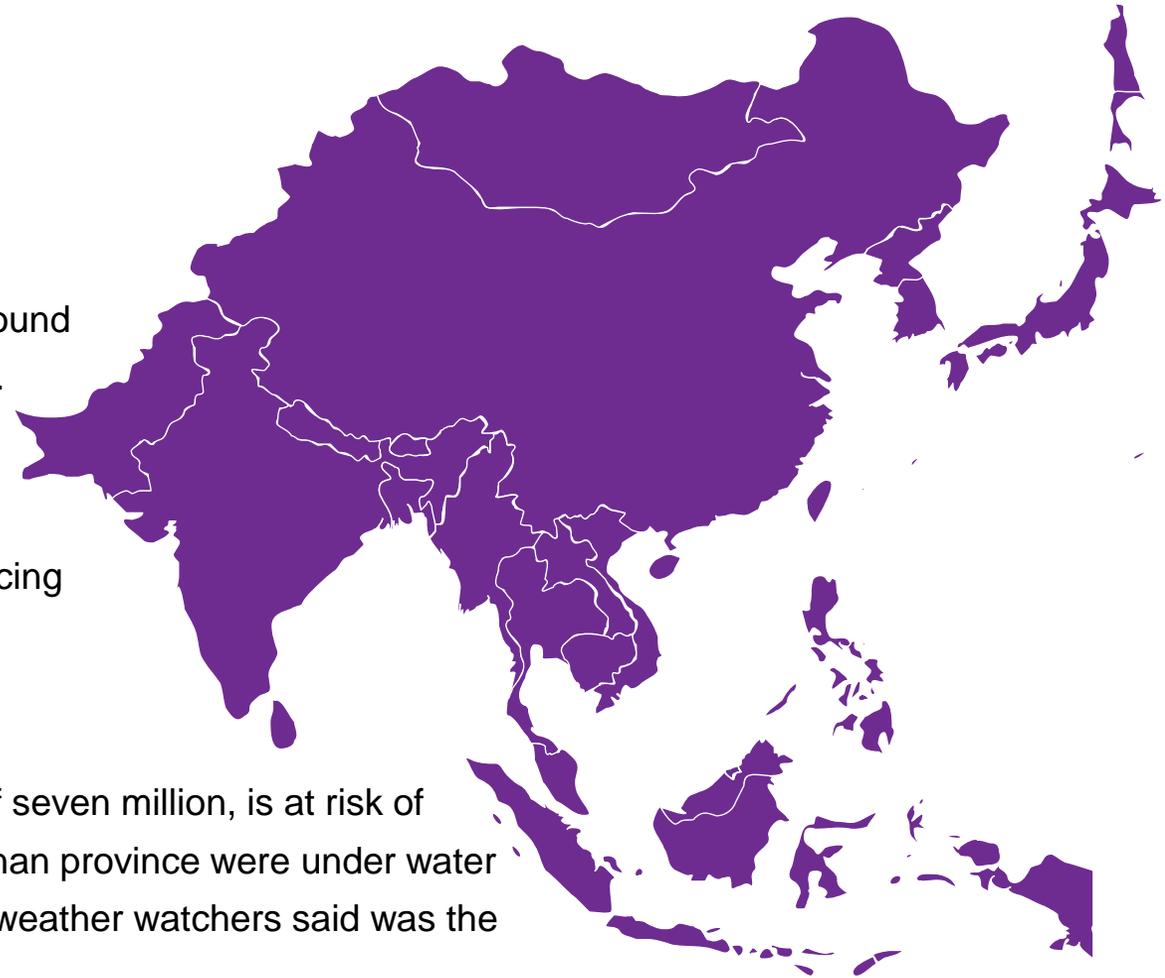
Dentons Intelligence and Security Services Group offers bespoke services to provide business leaders with the intelligence they need to understand and thrive in complex operating environments.

- ❖ 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](#).

Asia

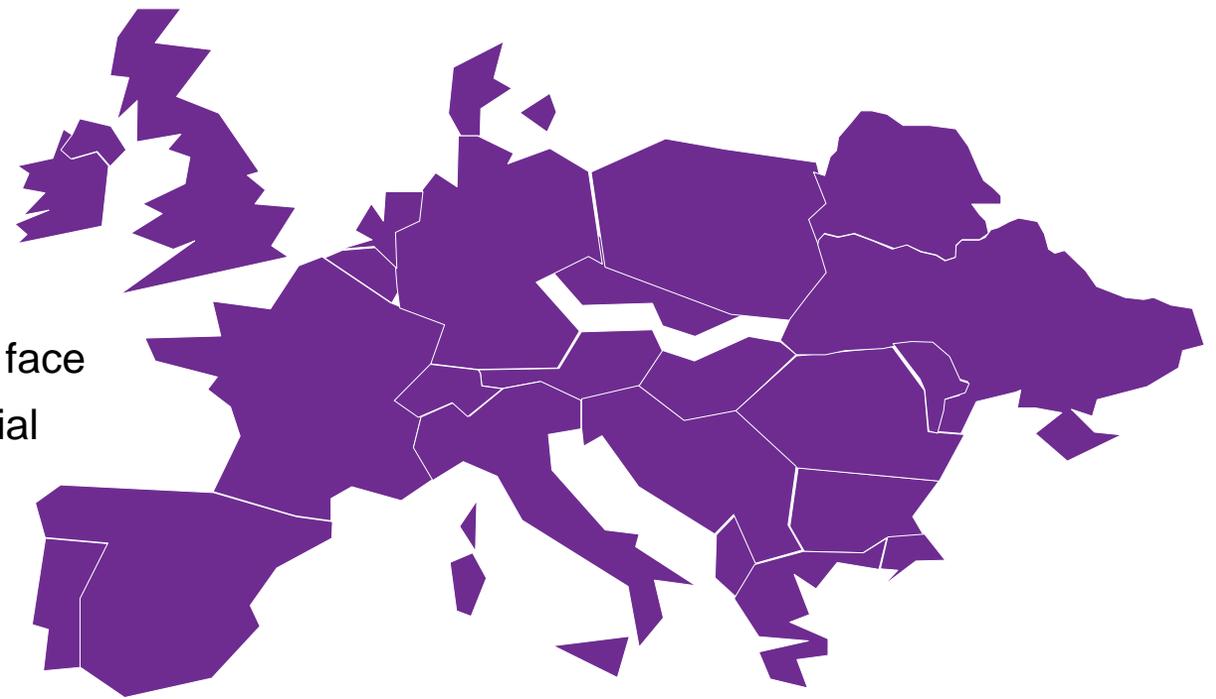
- A new survey from the **Indian** Council of Medical Research (ICMR) found that two thirds of the country's population have COVID-19 antibodies. A new study found that India's actual COVID-19 death toll could be ten times higher than official counts.
- **Indonesia** is extending its partial lockdown to July 25, including reducing working hours at markets, food centers and small businesses.
- **Singapore** will tighten restrictions from July 22.
- The **Chinese** army warned that the Yihetan dam in Luoyang, a city of seven million, is at risk of collapse due to torrential rains. Large swathes of China's central Henan province were under water including the capital Zhengzhou after the city was drenched by what weather watchers said was the heaviest rain in 1,000 years.
- The **Chinese** foreign ministry rejected accusations of hacking from the **US** as “smears.” The Biden Administration said Tuesday that the Chinese government compromised US pipelines in a decade-old cyber-attack.



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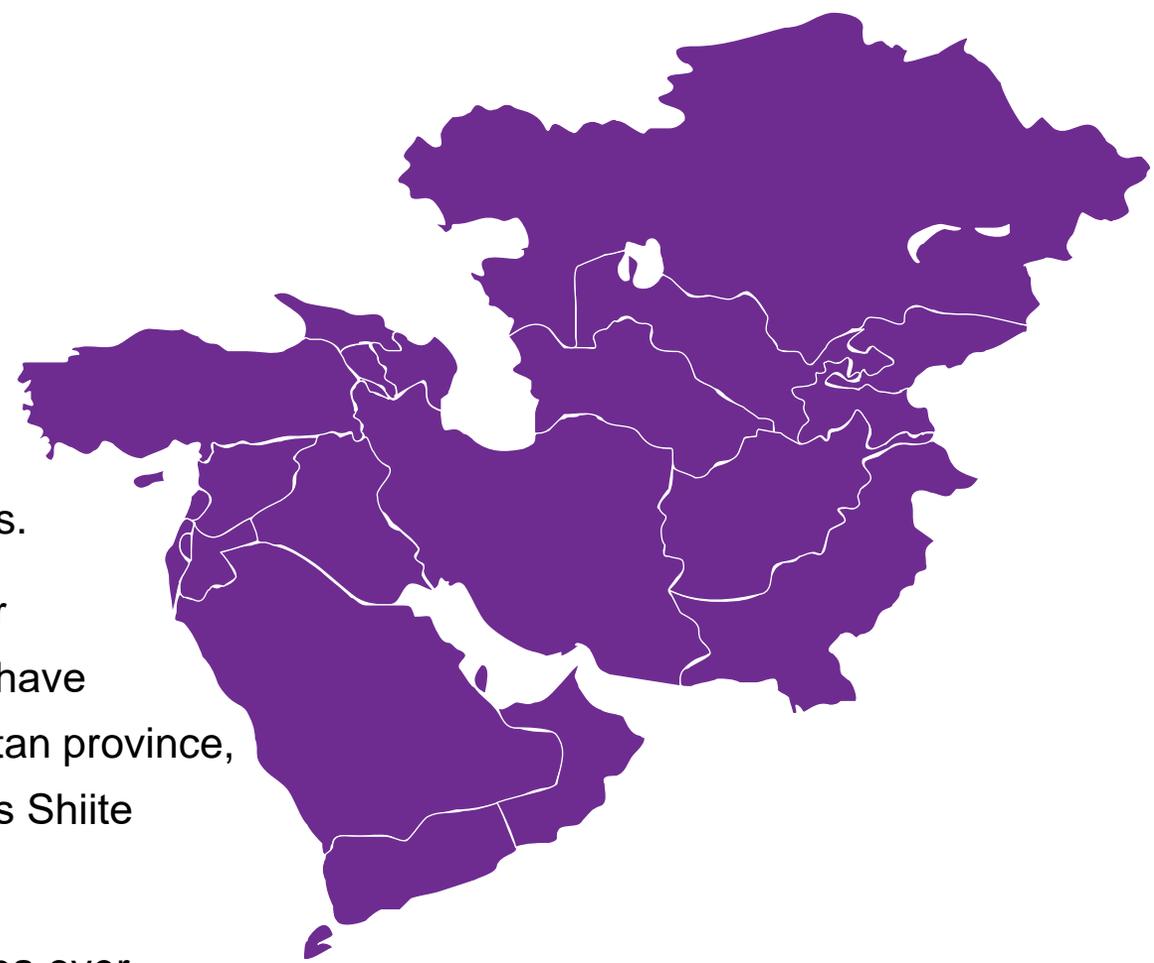
Europe

- The **European** Commission warned **Poland** that it could face fines for failing to comply with EU court rulings over judicial independence.
- **Russia** will reinforce its military base in **Tajikistan**, amid conflict in neighboring **Afghanistan**.
- Northern Ireland is lagging behind the rest of the **UK** in its vaccination rate, while COVID-19 infections there are on the rise. Vaccination centers in the UK are offering second doses of the Pfizer shot as soon as three weeks after the first shot, rather than waiting the eight weeks recommended by UK government advisors.
- Today, the **UK** is set to unveil a “*wholesale change of approach*” to post-Brexit trading arrangements between Great Britain and Northern Ireland, which would seek to eliminate Irish Sea checks. On Tuesday, UK Foreign Minister Raab accused the **European** Commission of undermining British sovereignty in **Gibraltar**.



Middle East

- **Israel's** Prime Minister Bennett threatened Ben & Jerry's with "*severe consequences*" over the ice cream company's decision to cease sales in the occupied **Palestinian** territories.
- **Iranian** security forces opened fire during protests over water shortages "*to protect*" the protesters, per state media. There have been six days of continuous protests in Iran's oil-rich Khuzestan province, home to ethnic Arabs who complain of discrimination by Iran's Shiite theocracy.
- **Libya** banned prayers in mosques and squares for Eid al Adha over COVID-19 concerns.



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Middle East

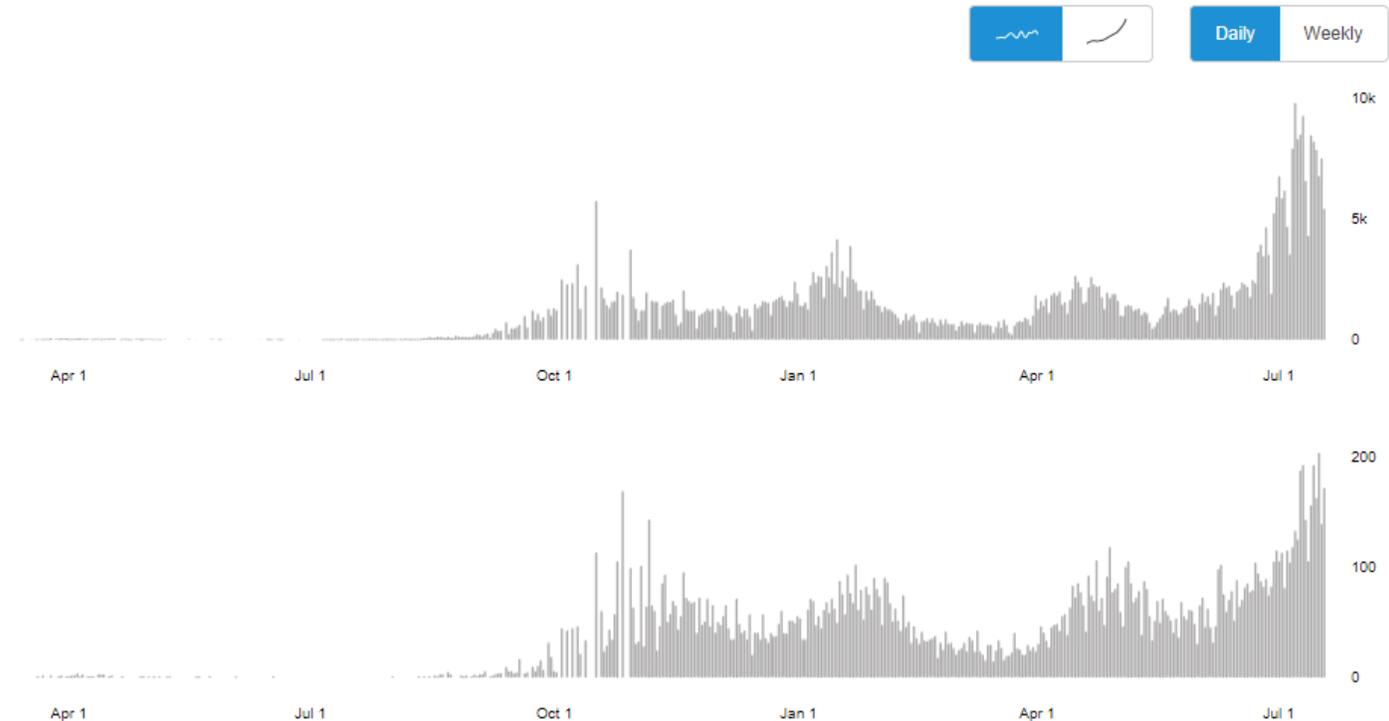
Tunisia's prime minister dismissed the country's health minister over his handling of the COVID-19 spike in Tunisia. Tunisia has registered more than 17,000 deaths in a population of about 12 million. Since June 20, authorities have imposed a total lockdown on six regions and a partial lockdown in the capital.

Tunisia Situation

546,233
confirmed cases

17,527
deaths

Source: World Health Organization



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Americas

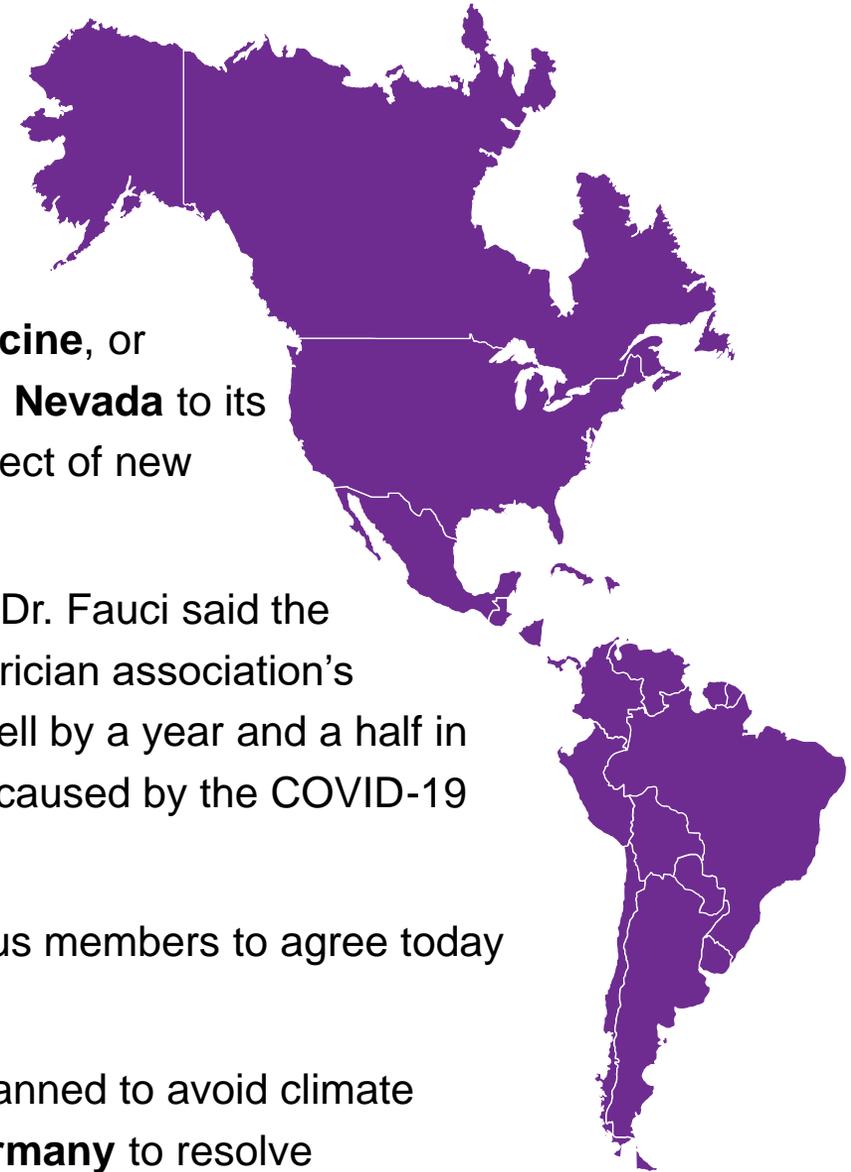
- The **US** barred former **Honduran** president Lobo from entering the country over corruption allegations.
- Ariel Henry, the chosen successor of the late President Moïse, was formally appointed as the prime minister of **Haiti** after confusion over the legal leader when Moïse was assassinated before Henry could be confirmed.
- **Brazilian** President Bolsonaro said that he would veto a \$1.09 billion electoral fund approved by the parliament, established in an attempt to end under-the-table corporate donations.



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Americas: US

- Across the nation, 186.5 million have received at least **one dose of the vaccine**, or 56.2 percent of the total population. Chicago added **Florida, Louisiana and Nevada** to its travel advisory list for high daily case rates. New Orleans is facing the prospect of new COVID-19 restrictions and cancellation of events in the fall.
- The CDC says the **Delta variant** accounts for 83 percent of new US cases. Dr. Fauci said the CDC is reviewing health guidelines for schools following an American pediatrician association's recommendation of **universal mask wearing**. **Life expectancy** in the US fell by a year and a half in 2020 to 77.3 years, the lowest level since 2003, primarily due to the deaths caused by the COVID-19 pandemic.
- Senate Majority Leader Schumer (D-NY) is pushing for all Democratic caucus members to agree today on an outline for their broad **antipoverty and climate package**.
- US Climate Envoy Kerry said that **China** must cut emissions sooner than planned to avoid climate "*chaos*." The Biden Administration signaled that it is nearing a deal with **Germany** to resolve differences over the Nord Stream 2 pipeline. Trade talks on a digital-services deal with **Asian** countries being stalled by infighting within the Biden Administration, per reporting by the *Wall Street Journal*.



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Emerging and Existing Hotspots: Outlook for Political Instability in Latin America

Throughout the world, the volatile combination of the humanitarian and economic impacts of the COVID-19 and unpopular or insufficient government response has stoked anti-government sentiment and increased political instability. This effect is increasingly on display in Latin America, which has experienced among the worst COVID-19 outbreaks in the world, as unrest or crisis have roiled Colombia, Cuba and Haiti, and latent political risk threatens in El Salvador, Peru and Brazil.

As Latin American governments seem unlikely to be able to curb the pandemic in the near future or quickly restore their economies, instability is likely to persist and grow throughout the pandemic as the year goes on.

Latin America is a global hotspot for COVID-19: while possessing just 8 percent of the world's population, the region accounts for more than a quarter of the world's coronavirus deaths, with a per capita death rate more than eight times the national average. The out-of-control outbreak in Brazil, which accounts for over half of the region's 1 million confirmed deaths, is partially to blame, although severe outbreaks are present in several countries (Colombia, for example, recorded 4,200 COVID-19 deaths last

week, 50 percent more than the entire African continent). With severe outbreaks has come devastating economic decline in several countries; in 2020, the region registered a 7 percent economic contraction, although for Caribbean countries dependent on tourism, that number surpasses 15 percent, the U.N. Economic Commission for Latin America and the Caribbean (ECLAC) estimates that 22 million people were pushed into poverty throughout the pandemic. While the region is expected to rebound in 2021, the 4.6 percent expected growth is behind the global average of 6 percent. The economic downturn will likely continue to widen income inequalities across the region, exacerbating social grievances.

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Emerging and Existing Hotspots: Outlook for Political Instability in Latin America

Unrest and Polarization Throughout the Region

Several countries are currently experiencing ongoing political unrest and instability. Most prominent in recent headlines is Cuba (whose economy contracted 11 percent in 2020), where historic anti-government protests erupted last week against deteriorating living conditions and a shortage of necessary goods. The unrest prompted a harsh crackdown on protests by the Díaz-Canel government, who deployed security forces and cut off internet access in the country. While the Biden Administration has floated some ideas to aid the domestic situation, including raising the ceiling for remittances or supplying vaccines, Havana has mostly rejected the idea, and the underlying inequalities and hardships driving the protests are unlikely to be solved in the short term.

Colombia is another Latin American country where anti-government sentiment has boiled over into broad, and often violent, protest. Demonstrations against a deeply unpopular (but, according to international economists, deeply necessary) tax reform in April

morphed into three months of protests and strikes against the government of President Duque in which at least 24 were killed in clashes with police (domestic nongovernmental organizations say that the number is at least twice as high). The protests have further damaged the country's economy, losing Colombia its investment-grade status and likely contributing to the economic hardships that in part drives the demonstrations.

In Haiti, the assassination of President Jovenel Moïse exacerbated the political instability that had developed over several years of anti-government protests over escalating authoritarianism and repression. His death also left behind it a gaping leadership void, as both his acting prime minister and selected successor - who had not yet been confirmed by the legislature - claimed to be the legal leader of Haiti. While the constitutional crisis appears to have been solved for time being, as the acting prime minister has agreed to step aside for Moïse's pick, his death revealed the results of several years of democratic backsliding and a dearth of robust institutions to bolster the country through a crisis.

Emerging and Existing Hotspots: Outlook for Political Instability in Latin America

Latent Political Instability

In addition to ongoing crises, there are several potential flashpoints on the horizon. One such case is Peru, where pandemic-related hardships mobilized the country's poor and propelled the leftist Pedro Castillo to a narrow and hotly contested win in the recent presidential elections. His opponent, the conservative businesswoman Keiko Fujimori, has refused to acknowledge the victory, finalized just this week, echoing global populists in alleging voter fraud and conspiracies. The election demonstrates Peru's deeply divided political landscape, and foreshadows a loss of legitimacy for both candidates, significant difficulties governing for Castillo, who is opposed to most members of the Peruvian legislature, and potential future political crises.

Another is Brazil, where a divisive political fight between current president Jair Bolsonaro and former leftist president Luiz Inácio Lula da Silva, known as Lula, who staged a comeback to Brazilian politics in March following a two-year stint in prison for corruption. Despite his imprisonment, Lula remains massively popular among

some Brazilians, and has capitalized on Bolsonaro's difficulties handling the COVID-19 pandemic and anti-democratic leanings. While Lula has attempted to cast himself as a pragmatic dealmaker this time around, critics accuse him of retaining the same radical, anti-democratic streak that he previously did; indeed, in the wake of the Cuban protests, Lula signed a letter in support of President Díaz-Canel. An election battle between two popular and controversial populists will place new strain on the Brazilian system, which is already weathering the worst COVID-19 outbreak in the region and a rocky economic rebound.

A final country being watched closely by international observers is El Salvador, where the populist President Bukele is driving what rights organizations have called a "slide to authoritarianism." In recent months, Bukele has completely replaced top judges with party allies, flouted constitutional court rulings, and floated making Administration-level changes (such as removing a human rights inspector and modifying a corruption oversight agreement) that would allow him more latitude to pursue his policies without interference. Bukele is likely to continue his bid to consolidate power

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Emerging and Existing Hotspots: Outlook for Political Instability in Latin America

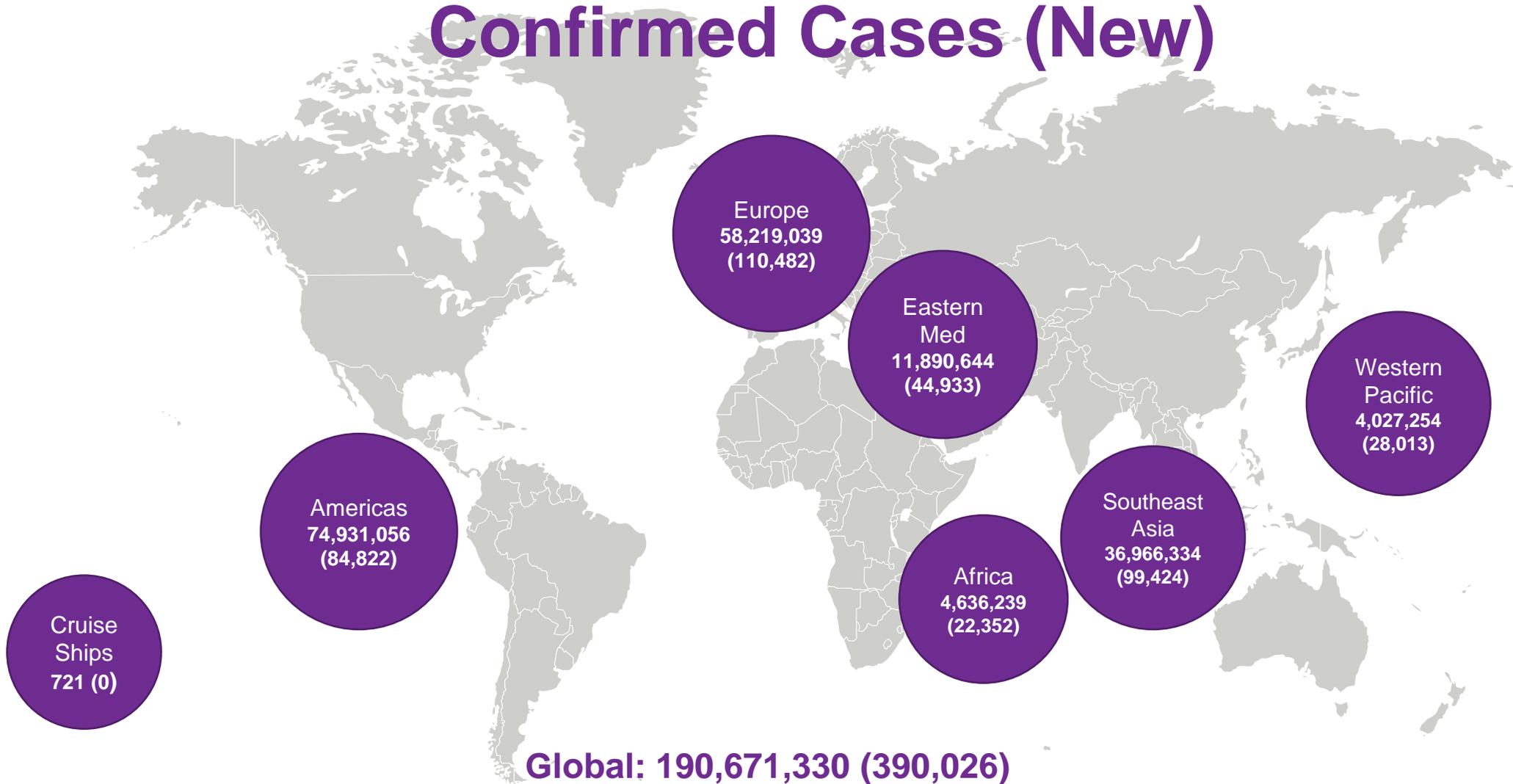
and ramp up repression as the world, and the region, remains focused on COVID-19 and other crises (and much of the world continues to view him as a young eccentric, as it did in the coverage of El Salvador's legalization of bitcoin). The extant, and latent, political instability in Latin America is a potent illustration of the toxic combination of poor COVID-19 outcomes, economic downturn, and years of governance issues, and the resulting unrest will likely only escalate as the pandemic persists. Especially as the delta variant spreads throughout the globe and wealthier nations consider hedging their bets with new orders of vaccines, prolonged health emergencies in developing nations will only exacerbate instability, deepening grievances and reducing the capacity of governments to handle crises of the health, environmental, economic, or political genre.

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Coronavirus Condition Updates

As of 6:42 pm CEST on July 20, 2021

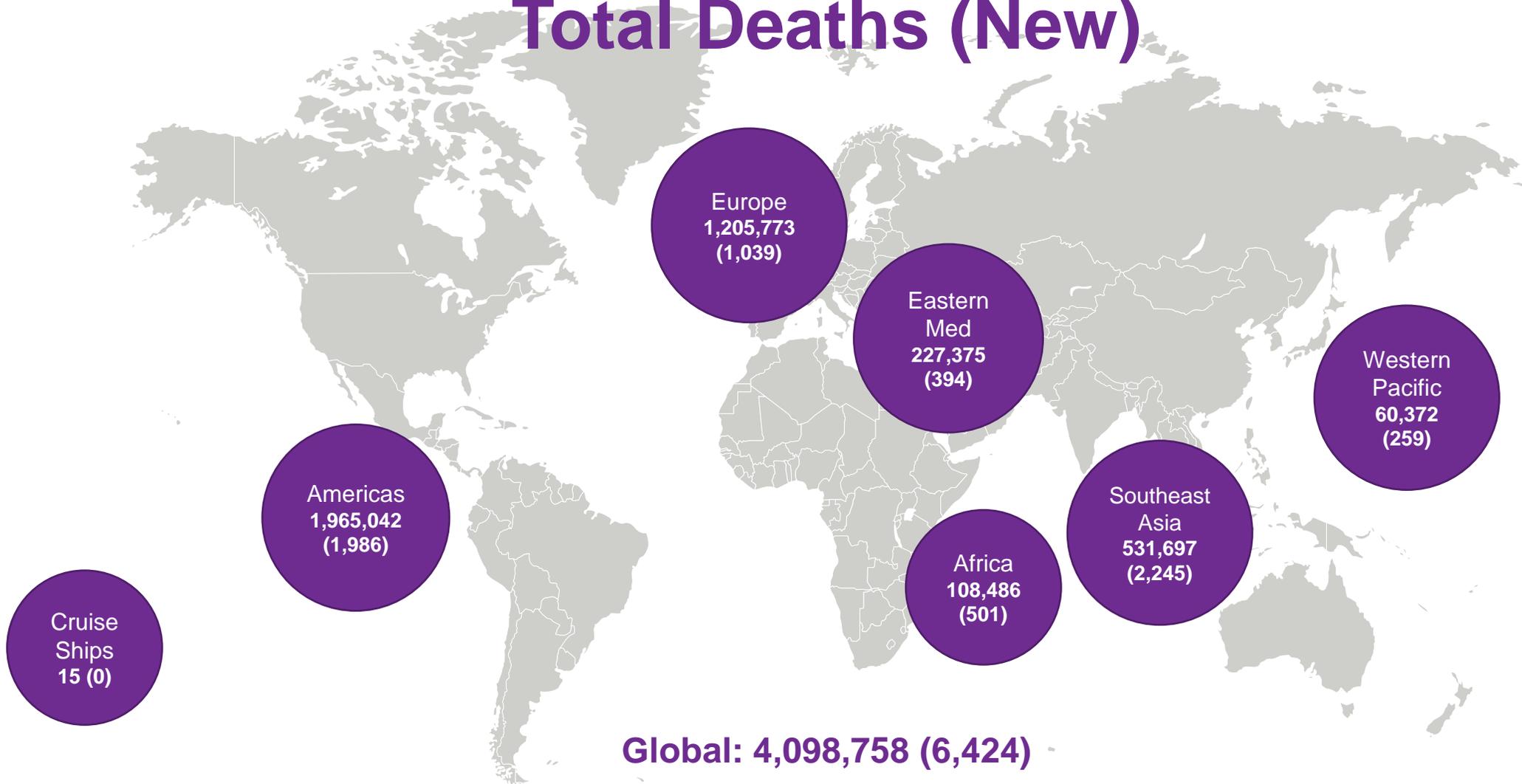
Confirmed Cases (New)



Reflects data as of 6:42 pm CEST on July 19, 2021.
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 6:42 pm CEST on July 19, 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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