

Dentons Flashpoint

Daily Global Situation Report

October 4, 2021

Global Situation Update: October 4, 2021

KEY TAKEAWAYS

A massive leak of financial documents allegedly exposes world leaders' secret stores of wealth.

A catastrophic oil spill threatens the coastline of South California.

Saudi Arabia confirmed it had held direct talks with Iran's new government, seeking to reduce tensions.

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

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WHAT WE'RE WATCHING

Today, US Trade Representative Katherine Tai will unveil the Biden Administration's long-awaited strategy for the US-China trade relationship in a speech at the Center for Strategic Studies in Washington, DC. Since taking office in March, Tai has been conducting a top-to-bottom review of Washington's China trade policy and she will engage in a question-and-answer session after her speech. Her official review is not yet fully complete.

Tai, President Biden's top trade official, is expected to announce that China has not complied with the Phase One trade deal as Beijing is falling short on its commitment to purchase an additional \$200 billion in US goods. The Biden Administration may thus build on existing tariffs on billions of dollars in Chinese imports and confront China for failing to fulfill its obligations under the Trump-brokered trade agreement.

CSIS | CENTER FOR STRATEGIC & INTERNATIONAL STUDIES

UPCOMING EVENT



A Conversation with Ambassador
Katherine Tai, U.S. Trade
Representative

October 4, 2021

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Global

Globally, confirmed coronavirus cases topped 234.6 million with 4.7 million deaths; more than 6.1 billion vaccine doses have been administered.

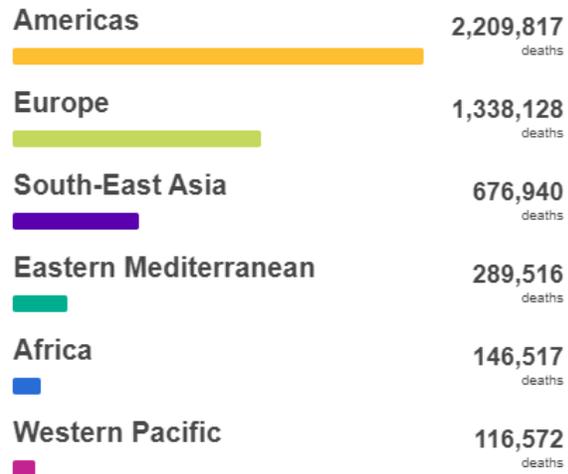
- Delegates heading to the COP26 UN climate summit in Glasgow agreed they must deliver on the \$100 billion per year pledge to help most vulnerable nations tackle **climate change**, per COP26 president Alok Sharma.
- The EU drug regulator identified a possible link between **rare cases of blood clotting** in deep veins with Johnson & Johnson's COVID-19 vaccine and recommended the condition be listed as a side-effect of the shot.
- Johnson & Johnson plans to seek this week US FDA authorize for its **booster shot**.
- A massive leak of financial documents, dubbed the Pandora Papers, was published by several major news organizations on Sunday that allegedly tie world leaders to **secret stores of wealth**. The files are linked to about 35 current and former national leaders, and more than 330 politicians and public officials in 91 countries and territories.

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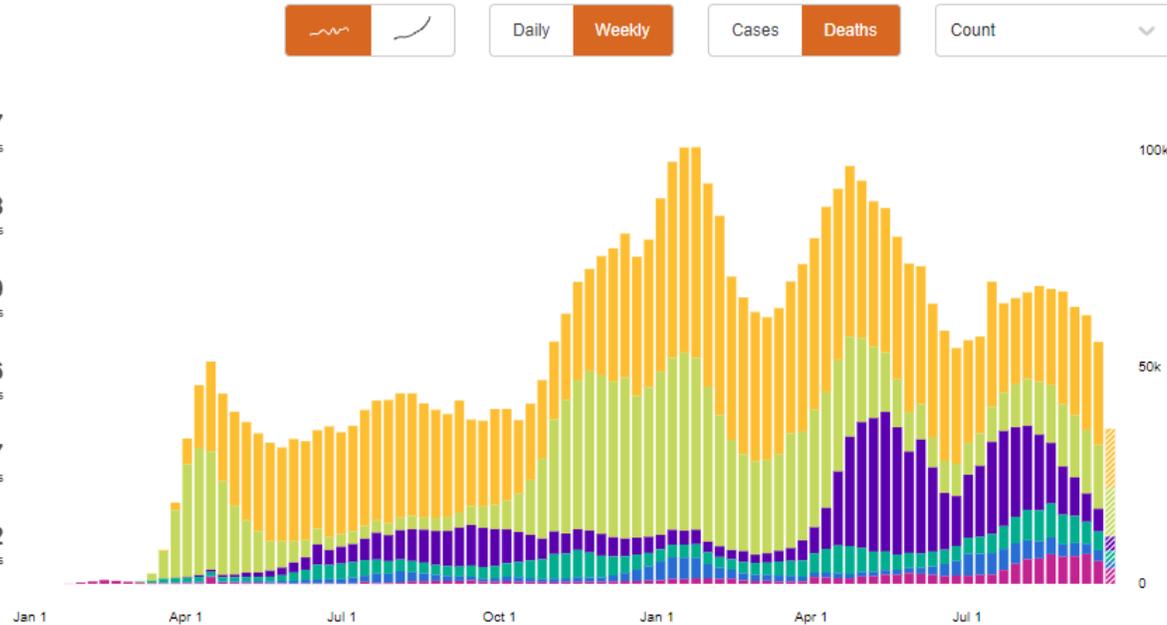
Global

Molnupiravir, an experimental antiviral pill developed by Merck & Co could reduce by half the chances of dying or being hospitalized for those most at risk of contracting severe COVID-19, according to company research. Developers plan to seek US emergency use authorization for the pill as soon as possible and to make regulatory applications worldwide. Globally, almost 4.8 million have died from COVID-19.

Situation by WHO Region



Source: World Health Organization
Data may be incomplete for the current day or week.



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Markets & Business

A Facebook Inc whistleblower accused the social media giant of repeatedly prioritizing profit over clamping down on hate speech and misinformation, in complaints filed with the US Securities and Exchange Commission.

- **Reliance Industries** announced it has set up a wholly owned subsidiary in the UAE for trading in crude oil, petroleum, petrochemical products and agricultural commodities.
- Distressed developer **China Evergrande** will sell a half-stake in its property management unit to **Hopson Development** for more than \$5 billion.
- **US aerospace manufacturers** are poised to strengthen a climate target by pledging to reach net-zero emissions by 2050, in alignment with commitments by global airlines.
- **PwC** has told 40,000 staff in the US that they can work remotely from anywhere in the country but will have their pay cut if they move to locations with a lower cost of living.
- **Volvo Cars** is completing plans for a IPO and is set to announce details of the listing as early as today, in a deal that could value the car maker at as much as \$25 billion.

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How do You Manage Cyber Risks?

Today, there are more risks for cybersecurity and a wider array of threat actors capable of doing damage to organizations due to rapid advances in technology. A single cyber breach risks dealing irrevocable harm to businesses and their critical assets.

Dentons offers business leaders a full complement of counseling and advice, regulatory and litigation services, analysis and intelligence products for cyber risk management that helps them thrive in complex operating environments, including:

- ❖ organizational cyber risk assessment
- ❖ crisis management for cyber incidents
- ❖ privacy law and compromised data advice
- ❖ self-reporting, liaising with law enforcement following cyberattack
- ❖ ransomware attack guidance
- ❖ cybersecurity readiness and remediation
- ❖ cyberattack source and method identification

All interaction with Dentons is attorney-client privileged

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

Africa

- **Algeria** recalled its ambassador from **France** after Paris decided to cut the number of visas it issues to nationals of Algeria and other countries in North African's Maghreb region.
- The World Bank will provide **Nigeria** with \$400 million in financing to procure and deploy COVID-19 vaccinations. Nigeria has vaccinated 2.3 percent of its population. Boko Haram insurgents have taken over multiple communities in Nigeria's north-central Niger state, offering villagers money and incorporating them in their ranks to fight the government.
- **Guinea** junta leader Mamadi Doumbouya was sworn in as interim president on Friday to oversee what regional powers hope will be a short transition to constitutional rule after the September 5 coup.
- **Ethiopia's** parliament confirmed incumbent Abiy Ahmed as prime minister for a five-year term, cementing his power domestically amid mounting international concern of his government's handling of the conflict in northern Ethiopia.



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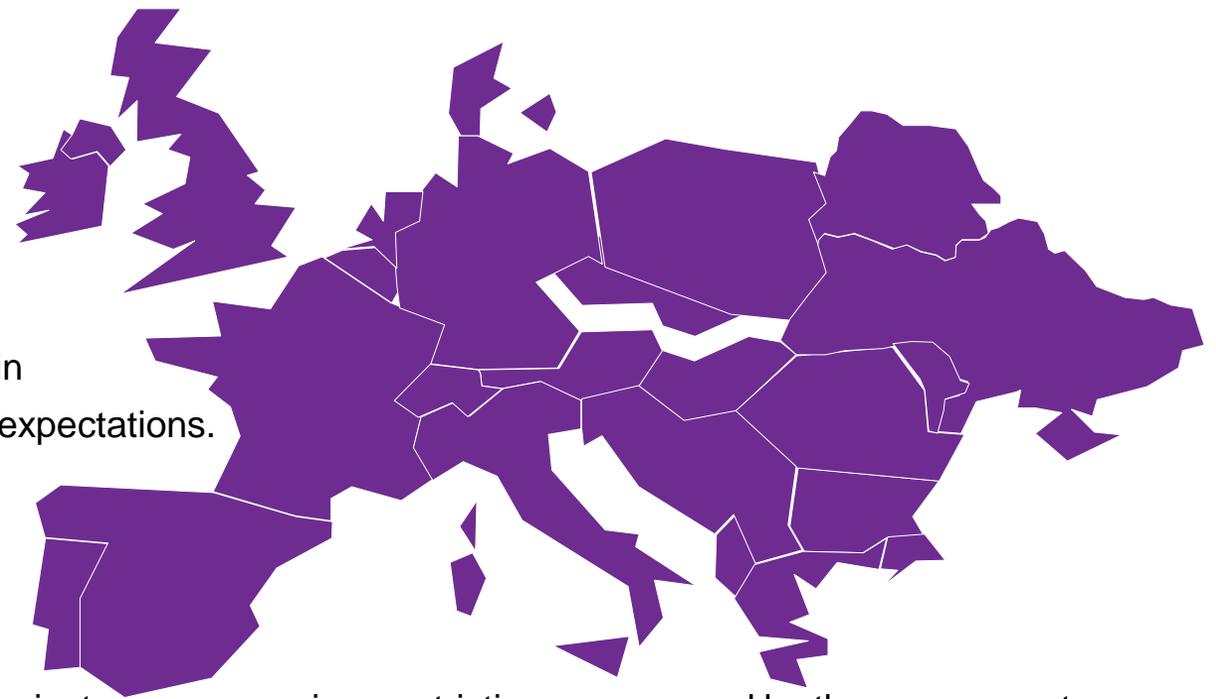
Asia

- **Japan's** new prime minister, Fumio Kishida, was formally elected by parliament today and announced plans to call parliamentary elections on October 31.
- **Philippine** President Rodrigo stated that he his retiring from politics and his daughter will run for president in next year's election and her father's long-time aide, who filed his vice-presidential candidacy, would be her running mate.
- **New Zealand's** Delta variant outbreak spread beyond the largest city of Auckland, prompting Prime Minister Ardern to put additional regions into a snap lockdown. Air New Zealand will require passengers on its international flights to be fully vaccinated against COVID-19.
- **Taiwan** sharply criticized **China** over the weekend after Beijing marked the founding of the People's Republic of China with the largest ever incursion by the Chinese air force into the island's air defense zone.



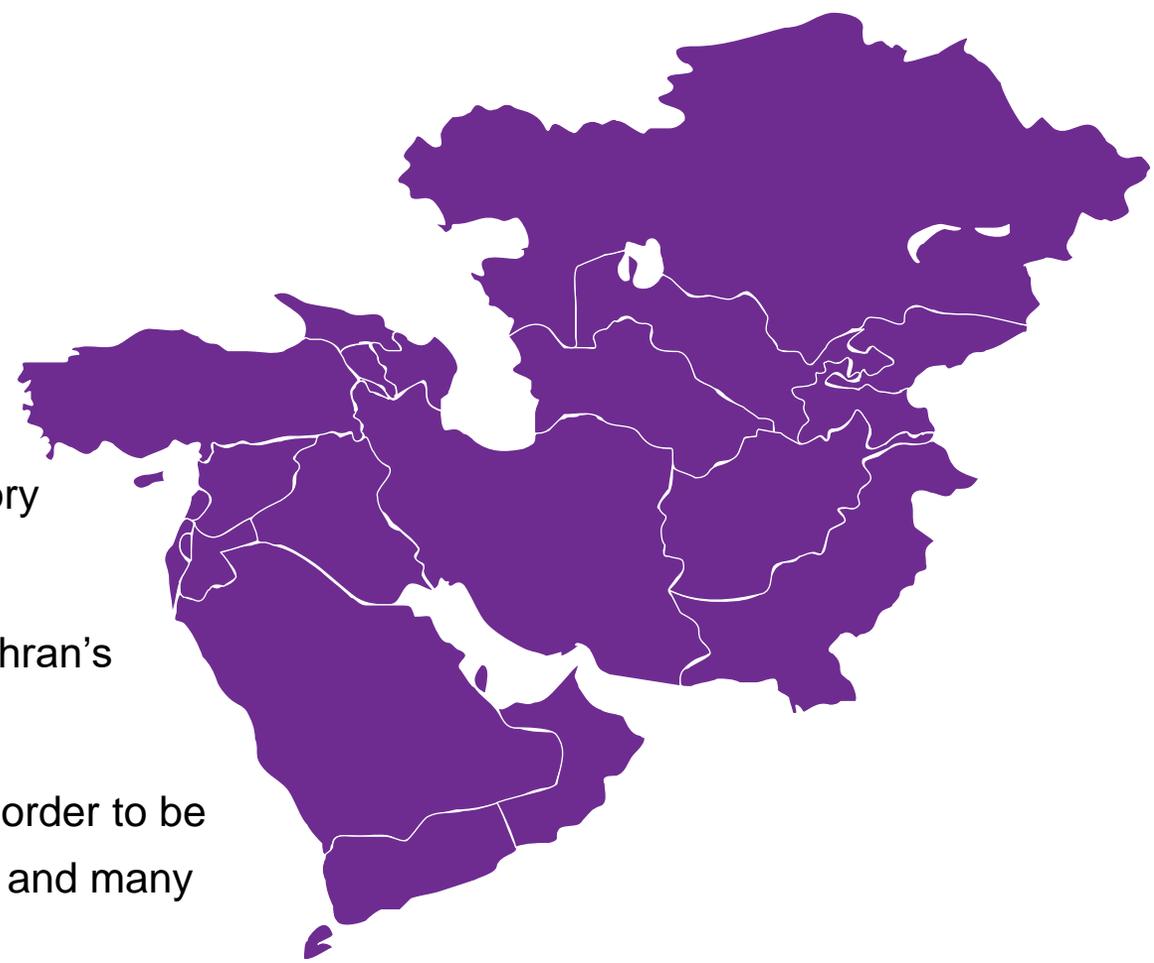
Europe

- Investor morale in the **euro zone** fell for the third month in a row in October and hit its lowest level since April on dimming economic expectations.
- **British** Prime Minister Johnson will open up more countries for hotel quarantine-free travel later this week, cutting the UK's "red list" of destinations to nine from 54.
- Thousands of **Romanians** protested in the capital on Saturday against new coronavirus restrictions announced by the government this week to fight a steep rise in infections.
- **Georgia's** ruling party won 46.7 percent of votes to 30.7 percent for the United National Movement, founded by former president Mikheil Saakashvili, in municipal elections that have taken on national significance amid a protracted political crisis. The EU had brokered an agreement to help the country through political paralysis, with the Georgian government calling for parliamentary election if the ruling party wins less than 43 percent of the local vote.
- President Putin ordered the **Russian** government to look at curtailing spending from the state rainy-day fund, after the finance ministry said the global shift away from oil and gas could jeopardize Russian state finances within a decade.



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Middle East



- Voters chose all men in **Qatar's** first legislative elections on Saturday, with none of the 26 women who ran for the elected 30 seats gaining enough votes to serve on the 45-seat advisory Shura Council.
- **Iran** is insisting that the **US** must first release \$10 billion of Tehran's frozen funds as a precondition to restarting nuclear talks.
- **Israel** is requiring vaccinated citizens to get a booster shot in order to be eligible for a "*green pass*" allowing entry to restaurants, gyms and many other venues.
- **Saudi Arabia** confirmed it had held its first round of direct talks with **Iran's** new government last month, seeking to reduce tensions.

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Americas

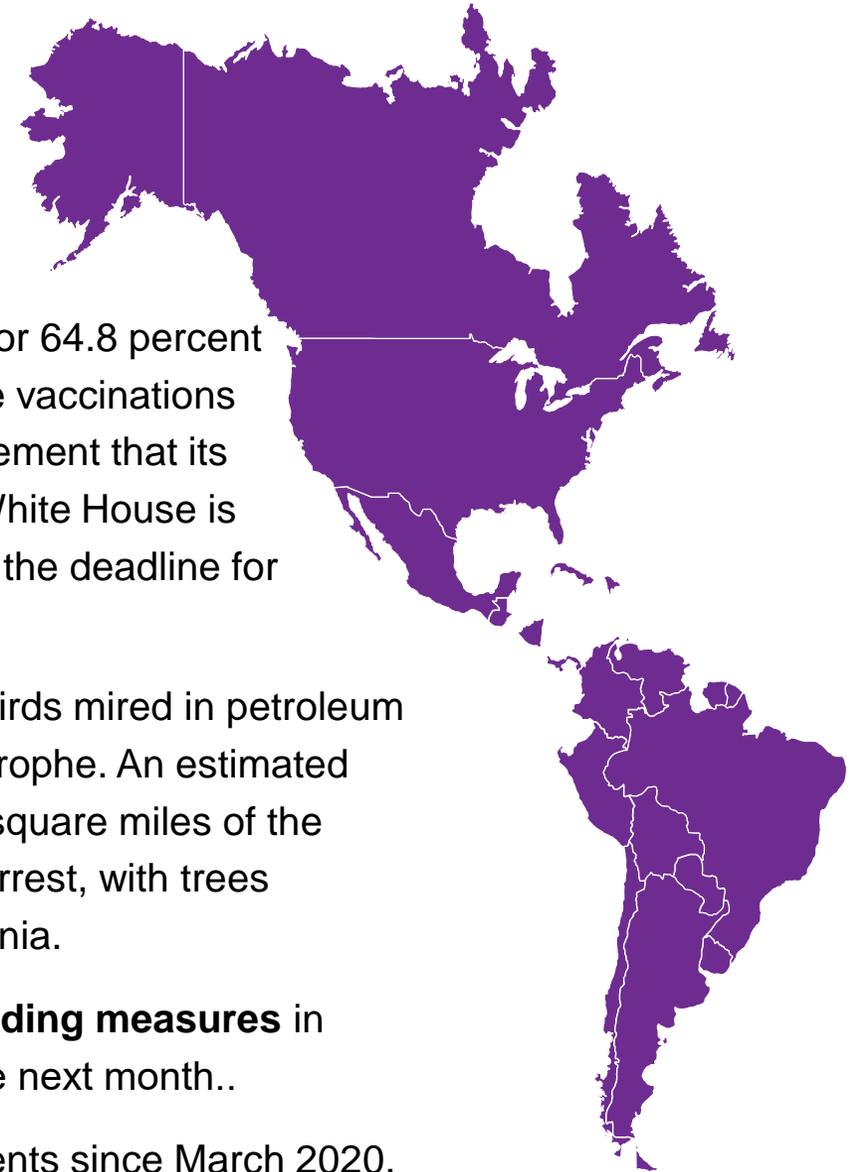
- Petrobras CEO Joaquim Silva e Luna said the state-run **Brazilian** oil company would not seek to artificially control fuel prices even amid growing public outrage over inflation. Tens of thousands of demonstrators took to the streets of Brazil's biggest cities Saturday, calling for President Jair Bolsonaro to be impeached.
- **Venezuela** cut six zeros from the bolivar currency in response to hyperinflation, simplifying accounting but doing little to ease the South American nation's economic crisis; this is the second monetary overhaul in three years.
- **Mexico's** leftist government proposed a constitutional reform to boost state control of the electricity market, in a move to reverse business-friendly energy legislation enacted by the previous administration.



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Americas: US

- Across the nation, 215.2 million have received at least one dose of the **vaccine**; or 64.8 percent of the total population. California will become the first state to mandate statewide vaccinations for **schoolchildren**. The Supreme Court refused to block New York City's requirement that its public **school teachers** and employees be vaccinated against COVID-19. The White House is pressing **major US airlines** to mandate vaccines for employees by December 8, the deadline for federal contractors.
- A large **oil spill** off the southern California, off Huntington Beach, left fish dead, birds mired in petroleum and wetlands contaminated, in what local officials called an environmental catastrophe. An estimated 126,000 gallons, or 3,000 barrels, has spread into an oil slick covering about 13 square miles of the Pacific Ocean. Another ecological national heritage site, the Sequoia National Forrest, with trees thousands of years old, is once again put at risk by spreading **wildfires** in California.
- Senior Democrats say they are willing to lower **the \$3.5 trillion cost of the spending measures** in legislation to boost America's social safety net to gain necessary support over the next month..
- The Supreme Court returns to its courtroom Monday for its first in-person arguments since March 2020, with a term addressing **abortion rights, gun regulations and a secular public-school system**.



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The Lithuania Model: Risks and Opportunities for Small States that Challenge China

By Briana Boland

For a country of under three million people, Lithuania is playing an outsized role in the geopolitics of Europe. Along with being on the frontlines of tensions with Russia and Belarus, Vilnius is increasingly driving conversation around policy on China through recent decisions to harden its stance on security threats from Beijing, strengthen ties with Taiwan, and withdraw from China’s “17+1” bloc in Eastern Europe.

In its unusual pivot on relations with China, Lithuania may be pioneering a political and market niche for smaller states around the world that do not rely on economic or political ties with Beijing. While Lithuania has faced some backlash from its policy shift, including China’s suspension of rail freight to the country, its new approach to China is also likely to create new opportunities for business with China-skeptic western countries, as well as elevate Vilnius’s international influence.

The past six months have marked a rapid shift in China-Lithuania relations. In May, Lithuania dropped out of China’s “17+1” initiative to strengthen ties with Central and Eastern European countries and called on fellow EU nations to follow

suit. Two months later, Taiwan announced that it would set up a “Taiwanese Representative Office” in Lithuania, breaking with the typical label of “Taipei Representative Office.” While the move did not constitute full recognition of Taiwan, it still angered Beijing, which sees official use of the word “Taiwan” as secessionist. The subsequent fallout extended to China recalling its ambassador from Vilnius, limiting its trade with Lithuania, and suspending bilateral rail freight services. Rather than moving to ease tensions with Beijing, Lithuania’s government leaned into its China policy pivot, describing its decisions as part of a “values-based foreign policy” and using the affair to illustrate how small countries can have agency in

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The Lithuania Model: Risks and Opportunities for Small States that Challenge China

reacting to pressure from China. In an interview with Foreign Policy magazine, Lithuanian Foreign Minister Gabrielius Landsbergis explained that Lithuania could be seen as a “canary in the coal mine” among small states under pressure from China, demonstrating how Beijing’s hardball tactics can backfire.

Lithuania’s most recent move in its relationship with China came in the form of a Defense Ministry report recommending that consumers avoid buying smartphones from Chinese manufacturer Xiaomi – and throw away any phones they already have – due to built-in censorship capabilities in the devices. Xiaomi denies the claim and says it will hire third-party experts to assess the report and issue an independent verdict. For its toughening stance on China, Lithuania has received firm backing from the United States, prompting a pledge of “ironclad US support for Lithuania in the face of attempted coercion from the People’s Republic of China” from Secretary of State Blinken. Vilnius’s China policy has also increased the country’s relevance within EU policy. As EU-China relations are in a state of flux, following the freeze of the Comprehensive Agreement on Investment (CAI) and the departure of Chancellor Angela Merkel, who had been an anchoring force for efforts to strengthen economic ties with China, Lithuania’s stand-out policies may play a stronger

role in influencing the bloc than might be expected based on its small population and economy.

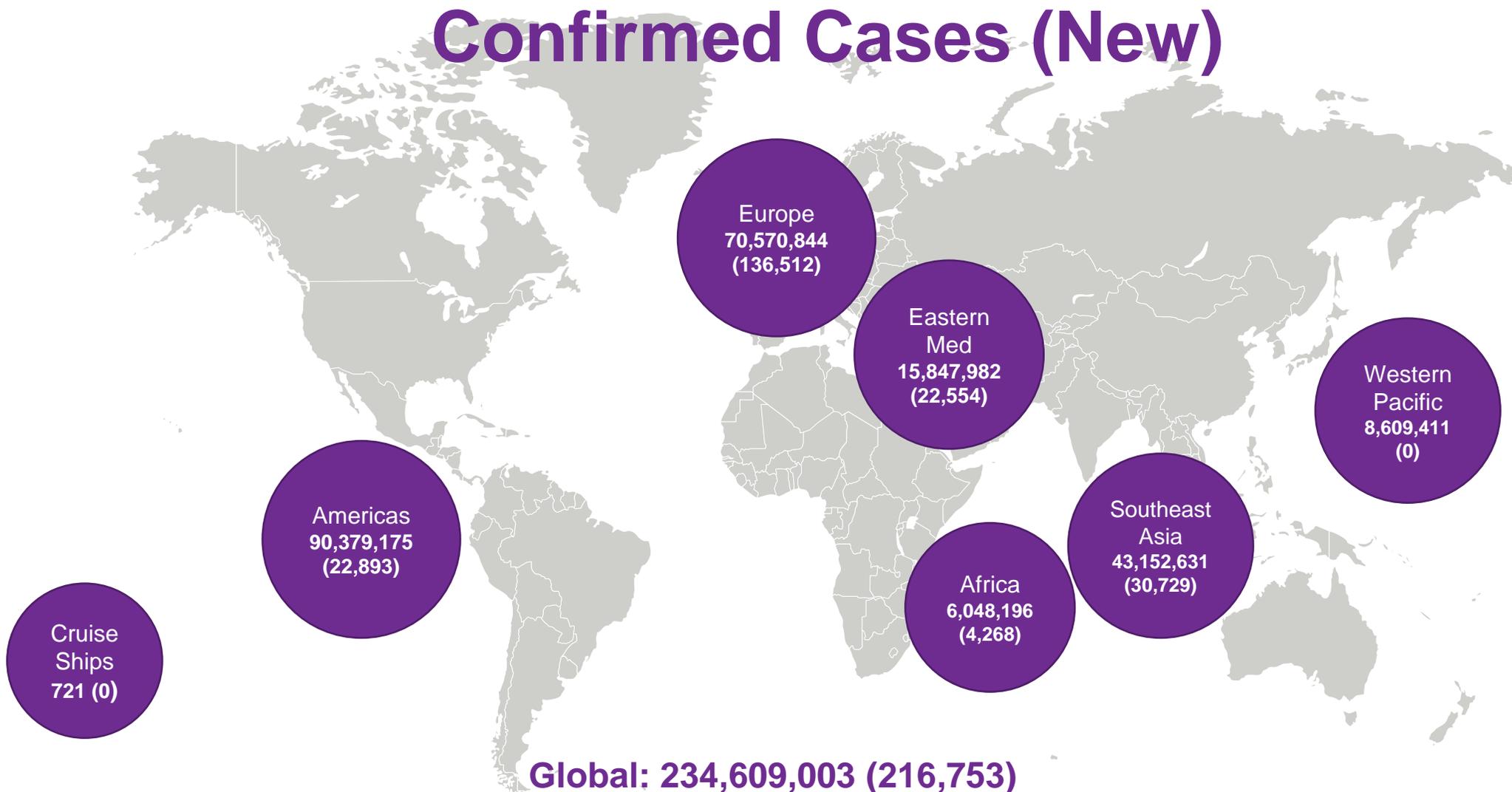
Along with gaining an amplified voice in international conversations about balancing relations with Beijing, Lithuania may see new business opportunities tied to its unique approach to Chinese involvement in its economy. Last month, the American-Lithuanian Business Council (ALBC) led a trade delegation to Vilnius, including representatives of defense firms Raytheon and Lockheed Martin. The ALBC’s President, Eric Stewart, noted to Politico that: “There’s going to be some opportunities for some [US] companies to do business [in Lithuania] because the Chinese are essentially being not included in some strategic project.” So, while Lithuania may lose out on economic opportunities from Beijing, it may be able to take advantage of being able to present itself as free from the risks that come with ties to China. As Lithuania continues down its path of questioning China’s products and pressure, analysts will be watching to see how the international community reacts – both in terms of rising or falling diplomatic support for Vilnius and growth or contraction in international business opportunity for Lithuania. If Lithuania models a successful niche for small states to avoid Chinese pressure and reap benefits from the west, other countries may consider following its lead.

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Coronavirus Condition Updates

As of 11:39 am CEST on October 4, 2021

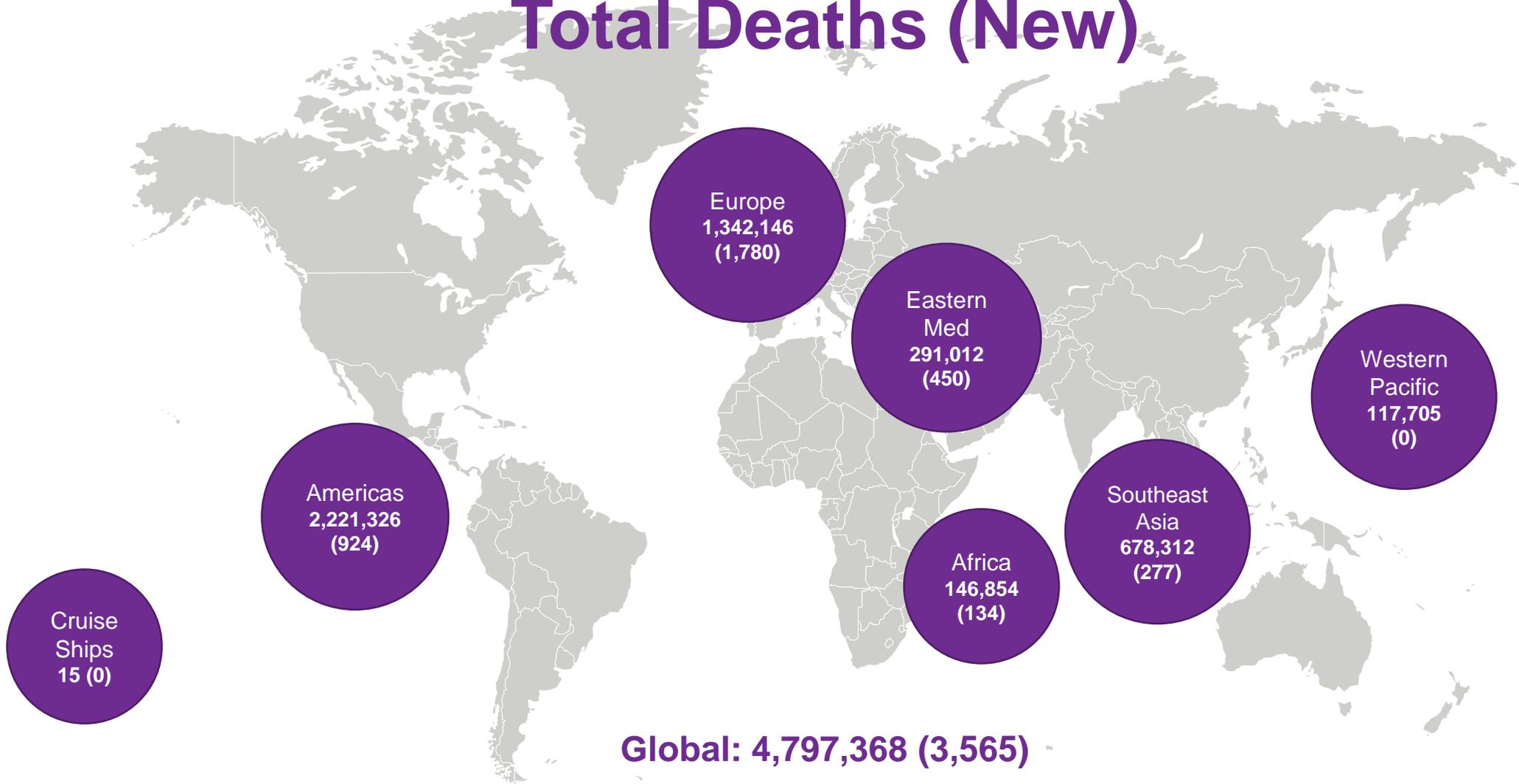
Confirmed Cases (New)



Reflects data as of 11:39 am CEST on October 4, 2021.
Data Source: World Health Organization

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Total Deaths (New)



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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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