

Dentons Flashpoint

Daily Global Situation Report

August 19, 2022

Global Situation Update: August 19, 2022

KEY TAKEAWAYS

Bird flu is devastating the wild bird population around the globe.

Russia deploys warplanes armed with hypersonic missiles to Kaliningrad.

Turkey surprises markets with a 100 basis point interest rate cut despite inflation of nearly 80 percent.

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

Mass protests erupted in Argentina this week demanding that the government take action to increase salaries and boost unemployment benefits in the face of high inflation. Annual inflation has risen to 70 percent and approximately 37 percent of Argentines live below the poverty line.

President Alberto Fernandez's administration has struggled to temper these price increases. This has led to demonstrations by left-wing organizations, most of which are aligned with President Fernandez's Peronists. They are demanding wage hikes in line with inflation and more social spending to alleviate economic pain. The more acute these inflationary pressures become, the longer these demonstrations are likely to continue, increasing the risks of widespread social unrest.



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Global

The UN General Secretary and the presidents of Turkey and Ukraine discussed ways to end Kyiv's conflict with Russia and secure Europe's largest nuclear power station, which has come under shelling at the front lines.

- Energy-exporting Middle East states are set to gain up to \$1.3 trillion in additional **oil revenues** over the next four years, according to the IMF, from windfall profits that will bolster the region's sovereign wealth funds at a time when global asset prices have sold off.
- **COVID-19** significantly increases the risk of developing dementia, psychosis and brain fog two years after infection, according to the first extensive study of the disease's persistent neurological and psychiatric effects.
- Since its early detections in poultry and wild birds in the spring of 2021, a highly pathogenic strain of the H5N1 virus – bird flu -- has killed more than 86 million birds in the US and Europe alone. The **mass deaths of wild birds** around the globe is being noted by scientists. Bird flu only rarely crosses into the human population.

Markets & Business

Mozambique is poised to ship its first cargo of liquefied natural gas overseas, joining the ranks of the world's exporters. Eni's \$7-billion Coral-Sul project had been targeting first exports by October and has moved forward despite the pandemic and an Islamic State-linked insurgency.

- A US Federal judge ordered **Starbucks Corp.** to offer reinstatement to seven fired pro-union employees in Memphis, Tennessee, and must not retaliate against employees who support union organizing.
- **Keurig Dr Pepper Inc** is in talks to buy the maker of **Bang Energy** drinks, following a trend of traditional beverage makers investing in smaller brands.
- Spain's **Aena** on Thursday won the rights to operate the largest block of airports auctioned by Brazil's government for 2.45 billion reais (\$471.61 million), adding to its portfolio in Latin America's largest economy.
- **US airline unions** launched a public campaign against share buybacks, saying airlines should invest in their workers and fix their operational issues.

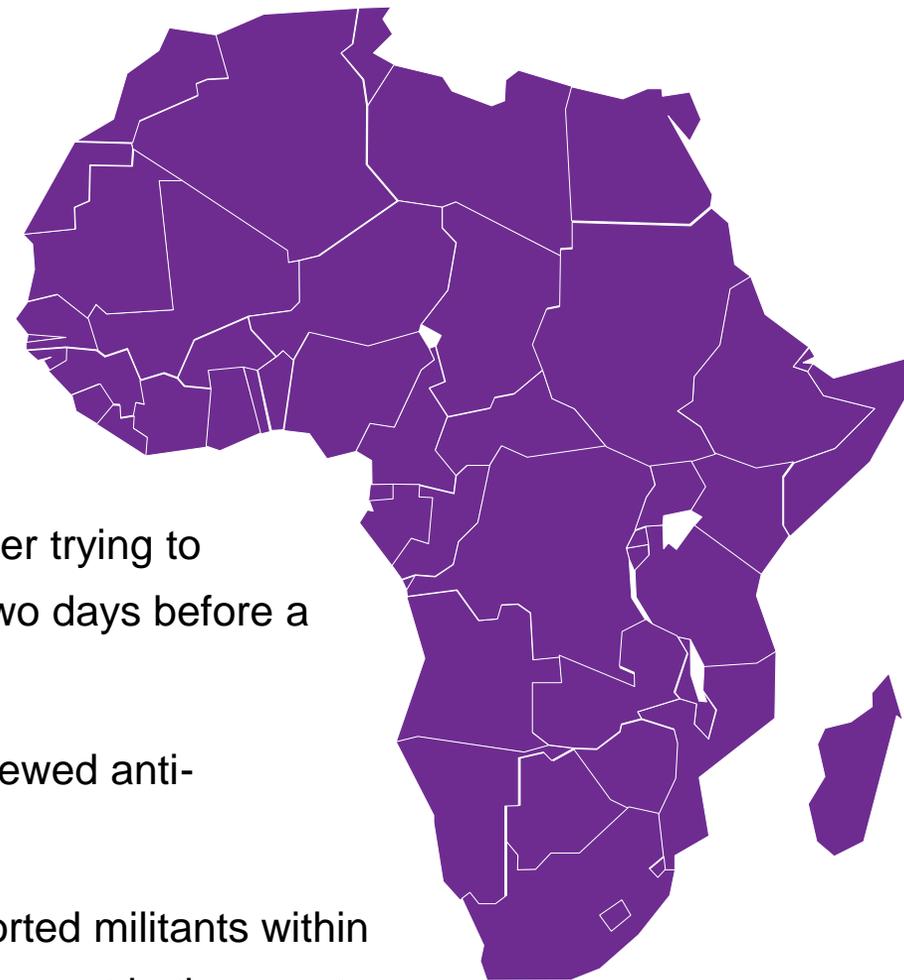
Environment, Sustainability & Governance

Scientists in the US have discovered a simple method for destroying harmful “forever chemicals” previously thought to be almost indestructible that pose a growing global pollution problem and health risk.

- London's transport network ground to a halt on Friday as train and bus workers held **strikes over pay and conditions**, the latest in a summer of labor market disputes as double-digit inflation eats into wages.
- **Forest fires** have destroyed a record 700,000 hectares of forest across EU countries this year after extreme drought exacerbated the fire season.
- Over 650 US workers at Google owner Alphabet are demanding it offer **abortion benefits** to contractors, suspend donations to anti-abortion politicians and better protect users from abortion-related disinformation and police requests.
- Singapore's main food delivery platforms said they had formed an association to draft industry guidelines for the **welfare of their workers**.

Africa

- The UN peacekeeping mission in **Democratic Republic of Congo** has pulled out of one of the largest cities in the country's east after deadly protests against its failure to protect civilians.
- A prominent **Chadian** rebel leader, who has been in exile for years after trying to overthrow former President Idriss Déby Itno, returned to N'Djamena two days before a national dialogue that protest leaders have boycotted.
- Two teenagers were fatally shot, allegedly by junta guards, during renewed anti-government protests in **Guinea**.
- **Mali's** Foreign Ministry wrote to the UNSC alleging that **France** supported militants within the country and committed airspace violations during its military deployment in the country. The **German** military resumed flights to Mali after Berlin suspended most of its operations in the West African country in a spat with local authorities over flight clearances.



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How do You Manage Incident Response?

2022 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](#).

Asia

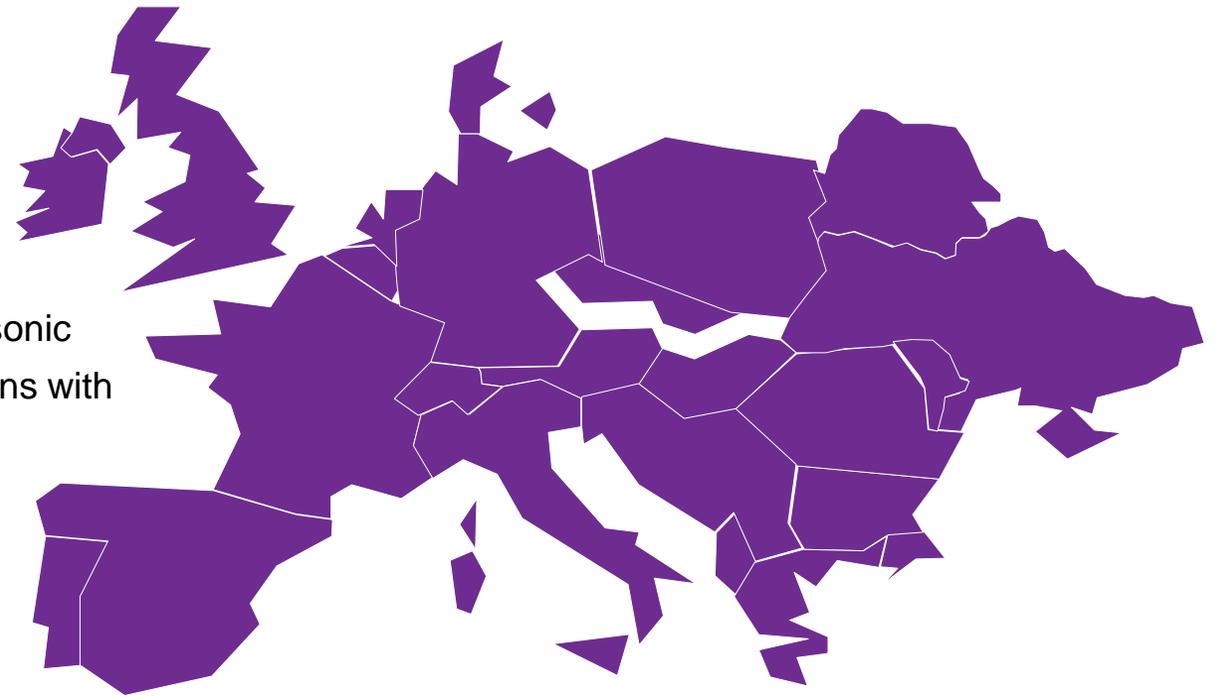
- **Sri Lanka** has asked **Japan** to convene the Indian Ocean island's main creditor nations, including **China and India**, to talks on bilateral debt restructuring as it seeks a way out of its worst economic crisis in decades.
- **Russia** has charged up to third place in a list of countries outside mainland **China** using the yuan for global payments, demonstrating the impact of Western sanctions.
- Torrential rain hit parts of **New Zealand** for a fourth day today, forcing hundreds of people from their homes as rivers overflowed their banks and waterlogged ground becomes unstable.
- **Vanuatu's** president dissolved the Pacific island nation's parliament on Thursday, state broadcaster VBTC reported, after an attempt by some politicians to oust the prime minister. A failed attempt by Prime Minister Loughman to change the constitution to extend election cycles from four to five years, among other changes, had caused discontent in recent months.



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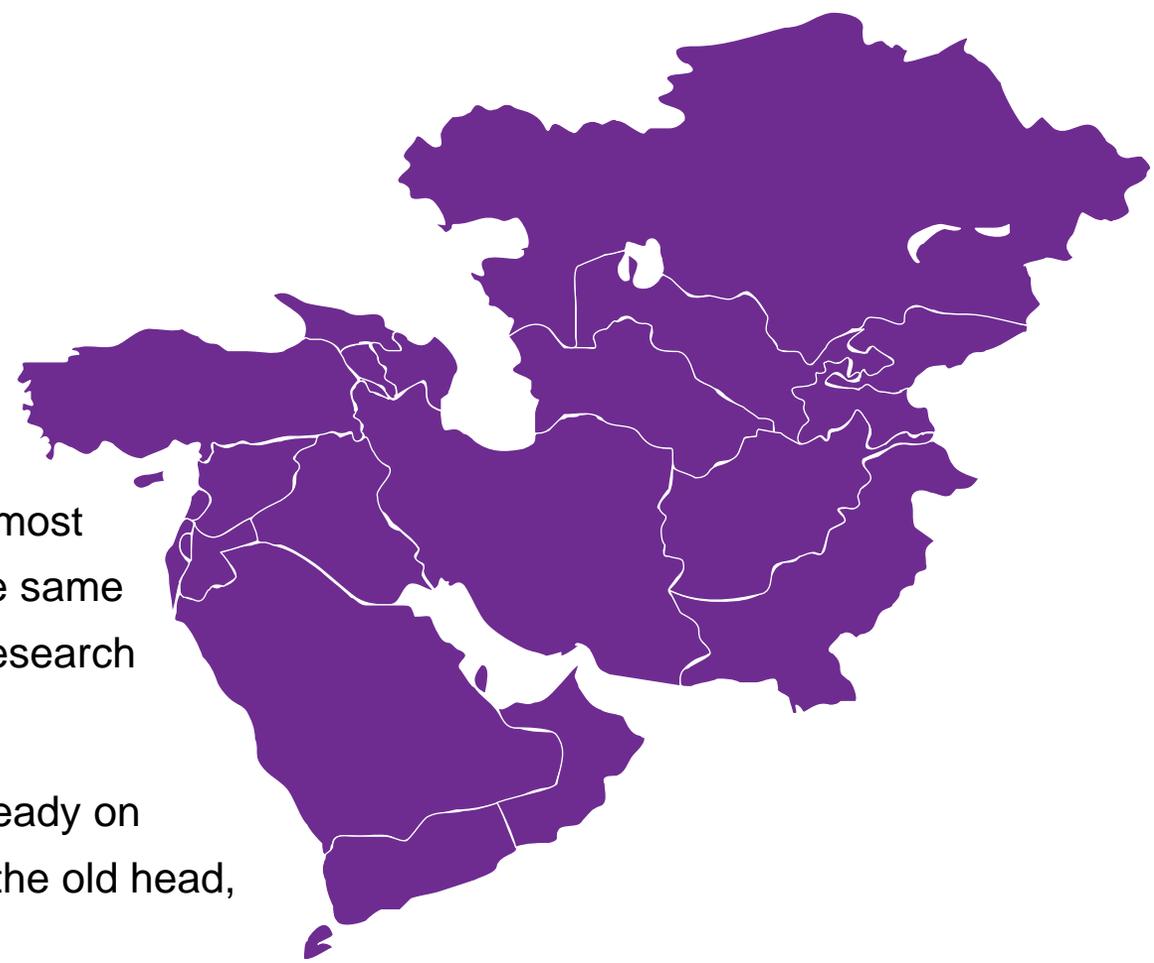
Europe

- The **Russian** military has deployed warplanes armed with hypersonic missiles to **Kaliningrad**, the country's Baltic exclave, amid tensions with the West over Moscow's war against **Ukraine**.
- **Estonia** has repelled "the most extensive cyberattacks since 2007," shortly after removing Soviet monuments in a region with an ethnic **Russian** majority.
- **Germany** has unveiled plans to cut tax on natural gas sales to soften the blow of soaring energy costs for many households.
- **Ukraine's** Energoatom state nuclear company said **Russian** forces planned to switch off the functioning power blocks at the Zaporizhzhia nuclear power plant and to disconnect them from the Ukrainian power grid.
- A Chevron-led joint venture has agreed to redirect 2.6 billion cubic meters of gas per year towards **Kazakhstan's** domestic market instead of exporting it, per the office of the Kazakh President.
- **Turkey** surprised markets with a 100 basis point interest rate cut despite inflation of nearly 80 percent, as the central bank loosens policy further to spur growth ahead of a general election next year.



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Middle East



- The White House denied reports that the **US** has made new concessions to **Iran** to revive the 2015 nuclear deal.
- **Lebanon** has seen an 18 percent increase in murders and almost an 8 percent surge in suicides in 2022 so far, compared to the same period last year, according to new data from a Beirut-based research center.
- The Central Bank of **Egypt** kept its overnight interest rates steady on Thursday, hours after a new governor was named to replace the old head, who unexpectedly resigned this week.
- **Israel** closed seven Palestinian organizations it accuses of channeling aid to militant groups, drawing condemnation from the UN, which said the closures appeared *"totally arbitrary."*

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Americas

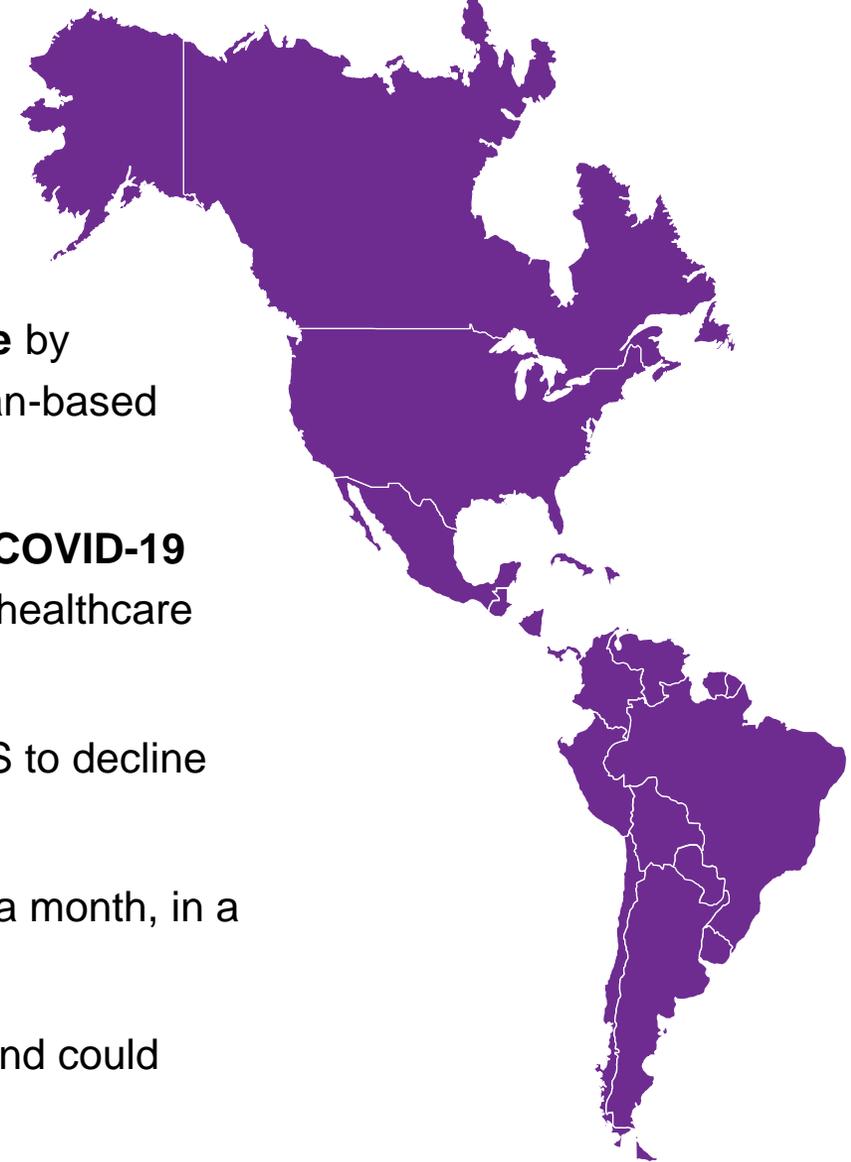
- **Argentina's** latest economy minister stressed the need to boost hard currency reserves in a speech, pointing to new debt repurchase operations that could help.
- **Paraguayan** Vice President Hugo Velazquez said he will not resign until he has details of **US** accusations against him, a reversal days after Washington accused him of having participated in acts of "*significant*" corruption.
- The full reopening of the **Colombia-Venezuela** border will come sooner rather than later but will depend on legal conditions and the overall re-establishment of bilateral ties, per Colombia.
- Per human rights organization Article 19, this year will be the deadliest on record for journalists in **Mexico**, with 18 killed so far.



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Americas: US

- The Biden administration seeks to ramp up supplies of **monkeypox vaccine** by supporting a deal between manufacturer Bavarian Nordic A/S and a Michigan-based company to finish packaging millions of doses in the US.
- The Biden administration is planning for an end to its practice of paying for **COVID-19 shots and treatments**, shifting more control of pricing and coverage to the healthcare industry introducing market dynamics.
- Higher mortgage rates prompted sales of previously owned homes in the US to decline for a sixth straight month, leading to a “**housing recession**.”
- New applicants for **unemployment aid** in the US fell to their lowest level in a month, in a sign the domestic labor market remains robust.
- The US is readying about \$800 million of additional military aid to **Ukraine** and could announce it as soon as today.



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Ukraine War Fuels Increased Tensions between Kosovo and Serbia

The breakup of Yugoslavia in the 1990s may seem like ancient history, but it is not to the people of Kosovo and Serbia. Grievances left unresolved during the fight in 1999 between the two breakaway regions – with a NATO bombing campaign putting an end to the war – have come to the surface again with the governments of now independent Kosovo and Serbia warning of a return to war to the Balkans.

Sovereignty at the Core of the Dispute

When Kosovo declared independence from Serbia in 2008 and received recognition from some but not all UN member states, Serbia was one of the objectors. To this day, Serbia continues to treat Kosovo as a breakaway region - illegitimate and destined to have

Serbian authority reestablished over the land and the 1.8 million people (92 percent of whom are ethnic Albanians and only 6 percent ethnic Serbians). Laws enacted by the government in Pristina are often ignored by ethnic Serbians, who are largely concentrated in the northern region of Kosovo, along the border with Serbia, with the backing of the Serbian government in Belgrade.

Current tensions revolve around Kosovo's efforts to implement a law declaring Serbian identity documents and vehicle license plates invalid on Kosovo territory – an effort to compel the Serbian minority to obtain Pristina-issued identification documents and car registration. Minority Serbs responded by putting up roadblocks and firing guns into the air. Pristina accused Belgrade of instigating the riots in order to destabilize the Kosovo government. Pristina also accused Russia – a long time ally of Serbia – of aiding Serbia by inciting violence in Kosovo. In early August, a week after the protests by ethnic Serbians, Kosovo detained and then denied entry to a Russian journalist attempting to cross into Kosovo via Serbia, declaring her a Russian spy and persona non-grata. Belgrade has countered with accusations that Pristina is trying to drive the remaining Serbs out of Kosovo.

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Ukraine War Fuels Increased Tensions between Kosovo and Serbia

Serbian national and cultural identity has geographical roots in Kosovo, not dissimilar to Russia's historical narrative linking Ukraine to Russia. Both Belgrade and Moscow claim to be acting to protect ethnic brothers from illegitimate governments determined to deny them their rights.

Making the political context even more complex, Kosovo's status as an independent nation remains contested at the international level. Russia and China blocked Kosovo's membership at the UN. While the US and most European countries recognize Kosovo, five countries do not within the EU - Spain, Greece, Romania, Slovakia and Cyprus. Both Serbia and Kosovo have expressed interest in joining the EU, and Kosovo in joining NATO, futures denied to them as long as borders are contested. Moscow also opposes their membership in these western organizations.

Reaction of the EU and NATO to Tensions

Both the EU and NATO have been deeply involved in the Balkans over the past three decades, from the breakup of Yugoslavia to maintaining peace and developing the region's economic potential. Since 2013, the EU has mediated between Belgrade and Pristina

over border and other disputes. NATO has maintained a 3,800 peacekeeping force in Kosovo. Should fighting break out between Serbia and Kosovo, there are significant risks of escalation. There are fears in the West that Russia could use Serbia to destabilize the Balkans and shift some attention from the war in Ukraine, dividing NATO's attention. Raising the stakes, Russian officials recently started advocating establishing a military base in Serbia -- which Serbia denies.

With the current tensions, the EU moved quickly to call for de-escalation and mediate. Under EU and US pressure, the government in Pristina, led by Prime Minister Albin Kurti, postponed implementation of the identity cards and car license plate until September 1, providing a temporary reprieve, but the rhetoric by the parties remains aggressive. NATO Secretary General Stoltenberg is warning that NATO will increase the size of the peacekeeping force if needed.

On August 18, the EU hosted a rare face-to-face meeting in Brussels between Kosovo Prime Minister Kurti and Serbian President Aleksandar Vučić. No breakthroughs were reported, but the two leaders did agree to further talks, a minimal diplomatic outcome.

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Ukraine War Fuels Increased Tensions between Kosovo and Serbia

Neither Vučić nor Kurti made any statements while in Brussels, with the former's office announcing he will hold a meeting with representatives of the ethnic Serb minority in Kosovo's north on August 19. With the two parties so far apart on a core issue of sovereignty, freezing the status quo will be the EU's priority, which as history has demonstrated, will remain fragile and vulnerable to those who see benefit in destabilizing the Western Balkans.

Great Power Competition in the Balkans

The Ukraine War has brought the issue of the risks – upside and downside – of EU and NATO expansion into sharp focus. Both organizations have moved cautiously – or some would say ambivalently – despite the strong interest of the region to be integrated into Europe. Slovenia and Croatia have seen success, joining the EU in 2004 and 2013, respectively. Montenegro and North Macedonia have become part of NATO, along with neighboring Albania. Three years after Kosovo completed the EU's to-do list for visa-free travel, it remains the only Balkan country without that privilege. North Macedonia changed its own name to satisfy Greek demands, but that has not cleared the way for it in Brussels. The main obstacle, however, is that most of the Balkan states lack

functioning market economies and their standard of living is far below the EU average. Serbia is backtracking on democracy. Bosnia and Herzegovina is facing slow motion breakup as the Serb-majority entity, Republika Srpska, goes its own way, while the Bosniak majority is internally divided and at odds with the Croats over electoral reform.

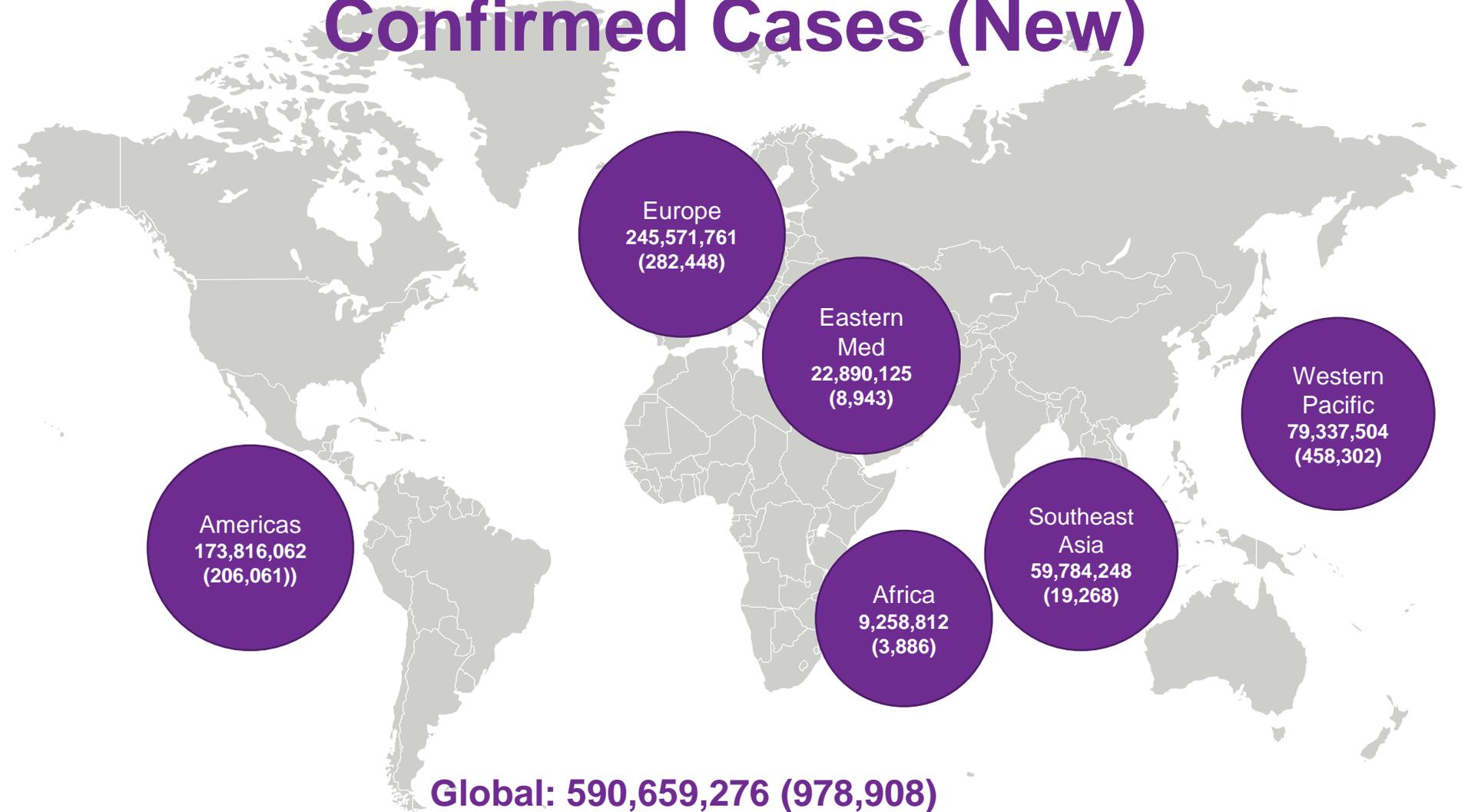
The prospects for further expansion of the EU and NATO in the region are slim anytime soon. The open-ended process may not be sufficient to keep the Western Balkans on track to adopt difficult political and economic reforms. Without a political horizon, the states risk being adrift, which could fuel internal divisions over identity and political systems, creating a new opening for Russia to woo these former satellites back into the Kremlin's orbit. Given the patchwork of EU and NATO membership, great power competition in the Balkans would risk destabilizing the entire region.

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Coronavirus Condition Updates

As of 5:15 pm CEST on August 18, 2022

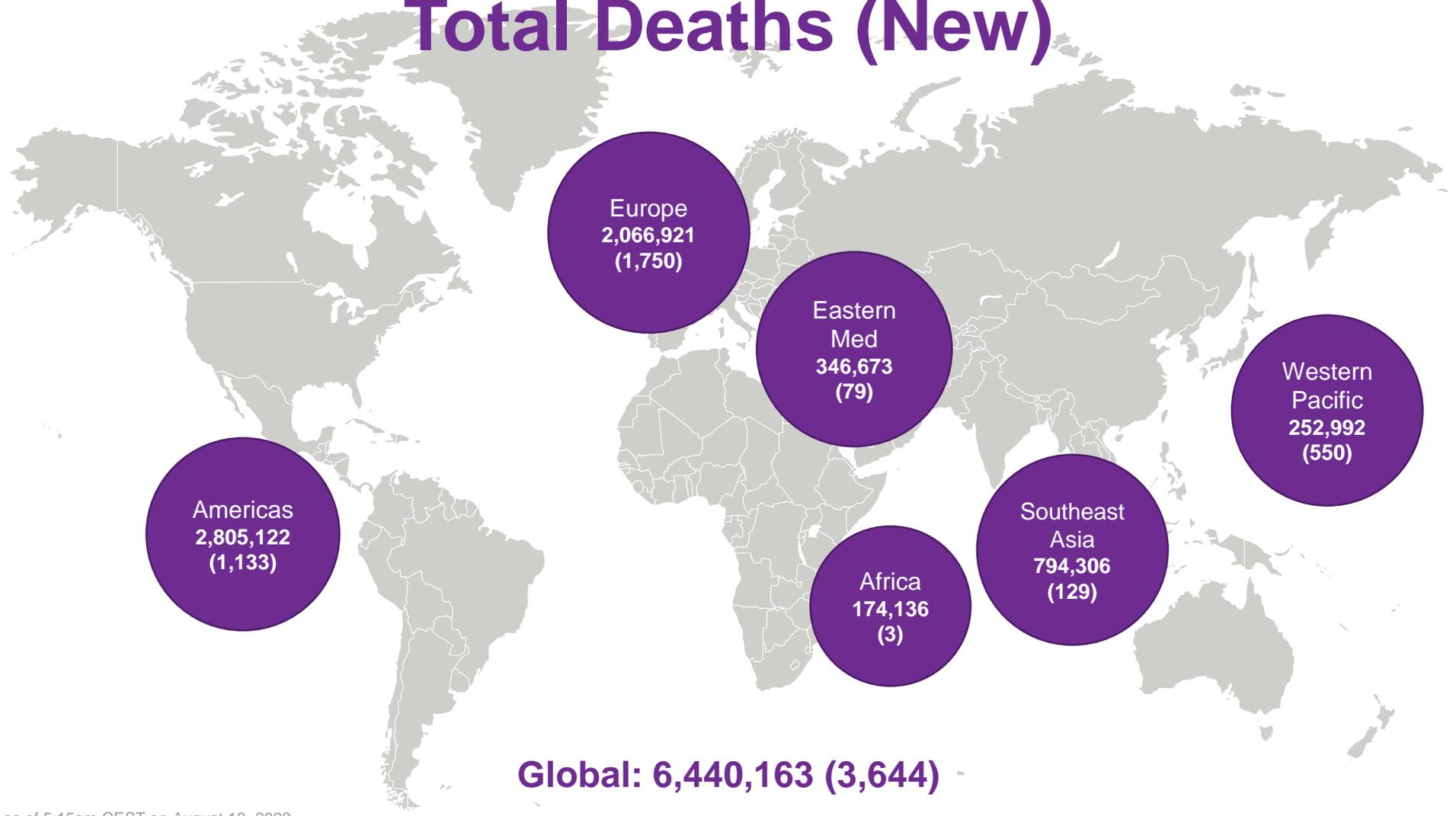
Confirmed Cases (New)



Reflects data as of 5:15pm CEST on August 18, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 5:15pm CEST on August 18, 2022.
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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