

Dentons Flashpoint

Daily Global Situation Report

August 9, 2022

Global Situation Update: August 9, 2022

KEY TAKEAWAYS

Russia freezes weapons inspections under START nuclear arms control treaty.

The US grants \$4.5 billion to Ukraine to meet urgent needs in healthcare, pensions and social payments.

The FBI raids home of former US President Trump.

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, Kenyans vote for a new president in general elections that will also determine the deputy president, MPs, senators, and local officials. Former Prime Minister Raila Odinga is likely to prevail over his main opponent Deputy President William Ruto and to win the presidential poll, given his wider network of senior political allies and the backing of the state apparatus. How best to handle the rising cost of living and inflation are key issues in the race.

First-round results are expected around 12 August, and there is a high likelihood of a run-off, which would take place before 9 September. Voter apathy will likely reduce the threat of unrest around the polls, but the announcement of the results will still be a flashpoint for unrest, particularly in the capital Nairobi.



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Global

UN Secretary General Guterres urged nuclear-armed countries to commit to the principle of no-first-use and warned that the nuclear arms race has returned.

- Ukraine and Russia traded blame for the weekend shelling of Ukraine's Zaporizhzhia nuclear complex amid international alarm that their battle for control of the plant could trigger catastrophe. Ukraine is accusing Russia of using the plant as a **nuclear shield** for firing positions.
- BioNTech and Pfizer will start a clinical trial of a **COVID-19 vaccine** adapted to the BA.4 and BA.5 variants of Omicron this month.
- Two more grain-carrying ships left Ukraine's Chornomorsk port yesterday, bringing the total to leave the country under a **food security** safe passage deal to 12. The Ocean Lion left for South Korea, carrying 64,720 tons of corn and the Rahmi Yagci, headed to Istanbul, was carrying 5,300 tons of sunflower meal.

Markets & Business

The US imposed sanctions on Tornado Cash, a crypto “mixing service,” for laundering more than \$7 billion over the past three years and helped North Korean state hackers evade US penalties.

- Atlanta-based **Cox Enterprises** has agreed to buy **Axios** in a deal that values the digital media firm at \$525 million. Cox is a family-owned conglomerate that also owns the Dayton Daily News and other newspapers in Ohio.
- **Pfizer Inc** agreed to pay \$5.4 billion in cash for sickle cell disease drugmaker **Global Blood Therapeutics**.
- The UK competition regulator has opened a probe into California-based satellite operator **Viasat’s** \$7.3 billion takeover of Britain’s **Inmarsat**.
- Nigeria has approved the \$1.28 billion sale of four oilfields run by **ExxonMobil** to local producer **Seplat Energy** in the first in a series of planned divestments by international companies withdrawing from the country’s troubled Niger Delta.

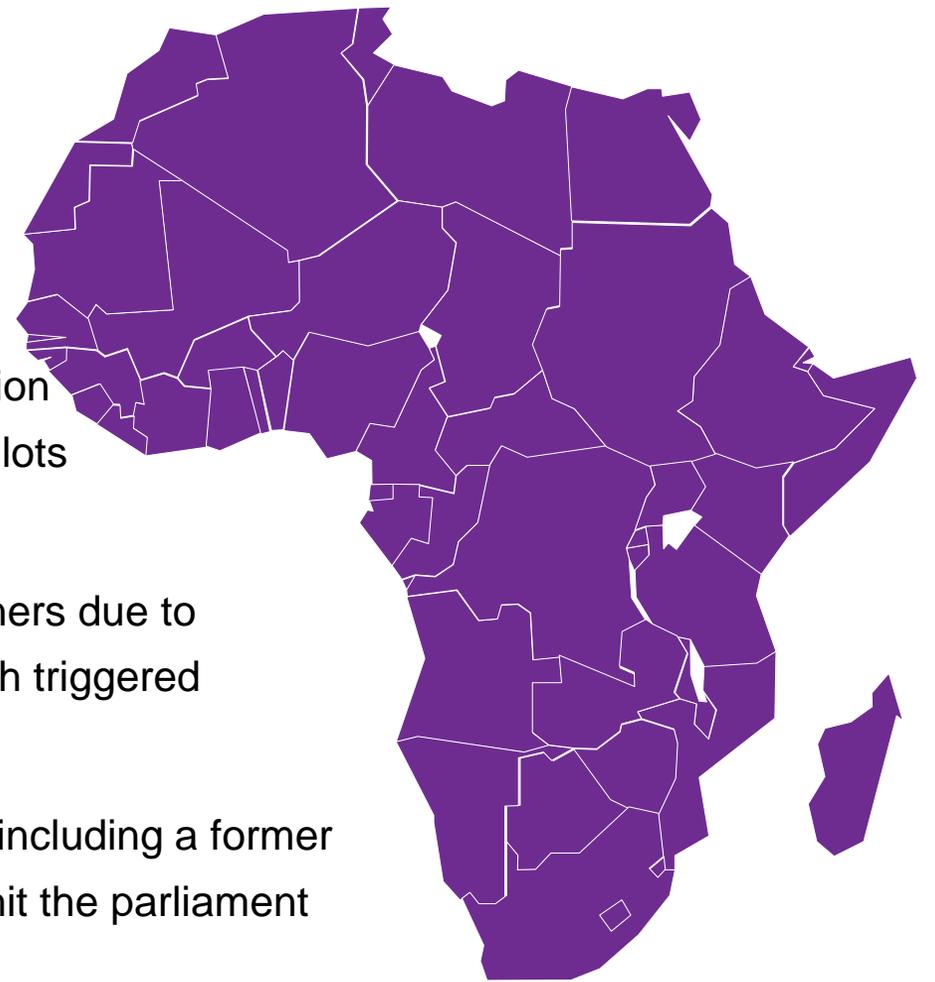
Environment, Sustainability & Governance

The IMF and European Central bank called for global standard setter for company climate disclosures to align with European and US alternatives for easier implementation across jurisdictions and to avoid fragmenting information to investors.

- Thailand plans to raise its **minimum wage** for the first time in more than two years, by 5 percent to 8 percent to help workers cope with the impact of the pandemic.
- US fuel retailers are fighting the inclusion of a tax credit for **sustainable aviation fuel** in Democrats' \$430 billion spending bill, arguing SAF is more carbon intense and less efficient than renewable diesel.
- The head of the United Steelworkers **union** vowed to pursue employees in clean energy, electric cars and retail industries as it seeks to adapt to a changing economy and **rebuild membership** in old-line industries.
- In court, lawyers for Ben & Jerry's board members called for parent company Unilever PLC to be prevented from transferring the ice cream maker's assets to a local licensee in Israel, saying the brand's products could be used to oppose **social issues** that it supports.

Africa

- **Kenyans** are voting in a highly anticipated national election today, as two of the last three national elections triggered nationwide post-election violence. The government suspended the election in four areas as ballots were printed incorrectly.
- **South Africa** is seeing a wave of vigilante justice against informal miners due to widespread attribution of a mass rape of eight women last week, which triggered national outrage, was attributed to men in the sector.
- **Somalia's** parliament overwhelmingly confirmed the new parliament, including a former al-Shabaab spokesperson as religious affairs minister, as mortar fire hit the parliament building.
- **Nigeria** threatened to withdraw from ECOWAS, accusing the body of governing via nepotism.



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Asia

- **Sri Lanka** has given approval for **India's** Lanka Indian Oil Corporation to open 50 new fuel stations, a company official said on Monday, as part of efforts to reduce severe shortages that have crippled the island nation.
- Officials have announced lockdowns in parts of the **Tibetan** capital Lhasa and Tibet's second largest city Shigatse. Tibet had until recently been COVID-free and largely spared the strict lockdowns imposed elsewhere in **China**.
- **Taiwan's** defense ministry detected 39 **Chinese** air force planes and 13 navy ships in and around the Taiwan Strait on Monday; 21 Chinese planes entered Taiwan's air defense zone, including fighter jets that crossed the median line in the northern part of the Taiwan Strait. Taiwan's foreign minister said China was using the military drills as a game-plan to prepare for an invasion of the self-ruled island.
- **South Korea** is experiencing the heaviest rainfall since World War II, submerging cars and flooding subway stations. The downpours also hit neighboring **North Korea**, which added to the chaos by discharging floodwaters near the two countries' border without giving advance notice as required by an inter-Korean accord.



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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:

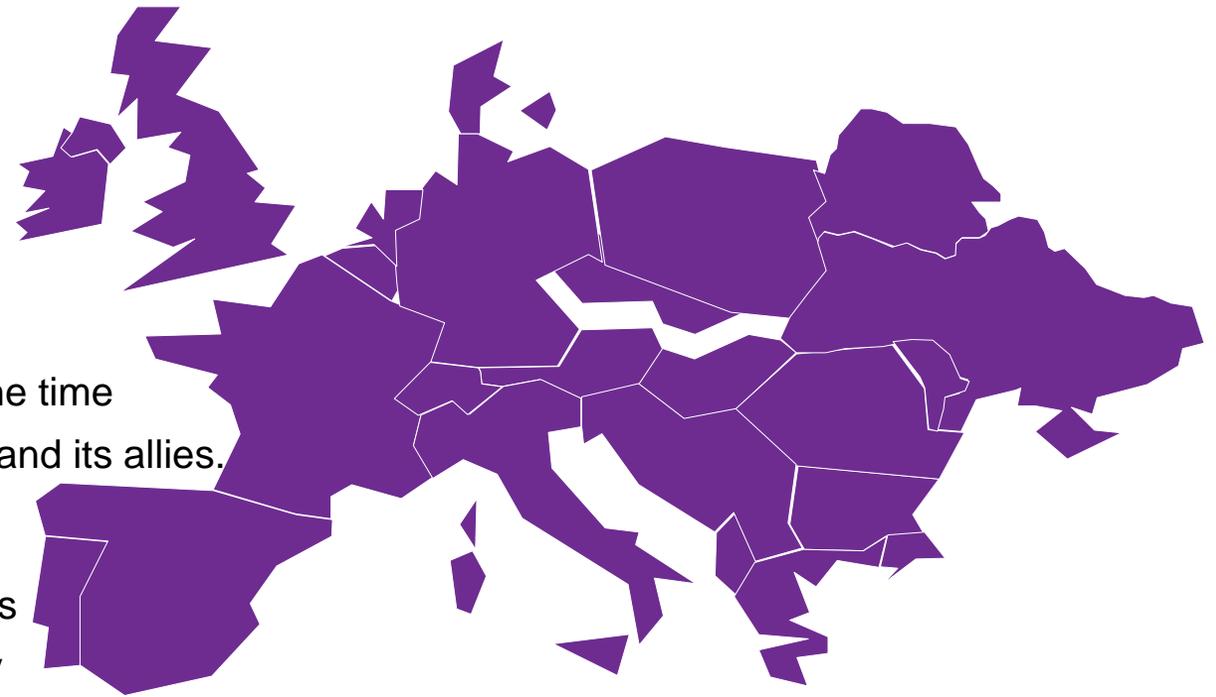
- ❖ Ransomware tabletop exercises
- ❖ Post-tabletop action reports
- ❖ Maturity assessments for preparedness
- ❖ Supply-chain attack simulation
- ❖ Comprehensive incident response plan
- ❖ Threat analysis and monitoring

All interaction with Dentons is attorney-client privileged

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

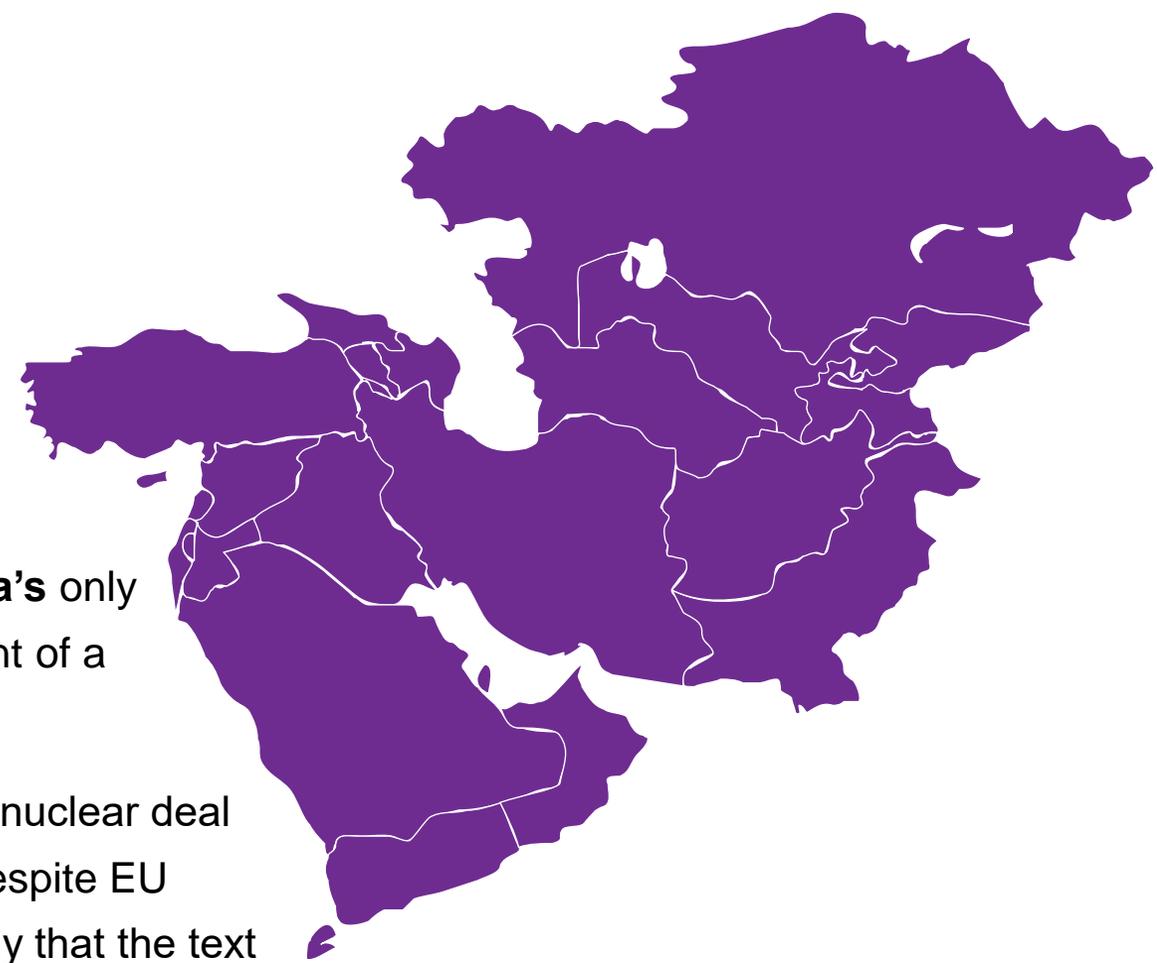
Europe

- **Russia** advised the **US** it would not allow its weapons to be inspected under the START nuclear arms control treaty for the time being because of travel restrictions imposed by Washington and its allies.
- **Norway** plans to limit electricity exports to **Europe** if water levels for its hydropower plants remain low in a blow to hopes that the Nordic country could help ease its neighbors' energy concerns ahead of a difficult winter.
- A tanker of **US** sour crude was delivered at **Germany's** port of Rostock last week for the first time ever, as local refiners test alternatives to **Russian** oil.
- The World Bank is mobilizing a \$4.5 billion grant for **Ukraine** provided by the **US** that will help Kyiv meet urgent needs created by Russia's invasion, including healthcare, pensions and social payments. The US is also sending Ukraine another \$1 billion in weapons and ammunition, including HIMARS and 75,000 howitzer rounds, mortar systems, surface-to-air missiles, Javelins, Claymore mines and demolition explosives, the largest military assistance package yet.



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Middle East

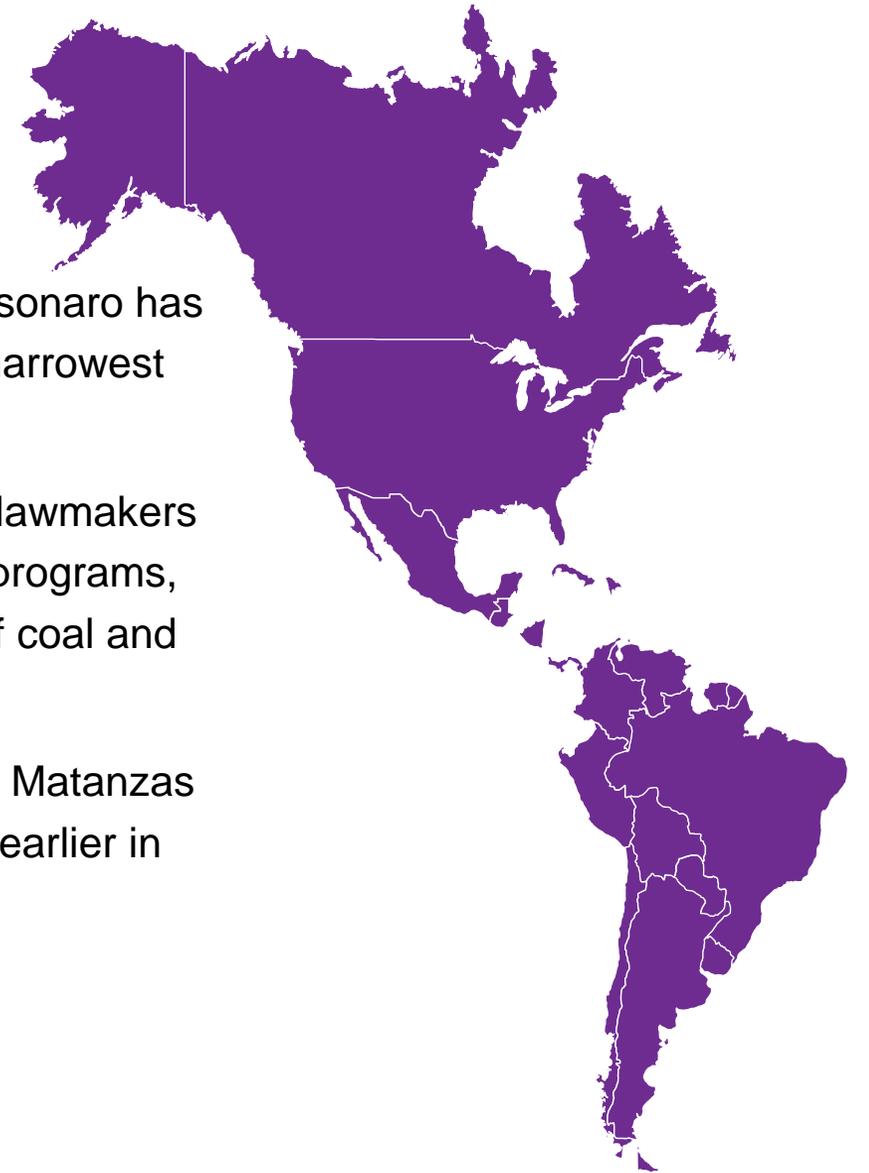


- **Yemen's** internationally recognized government called on Houthi rebels to reopen roads around the key city of Taiz, a central component of the recently renewed truce.
- Over 60 trucks carrying vital supplies – including fuel for **Gaza's** only power plant – entered the enclave hours after the enforcement of a Gaza-**Israel** truce.
- **EU** negotiators presented a “*final text*” for a renewed JCPOA nuclear deal after negotiators left Vienna talks without any agreements. Despite EU assurances that the only roadblocks are “*political*,” it is unlikely that the text will be agreeable to **Iran**.
- **Libya's** outgoing prime minister of the internationally-recognized eastern government held a security meeting that some sources said included security officials from the western government, which would be a hopeful sign amid continued fragmentation of the country.

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Americas

- Former President Luiz Inacio Lula da Silva's lead over incumbent Jair Bolsonaro has narrowed to 7 percentage points ahead of **Brazil's** October election, his narrowest lead since campaigning began.
- **Colombia's** new leftist government formally proposed a tax reform bill to lawmakers which would raise some 25 trillion pesos (\$5.76 billion) in 2023 for social programs, raised by levying more charges on high-earning individuals and exports of coal and oil.
- A third crude tank caught fire and collapsed at **Cuba's** main oil terminal in Matanzas as an oil spill spread flames from a second tank that caught fire two days earlier in the island's biggest oil industry accident in decades.
- **Mexican** inflation in July likely sped up again to a near-22-year high.



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Americas: US

- A judge sentenced a white father and son to life in prison and their neighbor to 35 years for a federal **hate crime** in the 2020 murder of Ahmaud Arbery, a Black man shot after jogging in a suburban Georgia neighborhood in a case exemplifying racist violence and **vigilantism** in America.
- Former President Donald Trump said FBI agents raided his Mar-a-Lago estate yesterday and broke into his safe, an activity related to an investigation into the potential **mishandling of classified documents**.
- The Department of Homeland Security is preparing to quickly end the Trump-era “Remain in Mexico” program and will no longer send **asylum seekers** back across the border to await a decision on their applications for US protection.
- The US criticized **China's** move to suspend cooperation to combat narcotics trafficking, including illicit fentanyl, as "*unacceptable*," in retaliation to a visit to Taiwan by US House Speaker Pelosi.



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Israel and Lebanon Move Toward Maritime Boundary Agreement; Hizballah Emerges as Spoiler

By Dan Arbell, Special Advisor to Dentons

Progress in the US-led effort to resolve the maritime boundary dispute between Israel and Lebanon was reported last week, amid visits by US Senior Advisor for Energy Security Amos Hochstein to Beirut and Jerusalem.

Statements by Hochstein and senior Israeli officials were unusually optimistic, with the US negotiator saying that he hopes an agreement between the parties can be reached by September. Despite hopeful reports, all parties recognize that much will depend on Hizballah's position, as the Iran-backed Shiite organization, which has a tight grip over the Lebanese system, may emerge as a spoiler.

Maritime border negotiations began in earnest in October 2020, when then-US Secretary of State Mike Pompeo announced an agreement between Israel and Lebanon to establish "a common framework for maritime discussions" aimed at resolving the long-disputed maritime boundary between the two countries. The area, which comprises 330 square miles, is rich with

natural gas fields. The US agreed to participate in the talks as a negotiator and facilitator, with negotiations to be held in Naqoura, Lebanon, under the UN flag.

Negotiations were launched that month, but soon reached a stalemate as the sides waited for the new US Administration to take over. The Biden Administration took its time in getting to the issue, but once Amos Hochstein was appointed as Senior Advisor for Energy Security in summer 2021, he began shuttling between the two countries in an effort to resume talks. The political instability in both Lebanon and Israel made Hochstein's mission more difficult, but talks endured as both sides recognized the tremendous potential economic benefits of reaching an agreement.

Karish Gas Fields at the Center of Talks

In recent months, the Karish gas field has emerged as the center of dispute between Israel and Lebanon. The Lebanese claim part of the field is in the UN-recognized Exclusive Economic Zone (EEZ) of Lebanon, while Israel argues the field is in its own EEZ. In recent weeks, Hizballah has taken provocative actions around the gas field, most notably sending three UAV's to the Israeli gas rig in early July,

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which were shot down by Israel's aerial and naval defense systems. The group later released faked footage of the rig as seen through the UAV's scope.

Israel plans to begin gas extraction operations in the field in the coming weeks, and in recent days a gas production vessel to be used in the field arrived in Israel, sparking anger inside Lebanon. Addressing the dispute over Karish, Hochstein publicly stated last week that Lebanon agreed to drop its demand for control of the part of Karish it claimed in exchange for full Lebanese control of the Qana natural gas field, which crosses the EEZs of both countries.

Hizballah as a Spoiler

The Najib Mikati-led Lebanese government is eager to advance a resolution of the dispute amid Lebanon's worsening economic crisis. An agreement will allow Lebanon to launch greater exploration efforts and, at a later stage, begin extraction and production operations, a huge boon to the struggling Lebanese economy and potentially to the strapped global energy market. It also stands to attract foreign investors, who have been reluctant to invest in Lebanon in recent years because of the crisis.

The big question is what Hizballah's response will be if the parties reach an agreement. A recent UNIFIL report points to a more militant and aggressive posture by Hizballah in land, air and sea, and also highlights the organization's upgraded air defense capabilities and growing willingness to confront Israel. The report also indicates a "dramatic decline" in the number of Israeli air force overflights in Lebanese, which experts believe hurts Israel's intelligence gathering efforts.

Hizballah's leader, Hassan Nasrallah, claimed recently that Israel is trying to undermine Lebanon's legitimate claim to the Karish field and that Israeli proposals conveyed through Hochstein are designed to strip Lebanon of its rightful ownership of the territory. Nasrallah further warned that all of Israel's "land and sea targets" are within Hizballah's missile range, implying that the group sees them as legitimate targets for future strikes. In response, some senior Israeli security officials reportedly expressed concern that if Israel begins extracting gas in the absence of an agreement over Karish, Israel may be dragged into a military confrontation with Hizballah.

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Israel's Upcoming Elections

The maritime boundary issue is also a source of political disagreement inside Israel, as the Yair Lapid government is interested in advancing a resolution of the dispute between the two countries in the near term. Benjamin Netanyahu's parliamentary opposition, on the other hand, argues that a caretaker government should not make decisions on such a sensitive topic before the elections are held on November 1. In this context, the conservative Kohelet Forum, closely aligned with the opposition parties, released an opinion which stipulates that Israeli law requires that a national referendum will be held to determine whether Israel should reach an agreement.

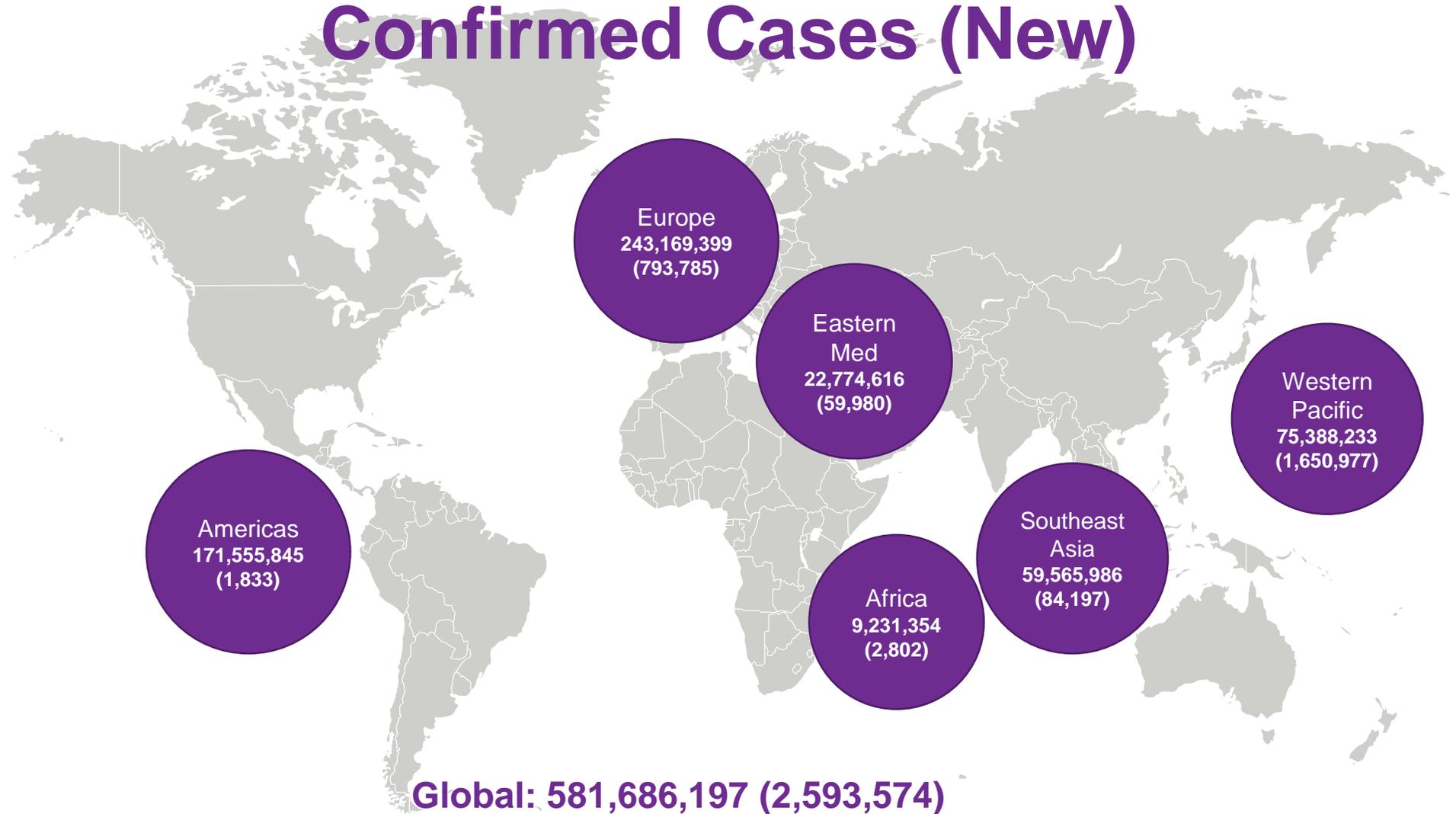
Israel's Minister of Energy Karine Elharar noted that efforts should be made to reach an agreement as soon as possible but did not commit to a specific date. Other Israeli experts opined that Hochstein's timeline of reaching a deal by September seems unrealistic. Hochstein plans to return to the region in mid-August and will try to push for a finalization of an agreement. However, whether he succeeds remains an open question.

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Coronavirus Condition Updates

As of 8:06 pm CEST on August 8, 2022

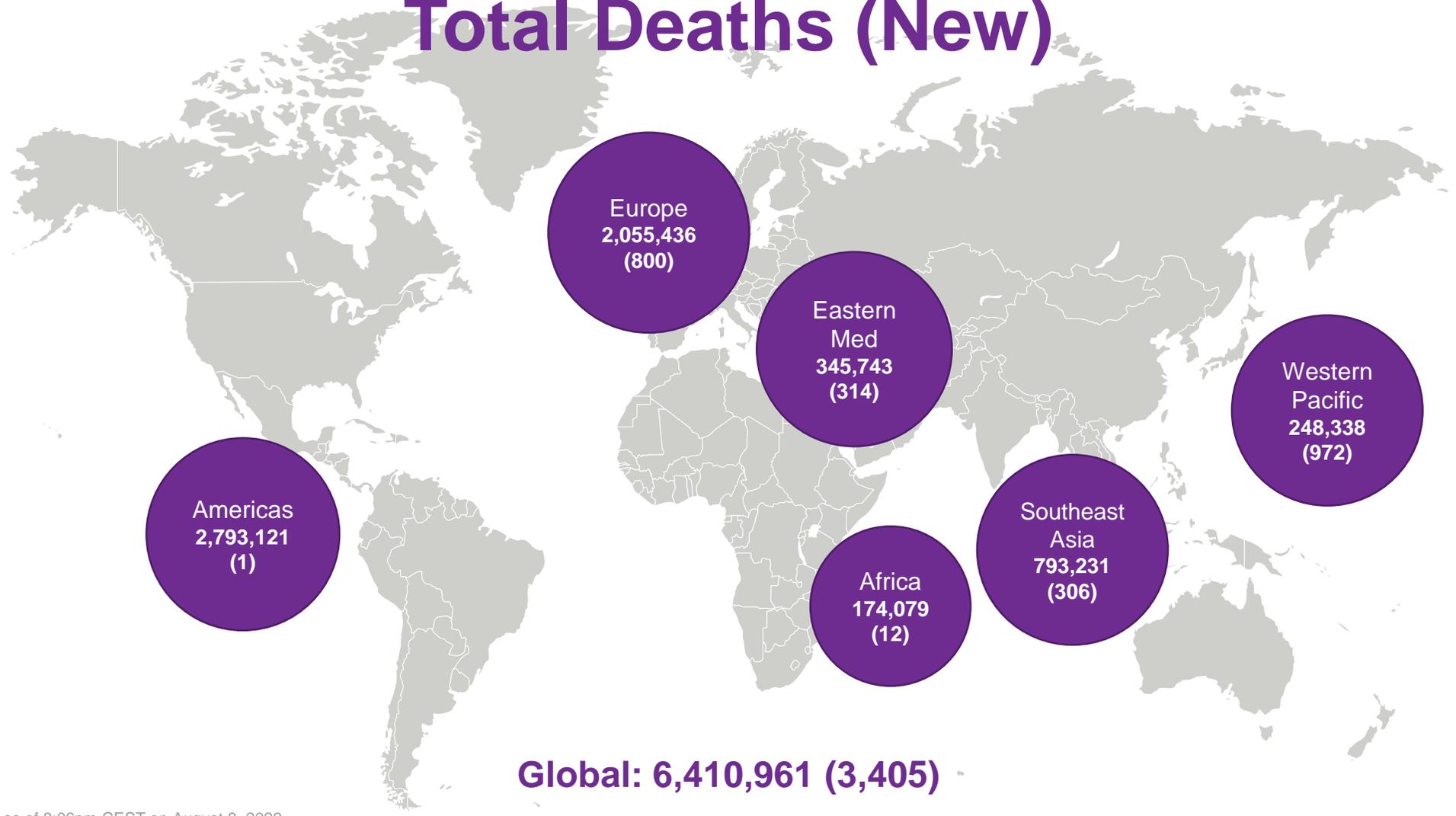
Confirmed Cases (New)



Reflects data as of 8:06pm CEST on August 8, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 8:06pm CEST on August 8, 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.

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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