

# Dentons Flashpoint

## Daily Global Situation Report

February 7, 2022

# Global Situation Update: February 7, 2022

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## KEY TAKEAWAYS

French President Macron is in Moscow pushing a diplomatic solution in the Ukraine crisis.

Ottawa's mayor declared a state of emergency over unprecedented 10-day protest by truckers shutting down much of the Canadian capital.

The US is preparing to release the new Indo-Pacific Economic Framework, filling gap left by withdrawal from the TPP.

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## WHAT WE'RE WATCHING

Today, Iraq's parliament is meant to appoint the country's next president, a largely ceremonial post by convention reserved for a Kurdish candidate. However, powerful Shia cleric Muqtada al-Sadr is making uncompromising demands for control of who is appointed and has told his bloc, the largest in parliament, to boycott the session.

Al-Sadr wants the two major Kurdish parties to accept his conditions and over the weekend his government allies suspended the candidacy of one prominent Kurdish candidate on old corruption charges. Al-Sadr's strategy for control of Baghdad is in defiance of Iranian pressure and marginalizing Iran-backed factions capable of escalating political violence and disrupting the next government. International businesses in Iraq will continue to experience administrative delays until a new government is formed.



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

# Global

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**Globally, confirmed coronavirus cases topped 386.5 million with 5.7 million deaths; more than 10.0 billion vaccine doses have been administered.**

- Russia could invade **Ukraine** within days or weeks, but there remains a diplomatic path, per the US. US troops landed in Poland on Sunday, as Washington reinforces its NATO allies in Eastern Europe.
- French President Macron is in Moscow today in a risky diplomatic move, seeking commitments from Russian President Vladimir Putin to lower tensions with **Ukraine**; Russia says to expect no breakthroughs.
- WHO head said he has discussed with Chinese Premier Li Keqiang the need for stronger collaboration on the **origins of COVID-19**, a subject of controversy that has strained Beijing's relations with the West.

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# Markets & Business

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**Chinese miner MMG warned it will halt production at Peru's Las Bambas copper mine amid blockades, stand-off with villagers on or around 20 February if roadblocks are not removed.**

- **Credit Suisse** is facing charges in a Swiss court today of allowing an alleged Bulgarian cocaine trafficking gang to launder millions of euros through the bank by not taking all necessary steps to prevent the alleged money laundering. In the first criminal trial of a major bank in Switzerland for AML shortfalls.
- South Korea's antitrust regulator has fined German carmaker **Mercedes-Benz** and its Korean unit 20.2 billion won (\$16.9 million) for false advertising tied to gas emissions of its diesel passenger vehicles.
- **Meta Platforms** said it is launching a tool for people using its virtual reality social platforms to maintain personal space boundaries, as concerns have mounted about user safety and sexual harassment.
- **Toshiba Corp.** revised its restructuring plan and said it wants to split into two parts instead of three, seeking to end a fight with foreign shareholders.

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# Environment, Sustainability & Governance

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**One of the only countries that still hunt whales commercially, Iceland said it plans to end the practice by 2024 as demand for whale meat dwindles.**

- China's commerce ministry criticized the US extension of tariffs on **solar products**, saying the move distorts international trade and hinders the development of clean, low-emission energy.
- In the US, nearly 80 scientists and academics, including a former energy secretary, urged Governor Gavin Newsom to delay closure of Diablo Canyon, California's remaining **nuclear plant**, to comply with state laws on fighting global warming.
- The US Department of Agriculture will invest \$1 billion in pilot projects that promote **farming, ranching and forestry practices** that cut greenhouse gas emissions or capture and store climate-warming carbon.
- An oil storage vessel that exploded off the coast of Nigeria this week was holding around 50,000 to 60,000 barrels of crude oil at the time of the incident, a risk to local fishing by the **oil leak**.

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# Africa

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- In a sign that **Mali** may name a new date for elections, military leader Assimi Goita asked lawmakers to review a transitional charter adopted after the first of two military coups that have upended the country's regional standing and relationships.
- **German** Defense Minister Lambrecht said she was "*very skeptical*" that the country could maintain its troops in **Mali** amid growing tension between the West African country and its international partners.
- **South Africa's** health regulator approved a COVID-19 vaccine from **China's** Sinopharm, although a senior health official said the government was not planning to procure doses for now.
- At the annual summit, the **African Union** has condemned a recent "*wave*" of military coups that has seen an unprecedented number of member states suspended from the bloc. Also, the leaders agreed to suspend debate on Chairman Faki's controversial decision to accept the accreditation of **Israel**, postponing a potentially divisive vote.



# How do You Manage Political Risk?

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*Today, the economic and political changes affecting international business are more complex than ever. Conflicts, coups and the coronavirus pandemic continue to impact governments and people worldwide and shape the business landscape in 2021.*

*Dentons offers business leaders routine and one-off political risk assessments on specific interests. Many clients also retain our team of attorneys and former intelligence and military professionals, equipped with the latest big data analytics tools, deep substantive knowledge and extensive networks of contacts, to provide services, including:*

- ❖ Political and country risk forecasts and analysis
- ❖ Market-entry assessments
- ❖ Legislative and government action forecast
- ❖ Comprehensive project analysis
- ❖ Coronavirus vaccine tracker and return-to-work monitoring
- ❖ Investment risk analysis

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

# Asia

- **Myanmar's** military leaders have agreed to arrange for an ASEAN special envoy from Cambodia to meet members of the ousted ruling party during a yet-to-be-scheduled future visit.
- **Australia** will reopen its borders this week to vaccinated visitors, after being closed for two years.
- **Indonesia** will tighten social restrictions in Jakarta and Bali in a bid to contain a spike in coronavirus infections.
- **South Korea** is easing monitoring and quarantine rules in order to focus resources on severe COVID-19 patients amid an omicron variant-fueled coronavirus surge.
- **Chinese** researchers estimate that restoring normal population mobility would cause some 2 million deaths in a year, justifying its COVID-zero policy. China locked down Baise, which has a population of about 3.6 million, located on **Vietnam** border as COVID cases surge there.
- **Australia's** Defense Minister Dutton called on the **US** and allies to push back harder against China after they "*acquiesced and allowed*" Beijing to expand its footprint in the South China Sea over the past decade. US Secretary of State Blinken is traveling to the Asia-Pacific region this week for meetings with key allies including the Quad (**Australia, India, Japan and US**).

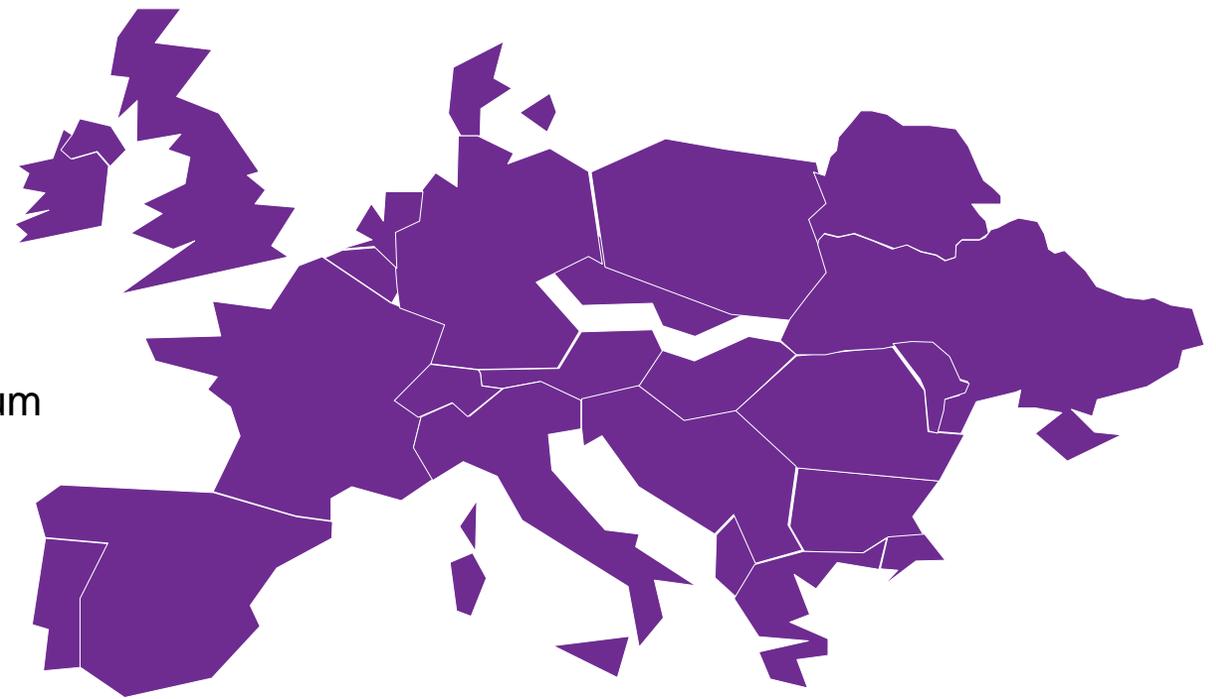


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# Europe

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- Despite opposition by residents, **Portugal's** environment ministry given the green light to the extraction of the lithium in six different parts of the country. Residents in Fundão say plans for a mine will interfere with the area's central irrigation system, posing a threat to one of the region's leading industries, the agri-food sector.
- **Montenegro's** governing coalition collapsed on Friday night amid internal disputes after parliament backed a no-confidence motion tabled by a junior coalition partner.
- **Spain** announced plans to lift the outdoor masks mandate this week amid street protests against COVID-19 restrictions.
- The **Finnish** capital Helsinki has been gripped by protests over COVID-19 restrictions and rising fuel prices. The demonstrations that started on Friday rolled into Saturday and traffic was blocked for several hours in front of the state parliament.



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# Europe

Russia reported its highest ever daily tally of new COVID cases on Sunday. President Putin said last week that his government is considering loosening some coronavirus restrictions, despite the soaring infections. Russia started vaccinating children aged 12-17 only last month with the domestically developed Sputnik M vaccine. Only about half of Russia's 146-million population has been vaccinated so far.

## Russian Federation Situation

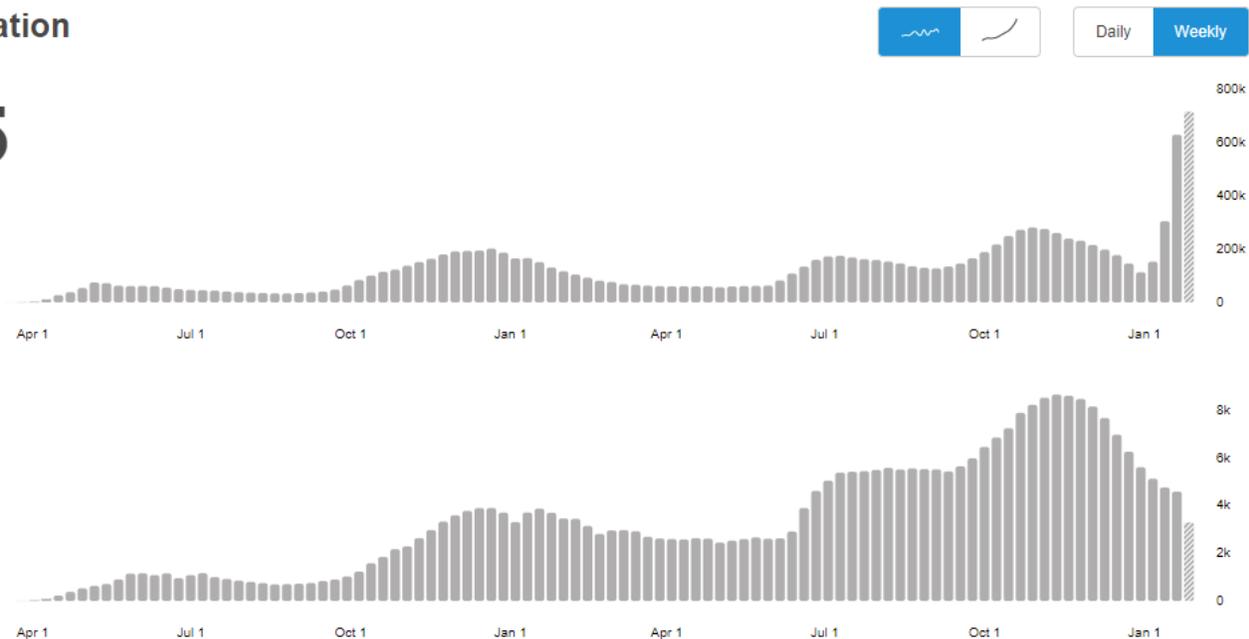
**12,452,765**

confirmed cases

**334,039**

deaths

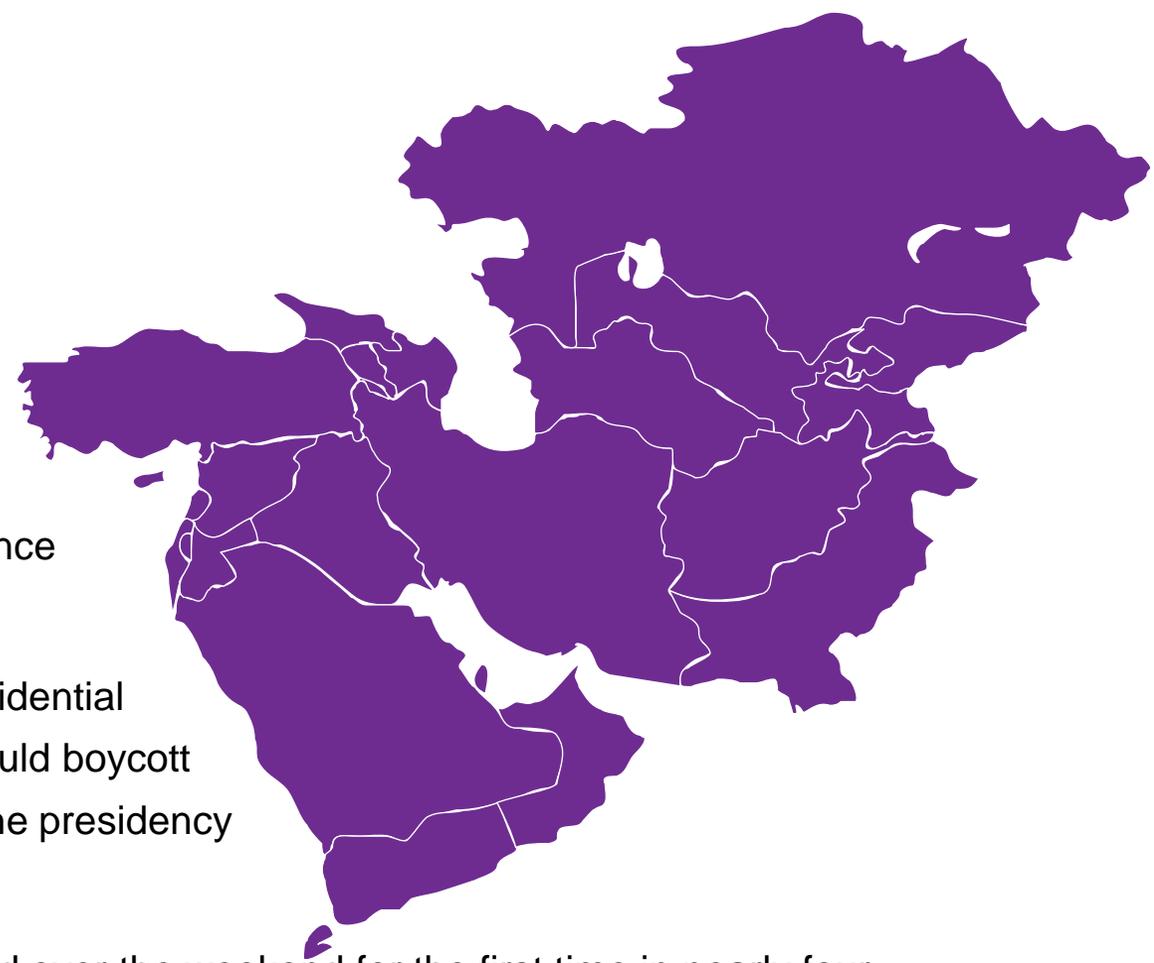
Source: World Health Organization  
Data may be incomplete for the current day or week.



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# Middle East

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- **Tunisian** police have locked the doors of the Supreme Judicial Council, a day after President Saied dissolved it, Tunisian judges rejected President Saied's moves to disband the council that oversees them, a move they see as undermining their independence and rule of law.
- **Iraq's** Supreme Court suspended a former foreign minister's presidential bid over corruption allegations and many lawmakers said they would boycott a Monday vote for a new head of state, prolonging a battle over the presidency and a new government.
- The **Palestine** Liberation Organization's Central Council convened over the weekend for the first time in nearly four years, with the expected appointment of two of President Abbas's confidants, Hussein Al-Sheikh and Rawhi Fattouh, to senior posts, effectively placing them on a short list to replace him.
- **Israel's** police commission and at least three cabinet ministers called for an independent inquiry into the alleged use of NSO spyware against confidants of for Prime Minister Netanyahu and other public figures.

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# Americas

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- Ottawa Mayor Jim Watson declared a state of emergency to help deal with an unprecedented 10-day protest by truckers that has shut down much of the core of the **Canadian** capital.
- Former president Jose Maria Figueres comfortably led the preliminary vote count in Sunday's **Costa Rican** presidential election, with former finance minister Rodrigo Chaves poised to defy expectations to face him in a second-round run-off to be scheduled for April.
- **Peruvian** Prime Minister Hector Valer confirmed that he is departing just four days after being named to the post, following allegations of physical abuse, creating a new leadership vacuum in the Andean nation.
- **Ecuador** expects to reach a trade deal with **China** at the end of this year and will begin formal debt re-negotiations with Beijing. China became Ecuador's top lender over the last decade, with millions of dollars in long-term credit tied large infrastructure projects.



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# Americas: US

- The US **death toll** from COVID-19 surpassed 900,000 over the weekend. More positively, the Omicron surge appears to have peaked across the US, with every US state this past week, **daily new coronavirus cases** were lower than the previous week.
- Courts are weighing how to apply the US. Supreme Court's recent mixed guidance on the federal government's power to impose **COVID-19 vaccine mandates**, as judges consider whether the Biden Administration can enforce such requirements on groups including government contractors and federal workers.
- The US food industry is increasingly reliant on temporary workers, a costlier and usually shorter-term solution to **persistent staffing shortages** at food plants, supermarkets and farms.
- The Biden Administration is preparing to release the new **Indo-Pacific Economic Framework**, structured to work more closely with friendly nations on issues including digital trade, supply chains and green technology, filling a trade gap left by its 2017 departure from the Trans-Pacific Partnership.



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# China and Israel Mark 30 Years of Diplomatic Relations amid Growing Pressures of Great Power Competition

*By Dan Arbell, Special Advisor to Dentons*

**In January, China and Israel marked the 30th anniversary of the establishment of full diplomatic relations. While relations between the two countries have grown dramatically over the course of the last three decades, in recent years they have been strongly impacted by great power competition, and specifically the deterioration in US-China relations.**

At the outset in the early 1990's, China sought closer ties to Israel due its technological advancements, its expertise in agriculture and water management. Israel on its part envisioned the great potential for the Israeli industry in penetrating the huge Chinese market. Cooperation between Beijing and Jerusalem has expanded and became multifaceted, including in the realm of security.

## ***Trade and Investments***

The security aspect in the relationship all but ended in the mid-2000's due to strong pressure by Washington, demanding Israel to scrap a deal with China to upgrade China's inventory of the IAI Harpy (Israeli-made drones). Nevertheless, bilateral cooperation in other fields - hi-tech, agritech, bio-tech and food-tech - is flourishing, as China has become in 2021 Israel's third largest trading partner

and its number one source of imports (10.7 billion dollars in goods in 2021 up from 7.7 billion dollars in 2020).

In addition to trade, mutual investments have increased substantially over the last decade, most notably Chinese investments in Israeli hi-tech companies that produce sensitive technologies (including 5G technologies), as well as Chinese construction and operation of major Israeli infrastructure projects (such as the upgrade of Israel's largest port in Haifa).

## ***US Pressure on Israel***

The US government has viewed this trend with great concern and under Presidents Trump and Biden has alerted the Israeli leadership, including issuing ultimatums for Israel to place strict limitations on

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such Chinese investments in Israel, fearing they will become a tool to enhance Chinese foreign policy goals and provide China with greater surveillance opportunities as well as economic and political influence that may undermine sensitive US interests.

The Israeli government under the leadership of Prime Minister Netanyahu was slow to respond to US pressure but agreed to initiate a CFIUS-like process which would bring to greater scrutiny of Chinese investments and deals in Israel. Under PM Bennett, the Israeli government has been more forthcoming toward US demands. When CIA Director Burns met in August 2021 with Prime Minister Bennett, he reportedly asked the prime minister to limit Chinese investments and participation in infrastructure projects in Israel. The decision last month to reject the bid by two state-owned Chinese construction conglomerates to build the green and purple lines of the new Tel Aviv light rail system is viewed as directly connected to Burns' message.

## **China-Israel Bilateral Ties**

Under ordinary circumstances, the 30th anniversary of the establishment of relations between Israel and China would have

been celebrated with a much higher public profile. Notwithstanding, due to COVID-19 and great power competition there was very little mention of this commemorative date in Israeli government publications and media outlets. Israel seems to be attempting to walk a thin line between its strong alliance with the US and its desire to maintain close and warm ties with China.

In essence, relations continue to grow. The two governments have found ways to compartmentalize disputed issues and focus on advancing relations despite disagreements. China has not changed its position on the Israeli-Palestinian conflict yet does not issue statements criticizing Israeli policies. On Iran, there is clearly a wide gap between China (a member of the P5+1 which maintains close ties with the Islamic Republic) and Israel, yet the two sides are not allowing their disagreements to impact other areas in the relationship. Israel on its part, is closely aligned with the US on strategic global and regional issues yet refrains from publicly criticizing China. Israel, for example, has not joined the US-led boycott of the Beijing Winter Olympics.

In January (in juxtaposition to the date of the 30th anniversary) the two countries convened a meeting of the China-Israel Committee

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on Innovation Cooperation, in which senior representatives from both sides signed a joint Innovation Cooperation Plan (for the next two years), as well as seven additional cooperation agreements (on Intellectual Property Rights, energy, culture, environment and health, science and technology). Israel gave the US a heads up before the meeting was held.

## *Looking Ahead*

Despite the continued enhancement of ties, there is growing concern on both sides that further deterioration in US-China relations will likely lead to greater tensions between China and Israel. Chinese officials are worried that Israel will be limiting the opportunities for cooperation and investments, while Israeli officials fear China may take retaliatory measures in response to Israeli actions, such as the disqualification of the two Chinese conglomerates from the Tel Aviv light rail project. The “comprehensive innovation partnership” between the two countries (a term coined by President Xi and former Prime Minister Netanyahu in 2017) no doubt faces tough challenges

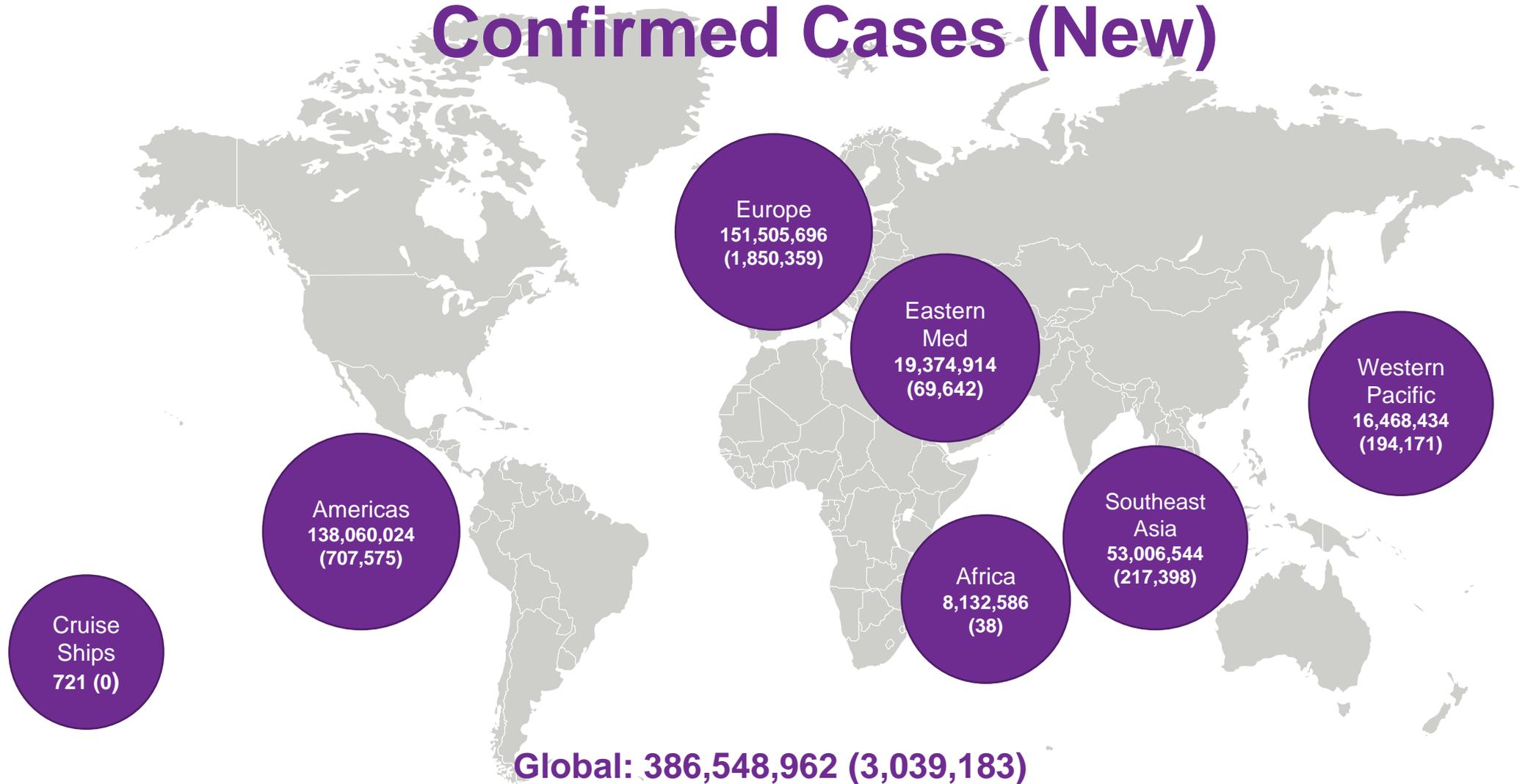
ahead and it will be a test for the leaderships to keep the relationship afloat and not let it deteriorate despite the difficulties presented by great power competition.

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# Coronavirus Condition Updates

As of 5:30 pm CEST on February 4, 2022

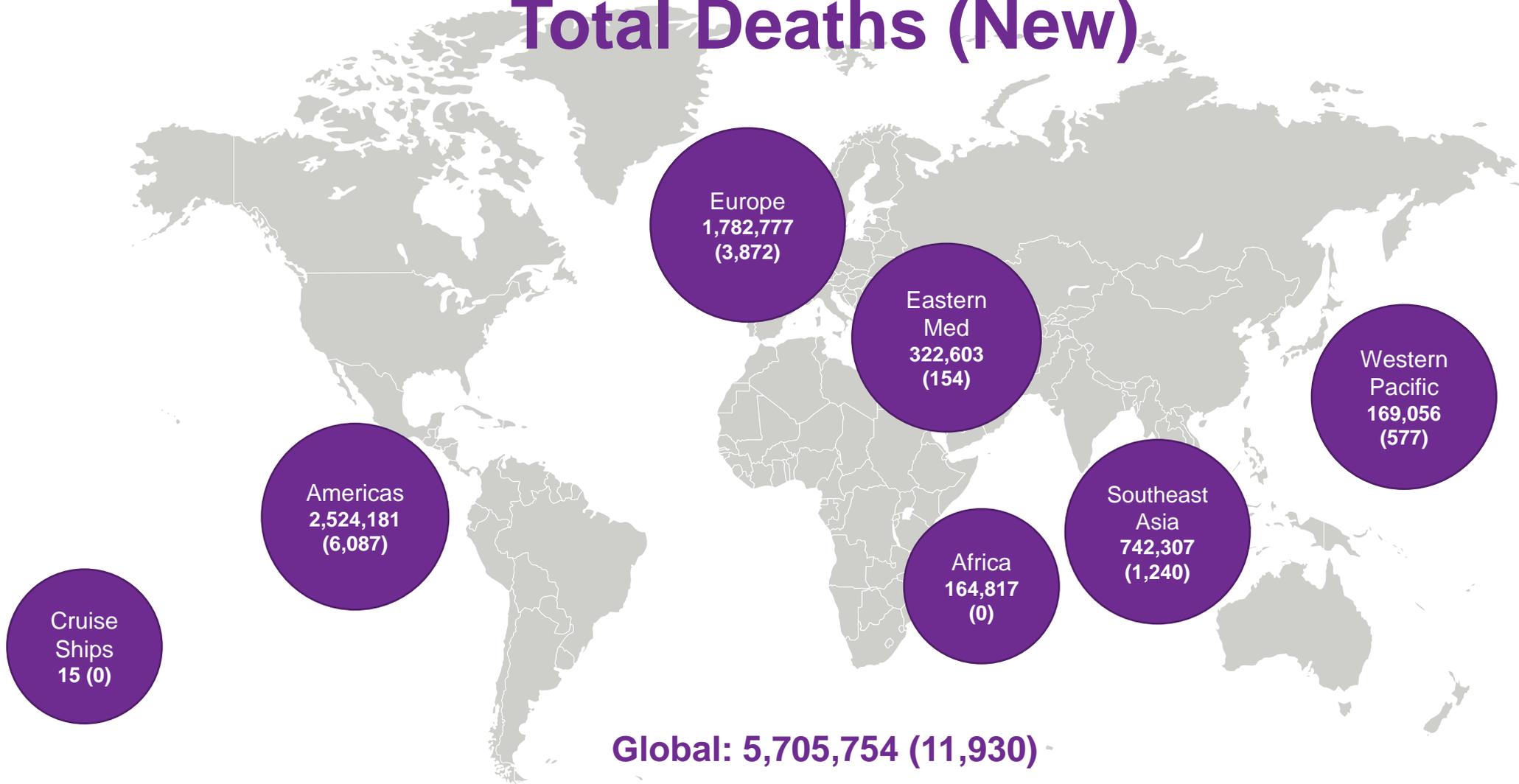
# Confirmed Cases (New)



Reflects data as of 5:30 pm CEST on February 4, 2022.  
Data Source: World Health Organization

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# Total Deaths (New)



Reflects data as of 5:30 pm CEST on February 4, 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.*

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