

# Dentons Flashpoint

## Daily Global Situation Report

March 28, 2022

# Global Situation Update: March 28, 2022

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## KEY TAKEAWAYS

China locks down financial hub Shanghai due to COVID-19 outbreak.

India, the world's second biggest producer of sugar restricts exports.

Russia and Azerbaijan traded accusations over the movement of Azeri forces in Nagorno-Karabakh.

*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

A humanitarian ceasefire between warring sides in Ethiopia, Africa's second most populous country, enters its fourth day. The pause in fighting was likely declared in response to mounting international pressure on the federal government to alleviate the dire humanitarian conditions in Tigray. The Tigray People's Liberation Front, however, argues the ceasefire is actually a blockade to starve them with fewer negative global repercussions.

The UN estimates that 90 percent of Tigray's nearly 6 million population is in need of emergency food aid, while medical supplies in Tigray's hospitals have largely run out. Humanitarian aid agencies are likely to be allowed to access Tigray, but they will still face scrutiny and harassment from federal authorities in Addis Ababa who remain sensitive about their portrayal in international media.



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# Global

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## US and European leaders have walked back US President Biden's off-the-cuff remark in Poland suggesting that the US was seeking regime change in Russia.

- Negotiators from Ukraine and Russia are set to meet for another round of **peace talks** in Turkey today. Ukrainian President Zelensky clarified that Ukraine is insisting on the territorial integrity after earlier suggesting he was ready for a compromise. Prospects for a breakthrough remain low.
- The UAE reaffirmed its commitment to OPEC+ production quotas, saying Russian oil output was vital to bring stability and affordability to the **energy market**.
- A senior Russia defense official has claimed the **Russia's main goal** is limited to capturing Donetsk and Luhansk oblast. This claim has triggered debate on whether Russia is adjusting its goals given its failure to quickly capture Kyiv and inability to regain momentum due to combat losses and logistical problems. The Ukrainian military, however, is continuing to engage Russian troops trying to encircle Kyiv, suggesting that the Russian announcement was part of the **information war**, as opposed to a change in Russian objective.

# Markets & Business

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**Chinese drone maker DJI has dismissed as "utterly false" accusations that the Russian military is using its drones in Ukraine after a German retailer MediaMarkt cited such information as the reason for taking its products off the shelves.**

- India's two largest multiplex firms **PVR Ltd and INOX Leisure Ltd** announced plans to merge to create a giant cinema operator with more than 1,500 screens across 109 cities as the entertainment industry recovers from the COVID-19 pandemic.
- **Tesla** is suspending production at its Shanghai factory for four days after the financial hub was locked down due to a COVID-19 outbreak.
- The **Bank of Japan** defended its yield target today by making two offers in a single day to buy an unlimited amount of government bonds, as it struggled against the global tide toward higher interest rates.
- Foreign shareholders are set to vote against discharging **Ericsson's** CEO and Board over the Swedish telecoms equipment maker's handling of possible payments to the ISIS terror group that wiped a third off its share price.

# Environment, Sustainability & Governance

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**Qatar and the Gates Foundation will jointly invest up to \$200 million over the next two years to help prepare farmers in developing countries to adapt to climate change.**

- The European Securities and Markets Authority's final report found that there are no major deficiencies in how the European Union's **market for carbon emissions** operates, while recommending tighter controls to improve transparency and monitoring.
- British pensions provider Scottish Widows, part of Lloyds Banking Group, will no longer invest in tobacco stocks and will cut back further on coal investments as it expands its **responsible investment strategy**.
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- About 28,500 workers at Norwegian shipyards, oil industry fabrication plants and other manufacturers plan to **go on strike** from April 1, unless labor unions and employers reach a new wage deal.
- Around 48,000 grocery workers **voted to strike** if needed when seeking higher wages from stores owned by Kroger Co and Albertsons Companies Inc in Southern California, the UFCW 770 union announced.

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# Africa

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- ECOWAS, West Africa's main political and economic bloc, said it would give **Mali's** military transitional government 12 to 16 months to arrange elections and offered **Guinea's** ruling junta a month to propose a democratic transition timeline. ECOWAS has already imposed sanctions on Guinea and Mali for dragging their feet on restoring constitutional order and is offering to gradually lift them if the deadline is met.
- **Ghana's** finance minister announced sweeping spending cuts to reduce the deficit, contain rising inflation and slow the cedi's slide, with the country facing a looming debt crisis.
- Rebellious Tigrayan forces in **Ethiopia** say they will respect a ceasefire proposed by Prime Minister Ahmed's government as long as sufficient aid is delivered to their war-scarred northern region "*within reasonable time.*"
- Heavy fighting erupted overnight in eastern **Democratic Republic of Congo** when fighters from the M23 rebel group attacked army positions near the border with **Uganda** and **Rwanda**.



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# Asia

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- **Russia** conducted drills on islands claimed by Tokyo, days after Moscow halted peace talks with **Japan** because of its sanctions over Russia's invasion of Ukraine.
- **India** plans to restrict sugar exports for the first time in six years to prevent a surge in domestic prices and could cap this season's exports at 8 million tons. India is the world's second largest producer after **Brazil**. **Russia** has banned sugar exports until August 31.
- Today, **Chinese** authorities ordered a two-stage lockdown of financial hub Shanghai, with 26 million people, closing bridges and tunnels, and restricting highway traffic in an effort to contain surging COVID-19 cases.
- According to a **Chinese** state-run newspaper, Chinese regulators are working with **US** counterparts to solve an audit dispute affecting US-listed Chinese firms and want to achieve effective and sustainable cooperation as soon as possible.

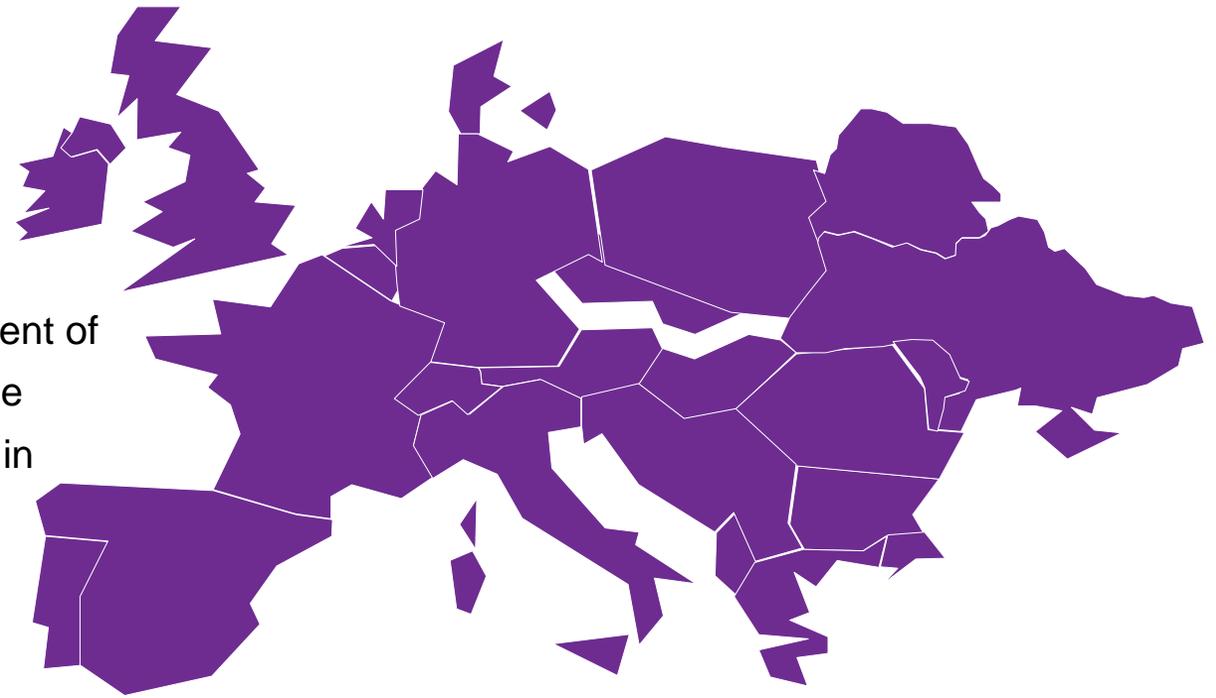


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# Europe

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- **Russia and Azerbaijan** traded accusations over the movement of Azeri forces in Nagorno-Karabakh where a simmering dispute between **Armenia** and Azerbaijan flared into a six-week war in 2020. Armenia called on Russia to take action to make Azerbaijan withdraw troops from an area policed by Russian peacekeepers.
- **Malta's** ruling Labor party claimed victory on Sunday in national elections, while Prime Minister Abela promised humility and a greener Malta as he celebrated his party's third successive win.
- **Spain** announced it will meet the goal of spending 2 percent of its economic output in defense as requested by NATO within a multi-annual period. Last week, **Germany** announced plans to infuse €100 billion into the military, meeting NATO's target of spending 2 percent of GDP on defense. **Poland and Denmark** also have increased military spending in response to the **Ukraine** crisis.



# How do You Manage Incident Response?

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*2021 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](#).*

# Middle East

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- The **Yemeni** Houthis and the internationally the recognized government of Yemen agreed to prisoner swap deal under the auspices of the United Nations.
- Foreign Ministers from the **UAE, Bahrain, Morocco and Egypt** attended a summit in Israel to discuss political and security ties. **US** Secretary of State Blinken will join the leaders today to reassure the US allies over Washington's diplomacy with **Iran**.
- The Taliban have banned BBC television news in three main languages of **Afghanistan** from being broadcast. The United Nations Security Council expressed deep concern over a decision by Taliban rulers to deny girls access to high school education and called on the group to reopen schools for female students without delay.
- Speaking at the Doha Forum, **US** Special Envoy for **Iran** Robert Malley said he was not confident that a nuclear deal between world powers and the Islamic Republic was imminent, dampening expectations. Malley also said the US will maintain sanctions on the Iranian Revolutionary Guard.
- Islamic State took responsibility for an attack in which gunmen killed two **Israeli** border police officers and injured at least six others during a shooting Sunday night in central Israel, the second deadly incident linked to the militant group in the country in under a week.

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# Americas

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- **El Salvador's** Congress approved emergency powers that temporarily suspended some constitutional protections after the Central American country recorded a sharp rise in killings attributed to criminal gangs.
- **Brazil's** far-right President Jair Bolsonaro launched his re-election campaign, telling thousands of supporters that opinion polls were wrong, and he is sure to win this year's election.
- General Motors Co-workers in northern **Mexico** voted by a broad margin to keep their collective contract with one of Mexico's biggest unions, weeks after GM workers in central Mexico elected independent representation, ousting the long-dominant group.

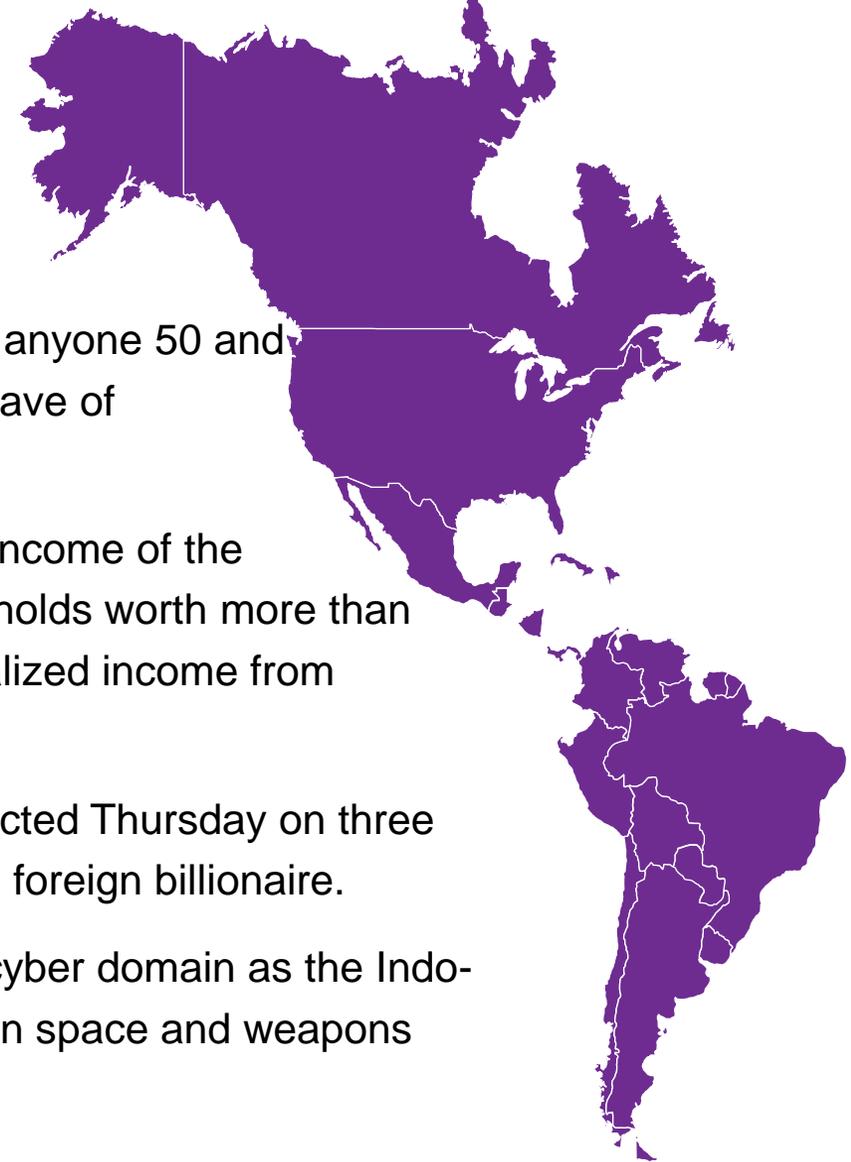


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# Americas: US

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- The FDA is poised to authorize a second **coronavirus vaccine booster** for anyone 50 and older, a bid to provide an extra layer of protection amid concerns of a new wave of infections driven by the BA.2 subvariant.
- President Biden plans to propose a **minimum tax** targeting the investment income of the wealthiest Americans as part of a new budget proposal, requiring US households worth more than \$100 million to pay a minimum 20 percent tax on all income, including unrealized income from investments such as stocks and bonds.
- Rep. Jeff Fortenberry (R-NE) will **resign from Congress** after he was convicted Thursday on three felony counts for lying to the FBI about illegal campaign contributions from a foreign billionaire.
- The US and **Australia** are boosting security co-operation in space and the cyber domain as the Indo-Pacific allies strengthen efforts to counter **China**, which is investing heavily in space and weapons such as hypersonic missiles.



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# Emerging and Existing Hotspots: Latin American Pink Tide

By Matthew Gardell

***Latin America has swung decisively to the left. Electoral victories by left-wing candidates have shaken up the political climate. Amid the political turnover, the region is now a theater for great power competition and facing economic headwinds. Businesses are taking stock of the new environment.***

On March 11, Gabriel Boric was sworn in as the new Chilean president. Boric is the latest leftist candidate elected in the region following the victories of Pedro Castillo in Peru and Xiomara Castro in Honduras. Left-wing candidates are also currently favored to win in elections later this year in both Brazil and Colombia. This new “pink tide” sweeping Latin America has profound implications for a changing region. Although the new leaders have been characterized broadly as leftist, they actually hold disparate views; for example, some leaders, like Castillo, advocate for socially conservative positions. All the new leaders largely favor a more active state role in the economy, but some favor a greater degree of intervention than others. The new leaders focus on combating poverty, reducing inequality and improving the provision of public services. Businesses

will have to navigate the potential shock of more state intervention in the economy. Multinational companies should prepare for the possible curtailing of key industries across the region; for example, should Colombian presidential frontrunner Gustavo Petro win the upcoming election, he has promised to stop new fossil fuel production.

## ***Great Power Competition in Latin America***

Amid the changing domestic political dynamics, the region is now a theater for global power competition. Russia and China both have significant investments across Latin America. China is now South America’s top trading partner as numerous countries have signed onto the Belt and Road Initiative. Russian President Vladimir Putin

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# Emerging and Existing Hotspots: Latin American Pink Tide

has increased diplomatic outreach in Latin America. Both China and Russia have engaged in vaccine diplomacy and other soft power campaigns as a way to curry favor with Latin American governments. Crucially, in China's case, commercial ties are tipping over into political support; the Dominican Republic, El Salvador, Panama and Nicaragua have severed diplomatic relations with Taiwan in recent years. Chinese telecom giant Huawei is a key provider for the 4G network and associated infrastructure used by major regional telecom operators. Huawei could make deeper inroads in the region through the adoption of 5G technology. The region is also home to the "Lithium Triangle" and other deposits of strategic minerals. Businesses could be caught in the middle of China-US tensions and could face pressure to re-orient their supply chains by either country.

## ***Business Risk and Challenges***

Amidst the political changes and the uncertain regulatory and investment climate that might follow, businesses also have another set of challenges to contend with. Latin America was hit particularly hard by the COVID-19 pandemic (some of the highest mortality rates in the world) which resulted in a steep economic downturn. According to Citigroup, the annual inflation rate in Latin America is expected to reach 10.6 percent this year. The Ukraine War also has adverse

effects on Latin American economies. There is growing food insecurity and price shocks from instability in the global energy market; Chile is particularly vulnerable as an economy that is heavily-dependent on energy imports. Low growth rates, high inflation and food insecurity may have contributed to the new "pink tide" but it is also a drag for businesses and investors.

The new leaders' policy prescriptions include higher taxes, increased social spending and reform of key industries. This policy changes could affect foreign investment in the agricultural and mineral-rich regions. Mexican President Andrés Manuel López Obrador's proposed energy reforms are emblematic of the possible policy goals to be pursued by the newly-elected leaders. López Obrador has submitted proposals to boost the state's role in the electricity and fuels market. Bills submitted to the Mexican congress would reserve future lithium extraction for the state and do away with independent energy regulators, grouping their functions under the Energy Ministry. López Obrador has even called for adding an amendment to the Mexican constitution to shift control of the power sector back to the state-run utility, the Federal Electricity Commission (CFE); the plan guarantees CFE a market share of "at least" 54 percent. Some investors are also worried that the proposed reforms, which could be

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debated and voted on in the next weeks, could affect the renewable energy industry (which is dominated by the private sector); by effectively prioritizing power from the CFE, the government is favoring more fossil fuel production. On the other hand, Boric, Petro and Brazilian presidential frontrunner Luiz Inácio Lula da Silva favor phasing out fossil fuel exploration and will pursue an environmental agenda. Although the political direction in Latin America may be solidifying, an uncertain investment and regulatory climate beckons.

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# Ukraine War Update: Info War, Regime Change, Territorial Integrity

*Speaking at the Doha Forum by video link, Ukrainian President Zelensky called on energy producing countries to step up their output in order to prevent Russia from using its oil and gas to “blackmail” European nations.*

## **Political Developments**

Negotiators from Ukraine and Russia are set to meet for another round of peace talks in Turkey today. Ukrainian President Zelensky clarified that Ukraine is insisting on the territorial integrity after earlier suggesting he was ready for a compromise.

President Zelensky told a group of independent Russian journalists that his government would consider declaring neutrality and offering security guarantees to Russia. Russia's communications watchdog told Russian media on Sunday to refrain from reporting on the interview.

American officials sought to clarify that the US does not have a policy of regime change in Russia, after President Biden said at the end of a speech in Poland on Saturday that Putin "*cannot remain in power.*" German chancellor Scholz said on Sunday evening that regime change was "*not the objective of NATO, nor that of the US*

*president.*" British Foreign Minister Truss said sanctions imposed on Russian individuals and companies could be lifted if Russia withdraws from Ukraine and commits to end aggression.

## **Battlefield Developments**

The Russian General Staff issued report on the first month of the Russian invasion of Ukraine on March 25 which claiming Russia's primary objective was to capture the entirety of Donetsk and Luhansk oblasts. Rudskoi inaccurately claimed Russian forces had completed "*the main tasks of the first stage of the operation,*" and falsely claimed that Russia has heavily degraded the Ukrainian military, enabling Russia to focus on the "main goal" of capturing Donetsk and Luhansk oblasts.

This claim that Russia's main goal is limited to capturing Donetsk and Luhansk oblast has triggered debate on whether Russia is adjusting its goals given its failure to quickly capture Kyiv and

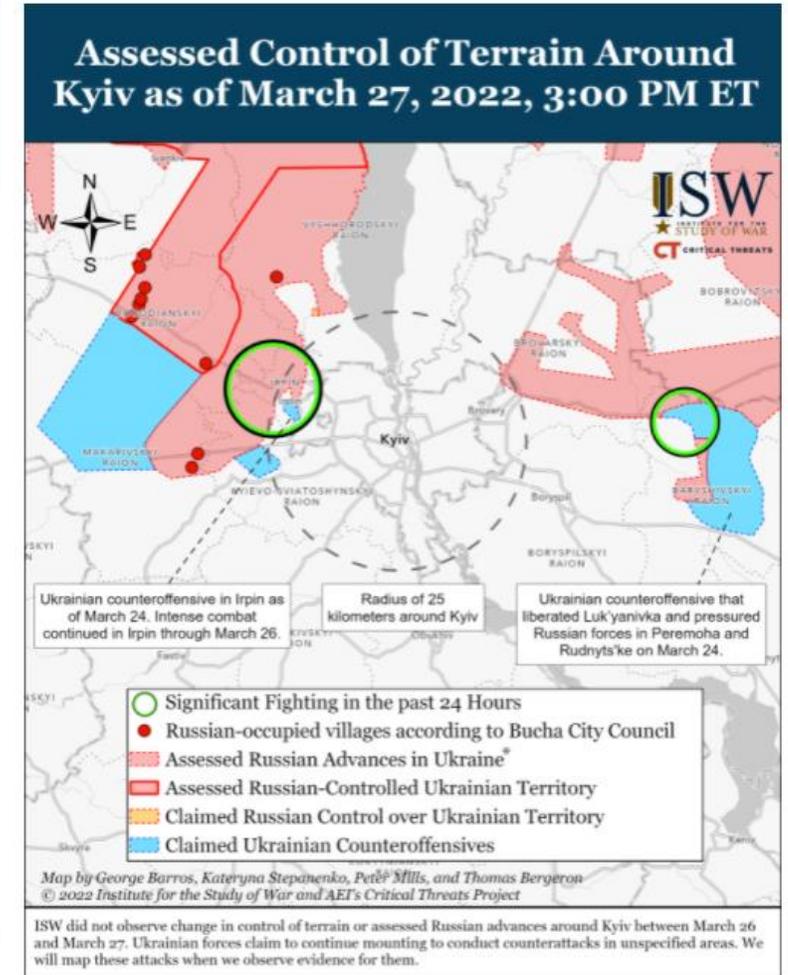
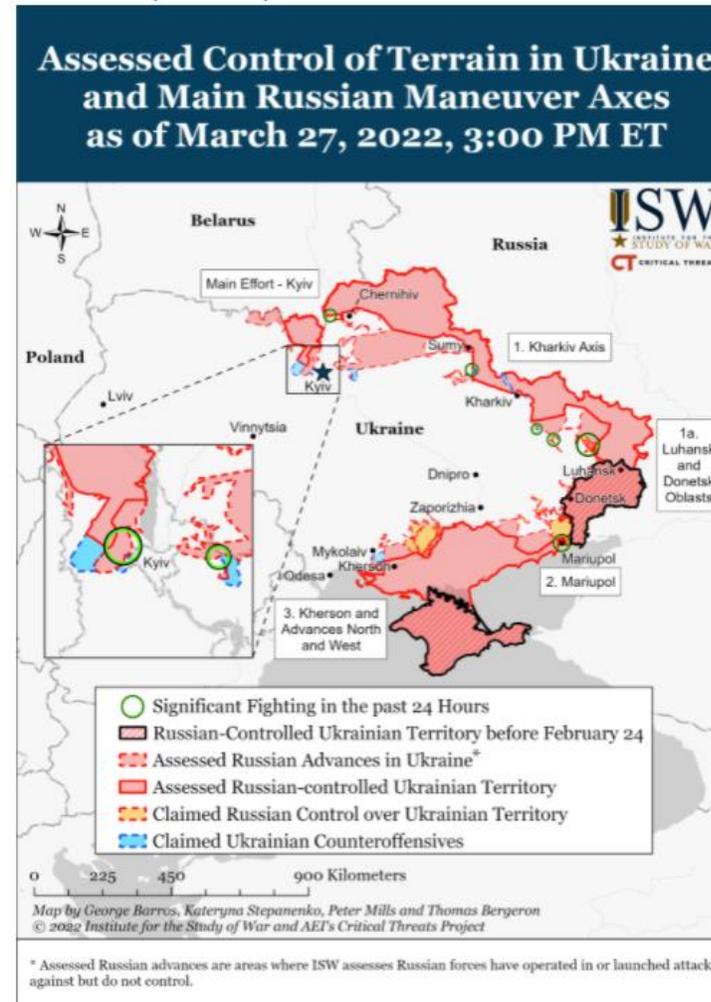
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# Ukraine War Update: Info War, Regime Change, Territorial Integrity

inability to regain momentum due to combat losses and logistical problems. The Ukrainian military, however, is continuing to engage Russian troops trying to encircle Kyiv, suggesting that the Russian announcement was part of the information war, as opposed to a change in Russian objective.

On Sunday, Russia struck a Ukrainian fuel storage center as well as a military repair plant in the western Ukrainian city of Lviv with high-precision cruise missiles.

Ukrainian forces claimed to kill the commander of Russia's 49th Combined Arms Army, operating around Kherson. Ukrainian forces counterattacking east of Brovary successfully retook territory late on Saturday.



Source: [Institute for the Study of War](https://www.instituteforthe studyofwar.org/)

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# Ukraine War Update: Info War, Regime Change, Territorial Integrity

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UK Ministry of Defense assessed that over the weekend, there were no significant changes of position of Russian forces, which continue to face logistical problems, "*compounded by a lack of momentum and morale*" as well as "*aggressive fighting*" from Ukrainian forces. Russia is maintaining a distant blockade of Ukraine's Black Sea coast which is effectively isolating Ukraine from international maritime trade, per British military intelligence.

## *Humanitarian Developments*

France, Turkey and Greece hope to carry out a humanitarian operation to evacuate people from the besieged city of Mariupol in the next few days after local authorities there said people are starving. Mariupol's mayor estimates that about 50 percent of the city's population remain trapped in the city as fighting is raging in the streets.

Nearly 30,000 Ukrainian refugees have arrived in France. The country has pledged to create housing for up to 100,000 Ukrainians.

## *Economic Developments*

The US announced an additional \$100 million in civilian security assistance for Ukraine to build capacity in border security, sustain civil law enforcement functions, and safeguard critical governmental infrastructure.

Finland's public railway operator on Monday will suspend passenger service between Helsinki and St. Petersburg, citing sanctions against Russia for its invasion of Ukraine.

China's state-run Sinopec Group has suspended talks for a major petrochemical investment and a gas marketing venture in Russia, heeding a government call for caution as sanctions mount over the invasion of Ukraine.

India is leaning toward continuing to import coking coal from Russia. Gazprom has asked India's largest gas transmitter GAIL (India) to pay for gas imports in euros instead of dollars, in a sign the Russian company is seeking ways to continue financial transactions without triggering US sanctions on the use of the dollar.

# Ukraine War Update: Info War, Regime Change, Territorial Integrity

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Sanctions compliance concerns are increasingly hampering on-going financial transactions with Russia. Sanctions against Russia are disrupting the flow of payments between bond issuers and investors as lawyers at banks and other intermediaries assess on a case-by-case basis the risk of acting on behalf of companies with links to Moscow. Some western companies still operating in Russia are struggling to determine whether paying rent on their Moscow offices would breach sanctions because of potential links to an investment vehicle of billionaire Roman Abramovich.

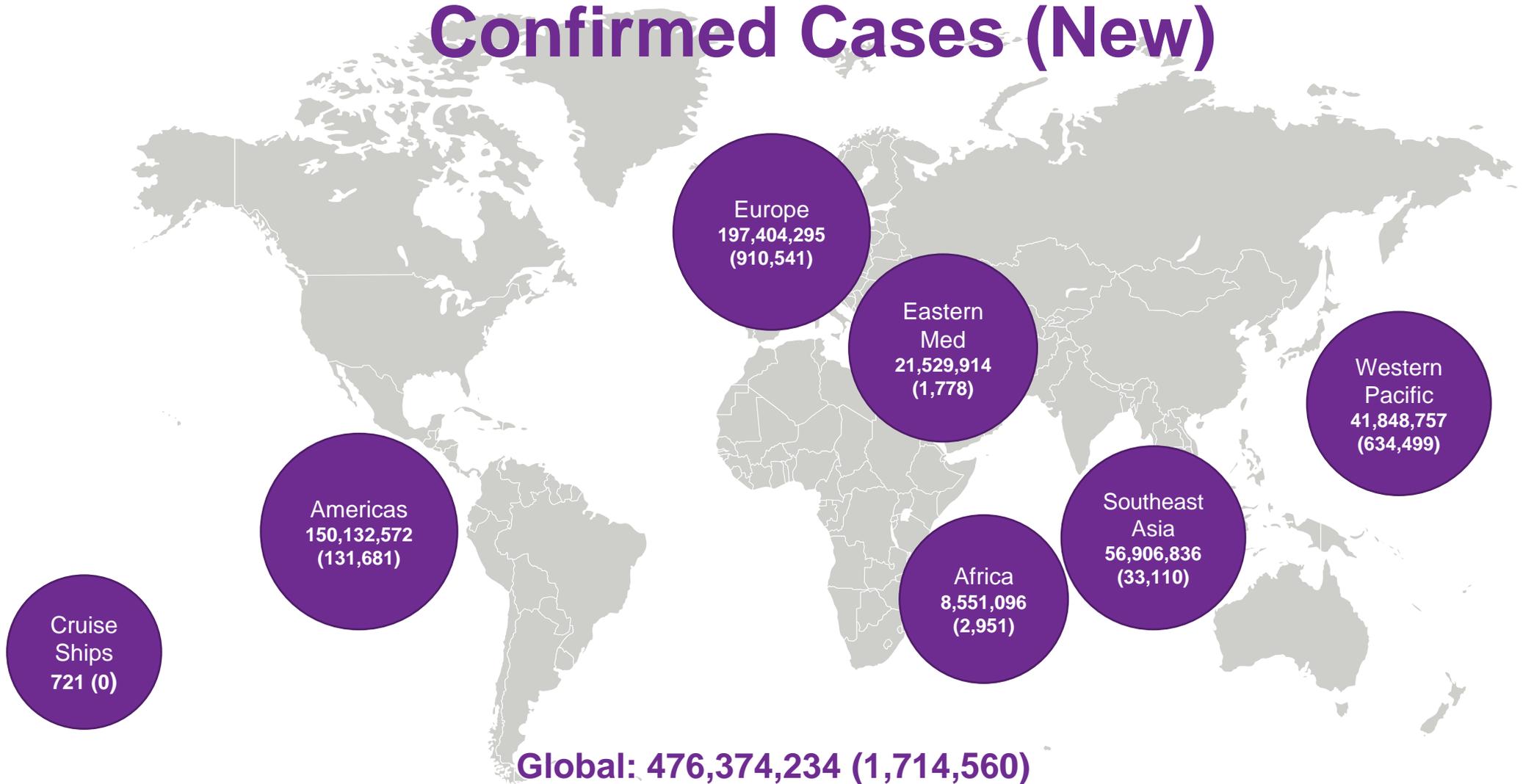
Dutch brewer Heineken says it will be leaving the Russian market, where it has 1,800 employees.

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# Coronavirus Condition Updates

As of 6:15 pm CEST on March 25, 2022

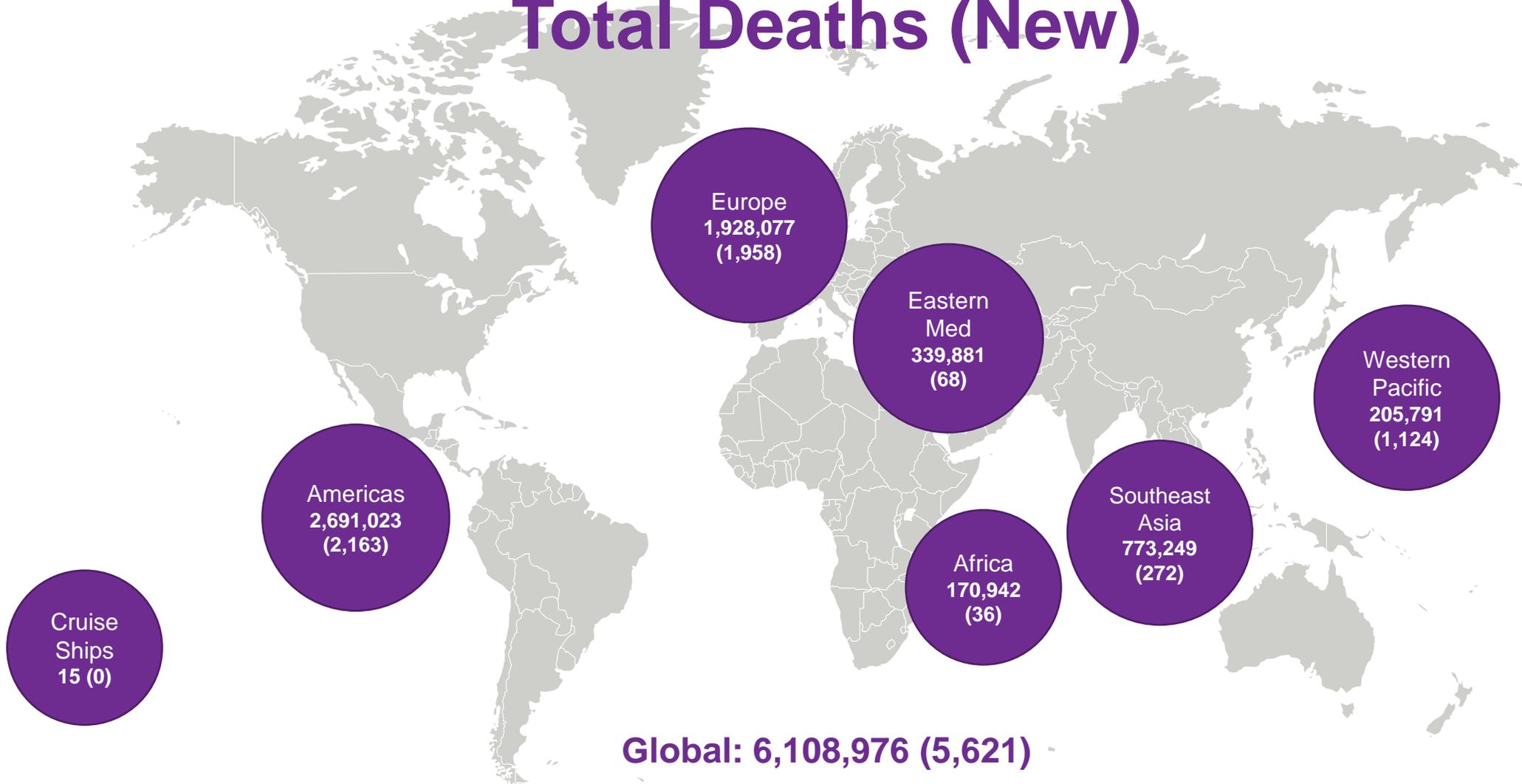
# Confirmed Cases (New)



Reflects data as of 6:15 pm CEST on March 25, 2022.  
Data Source: World Health Organization

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# Total Deaths (New)



Reflects data as of 6:15 pm CEST on March 25, 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.*

*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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