

Dentons Flashpoint

Global Situation Report

November 11, 2022

Global Situation Update: November 11, 2022

KEY TAKEAWAYS

US President Biden and Chinese President Xi will meet on the sidelines of the G20 summit to managing rising tensions.

The UK economy contracted for the third month, with recession expected to spread across Europe.

Crypto markets roil with FTX on verge of bankruptcy.

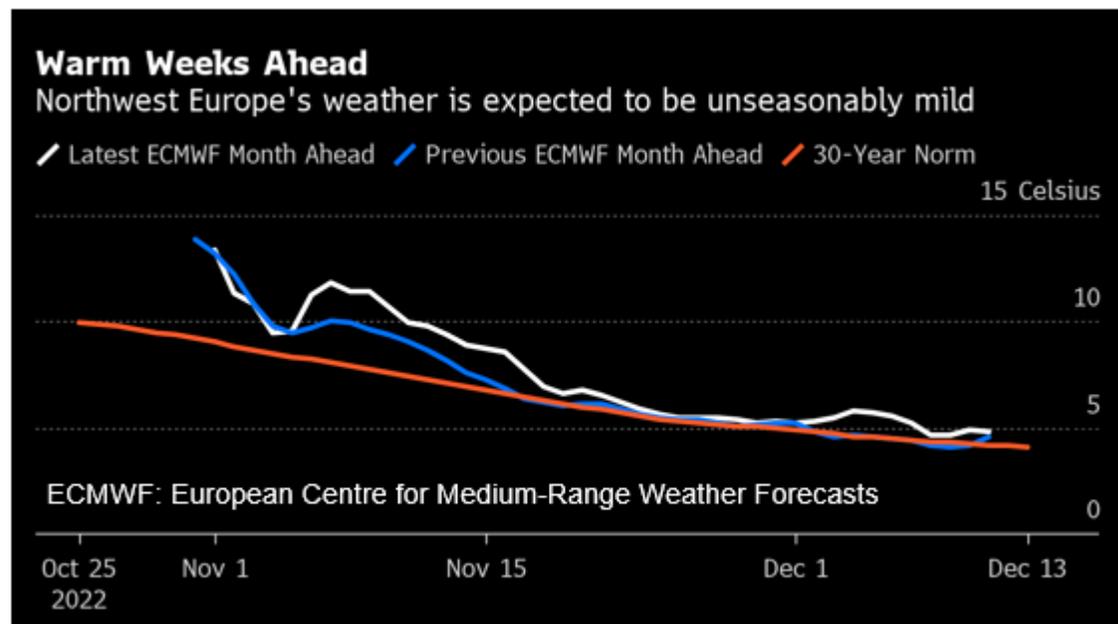
Note: This report is based on sources and information deemed to be true and reliable, but Dentons makes no representations to same.

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WHAT WE'RE WATCHING

Unusually high temperatures across western Europe in November are likely to suppress gas demand and prices over the near term, but longer-term concerns persist. The continent begins Winter with wider supply margins than initially expected and weather forecasts suggest that energy demand will remain low in the coming weeks, pushing pressure on energy supplies into early 2023 (January-March).

Meanwhile, EU member states will continue negotiating the details of a package of measures to combat the broader energy crisis, with a final deal expected at a 24 November summit. The most contentious item – a proposed price cap on gas and electricity – will likely be watered down to facilitate consensus.



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Global

US President Biden and Chinese counterpart Xi will meet in person for the first time on the sidelines of the G20 summit in Bali next week, amid rising tensions between the two powers.

- Russian President Putin will not attend next week's **G20 summit** in Bali, ending months of speculation over whether the Russian leader would appear at the annual summit. Foreign minister Lavrov will attend in person in his stead.
- The US is warning European countries that a conflict over **Taiwan** would trigger a huge global economic shock, in an effort to step up contingency planning amid rising concern about military action in the Indo-Pacific.
- The risk of death, hospitalization and serious health issues from **COVID-19** jumps significantly with reinfection compared with a first bout with the virus, regardless of vaccination status, per a study.

Markets & Business

Apple supplier Foxconn plans to quadruple the workforce at its iPhone factory in India over two years, pointing to a production adjustment as it faces disruptions in China.

- **Twitter Inc's** new owner Elon Musk raised the possibility of the social media platform going bankrupt fails to boost subscription revenue to offset falling advertising income, capping a chaotic day that included a warning from a US privacy regulator and the exit of the company's trust and safety leader. Musk banned remote work at Twitter in his first email to staff since buying the company.
- Russian carmaker **Sollers** will buy out Japanese auto maker **Mazda's** 50 percent stake in their joint venture car assembly plant in Vladivostok.
- The crypto market is in the throes of a major upheaval as **Binance** backs out of a rescue plan of **FTX**, citing concerns about FTX's business practices and reported investigations by US regulators. FTX, one of the world's biggest crypto trading venues, is on the verge of collapse, unable to meet a \$5 billion wave of customer withdrawals.
- Investors have pulled at least \$700 million from **Tether's** US dollar stablecoin, as the FTX crisis sweeps across the market.
- **WeWork** is closing down offices in an attempt to cut costs, with the office company failing to post a profit more than a year after going public.

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Environment, Sustainability & Governance

The European Commission proposed broadly tighter limits for vehicle emissions of harmful nitrogen oxides and particulates, including new standards for pollution from brakes and tires.

- An EU draft law forcing large companies to check if their suppliers use **slave or child labor** is reportedly facing calls from several member states to shield or even fully exclude the financial sector.
- California's attorney general sued 3M, DuPont and several other companies to recoup the "*staggering*" clean-up costs from **toxic pollutants** known as "*forever chemicals*."
- The UN and standard setter International Organization for Standardization launched a set of **guidelines** today to help organizations construct net-zero emissions plans, designed to tackle rampant "*greenwashing*" in **company net-zero plans**.

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Africa

- The WHO called for an increase of aid into **Ethiopia's** Tigray region following the ceasefire deal, saying that a blockade remained in place.
- Thousands of public workers in **South Africa** stopped work in a nationwide strike over wages after talks with the government hit a deadlock.
- A **Kenyan** court allowed public prosecutors to withdraw a 7.4 billion shillings (\$60 million) corruption case against Deputy President Rigathi Gachagua, citing insufficient evidence.
- **Somalia's** army and associated clan militias have killed at least 20 al Shabaab fighters in towns in the center of the country, a regional official and the Information Ministry said.



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Asia

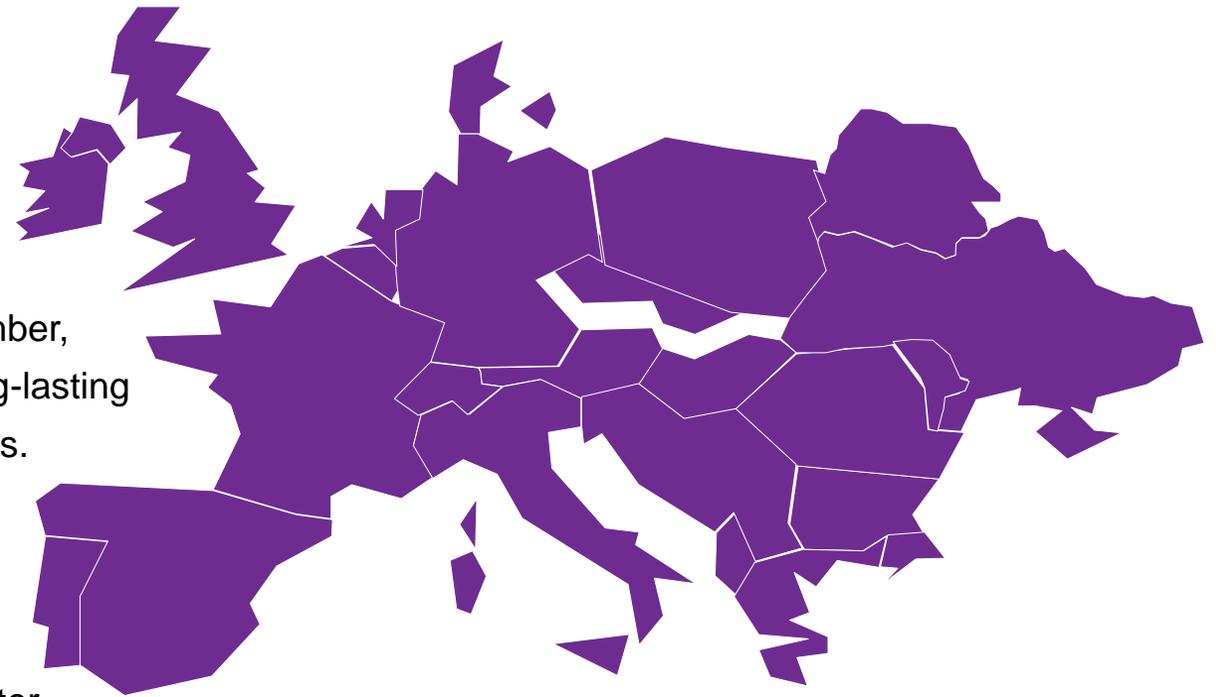
- **Hong Kong's** economy contracted 4.5 percent in Q3 from a year earlier, advance government data showed on Friday, weighed down by rising global interest rates and a slump in trade.
- Forbes magazine reported that **China's** 100 richest saw their collective wealth decline by \$573 billion since last year's rankings, the biggest drop since the magazine began tracking the country's wealthiest more than two decades ago.
- **China** eased pandemic controls today, as the country's leaders seek to lessen the pain of a stringent zero-Covid policy that has exacted a heavy economic toll and stoked rising public resentment. However, manufacturing hub Guangzhou is now teetering on the brink of a citywide lockdown, with millions of residents subject to mass testing and home isolation in an effort to curb a worsening outbreak.
- **ASEAN** leaders are meeting this week in Cambodia for the first in-person official meeting in almost three years, as the 40th and 41st ASEAN summits get under way. The Ukraine war is expected to be a strong focus, with both with **Russian** and **Ukrainian** foreign ministers in attendance. US President Biden will also be in Cambodia for the 10th **US-ASEAN** summit on November 12, with the expected launch of the US-ASEAN Comprehensive Strategic Partnership to boost multilateral relations.



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Europe

- The **UK** economy contracted in the three months through September, marking the beginning of what policy makers expect will be a long-lasting recession that is likely to spread across **Europe** in coming months.
- **Russia's** retreat from the **Ukrainian** city of Kherson marks a major victory for Kyiv in the battle for south-east Ukraine, a reversal of Moscow's biggest military achievement of the war and changes the calculus for both sides as the conflict heads into winter.
- The **US** will send an additional \$400 million in lethal aid to **Ukraine**, including air defense systems and ammunition, such as missiles for Hawk air defense systems and short-range Avenger air defense systems.
- The **EU** is proposing to boost cyber defense capabilities and strengthen coordination and cooperation between the military and civilian cyber communities, citing **Russian** aggression against Ukraine.
- In **France**, thousands of trade union workers marched in Paris to demand higher wages to keep up with inflation, the protest part of a nationwide day of walkouts and transport strikes by train drivers and other public sector employees that caused major commuter disruption.



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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.

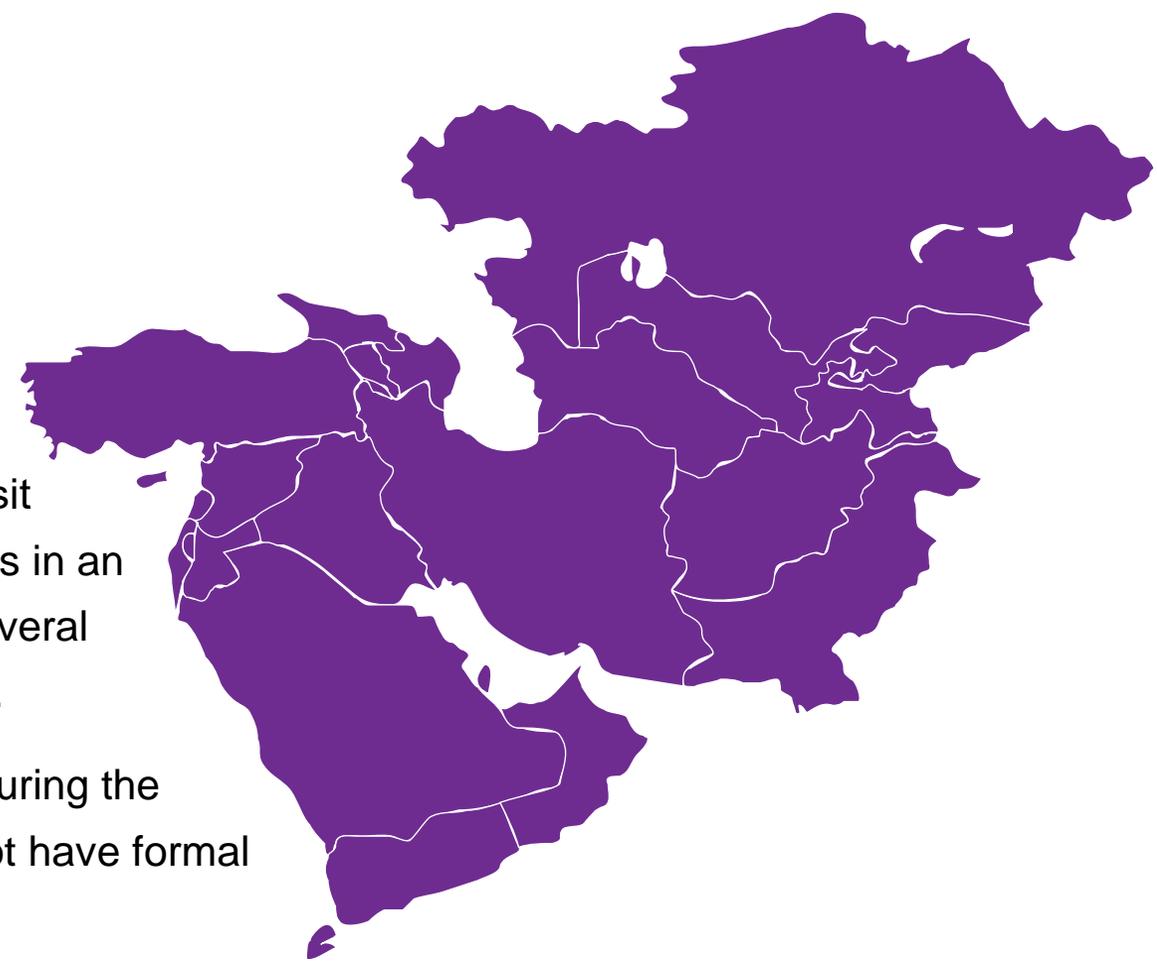
Dentons tabletop sessions are fluid, and designed to enhance preparedness with services, including:

- ❖ 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](#).

Middle East



- **Germany** said that the **EU** will seek to adopt new sanctions against **Iran** next week over Tehran's deadly crackdown on protests; Tehran vowed a “*firm response*.” Iran agreed to a visit by the IAEA later this month to address unanswered questions in an ongoing probe into the presence of undeclared uranium at several sites. Iran claimed that it had developed a hypersonic missile.
- Direct charter flights will operate between **Israel and Qatar** during the World Cup, per FIFA, despite the fact that the countries do not have formal relations.
- **Lebanon's** divided parliament failed to elect a new president for the fifth time, with the post vacant since the mandate of Michel Aoun expired last month.
- A Houthi drone attacked an oil port in Shabwa, **Yemen**, the day after the US Ambassador visited the governorate to support the Yemeni government.

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Americas

- **Chile's** President Gabriel Boric condemned "terrorist" violence during a visit to the country's restive southern region, a rhetorical shift for the leader who had pledged to focus on dialogue with indigenous local Mapuche groups.
- Poverty in **Venezuela** has fallen to 50.5 percent amid the South American country's economic recovery, according to a domestic research body.
- **Brazilian** President-elect Lula's market honeymoon appeared to end as Brazil's currency and Bovespa stock index fell; investors are impatient with his desire to boost social spending without establishing long-term fiscal rules or naming his top economic policymakers.
- **Canada** will soon announce a new Indo-Pacific strategy to challenge China on human rights issues while cooperating with the world's second-biggest economy on climate change and other shared goals, per Foreign Minister Joly.



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Americas: US

- **US inflation** is seen as turning the corner, as prices rose at a slower pace in October than in recent months. The October inflation report is likely to keep Federal Reserve officials on track to approve a half-percentage-point interest-rate increase next month.
- The final results of the **mid-term elections** are not yet in. Senate races in Arizona and Nevada remain too close to call. The Georgia Senate seat will go to a run-off vote on December 6 as neither candidate obtained a majority. Republicans are inching towards reclaiming the House of Representatives. President Biden gave his strongest signal yet that he plans to seek re-election in 2024.
- More than 1,000 shipments of solar energy components worth hundreds of millions of dollars have been seized at US ports since June under a new law banning imports from **China's** Xinjiang region over concerns about slave labor.
- President Biden is in Egypt today for the **UN climate summit** where he plans to “*showcase US leadership*” on climate change. The US, the world’s second-largest emitter of greenhouse gases after China, is under pressure to further reduce its emissions to fulfil its pledge to cut them 50-52 per cent below 2005 levels by 2030.

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Professional Services Sector Increasingly Aware of Cyber Threats – but not Moving Fast Enough

By Emilio Iasiello, Global Cyber Threat Intelligence Manager, Scott Muir, Senior Analyst, and Courtney Barnard, Global Cyber Threat Intelligence Coordinator

Firms that specialize in and sell knowledge and expertise are among the top targets for attacks by cybercriminals in 2022. Although the professional service sector has a growing understanding of the security challenges it faces, there is yet more work that needs to take place to most effectively combat cyber threats.

Professional services firms are doubly exposed, with their own computer network and client data and networks seen as potential ‘goldmines’ for bad actors online. Some firms are creating a dedicated Cyber Security Chief, or point of contact, responsible for focusing efforts on cyber security, while others are enhancing incident response plans for a range of attack scenarios. All organizations, especially professional services firms, should emphasize the mantra that “cybersecurity is everyone’s business” in regular correspondence and security training.

Growing Threat

Business email compromise (BEC) phishing scams against professional services firms remain a persistent threat because they have netted cyber criminals far more money than any other type of

cybercrime. The FBI reported that in 2021, victims across 50 US states and 177 countries around the world lost \$2.4 billion from almost 20,000 complaints, up drastically from the previous year. Large organizations with over 50,000 employees are top targets and have a 95 percent chance of receiving a BEC email scam weekly, according to Abnormal Security’s H1 2022 Email Threat Report. These social engineering attacks in which a hacker targets a business to defraud the company with money transfers are made easier with remote work.

A new BEC attack approach recently uncovered serves as a reminder for professional services firms to stay vigilant. A threat group dubbed ‘Crimson Kingsnake’ was found impersonating attorneys and major international law firms to deceive accounting departments into quickly paying fraudulent invoices. The elaborate

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scheme involved fake web domains for at least 19 global law firms, forged invoices that appear authentic, and even fake email chains with the names and email addresses of actual colleagues. The danger for employees is that even if they were to Google the names of lawyers and firms, they would seem legitimate and perhaps pay the phony invoices. Staff should be extremely cautious in acting on any emails they receive and always use other means to confirm email before acting on it, especially when it involves transfers of money.

Other Threat Vectors

The proliferation of business email and other corporate accounts on personal phones in the post-pandemic remote work world also present a threat to professional services firms. For example, a survey of 150 legal professionals in the UK by Menlo Security earlier this year found that approximately 60 percent of respondents believed phishing emails targeting clients via mobile devices were a “significant threat.”

Interestingly, respondents to that same survey carried the perception that ransomware was not a “significant threat,” with only 46 percent

believing that ransomware was a threat to their firms. This may be the result of limited reporting of ransomware attacks on professional services firms and perhaps reluctance to report attacks that did or might occur. Concerningly, less than half of those surveyed believed that malware deployed via hostile websites presented a threat to their firms. This may reflect an inaccurate impression that the security on their computing devices – primarily antivirus programs - was sufficient to stop contracting malware via malicious websites.

Mitigation Techniques

Some large, multinational professional services firms may feel prepared to respond to emergent cyber threats, but regardless there should always be an effort to socialize the consequences of new dangers across all staff and adopt new protective products and technology. Some helpful tips that could help professional services firms of all sizes defend brand reputation, operational functionality, and legal ramifications include:

1. Develop, test and update incident response and resiliency plans
2. Build operational resilience, develop recovery strategies

Professional Services Sector Increasingly Aware of Cyber Threats – but not Moving Fast Enough

3. Increase staff awareness that “cybersecurity is everyone’s business”
4. Review user access management
5. Bolster perimeter security with monitoring and analytics
6. Practice vulnerability scanning and patch management

Dentons offers business leaders a full complement of counseling and advice for helping professional services firms to identify emergent threats. Furthermore, Dentons offers regulatory and litigation services, and analysis and intelligence products, that can help clients to better understand fast-changing threat environments. Importantly, all interaction is attorney-client privileged. To learn more about the bespoke cyber intelligence and risk services from Dentons please contact us today.

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Coronavirus Condition Updates

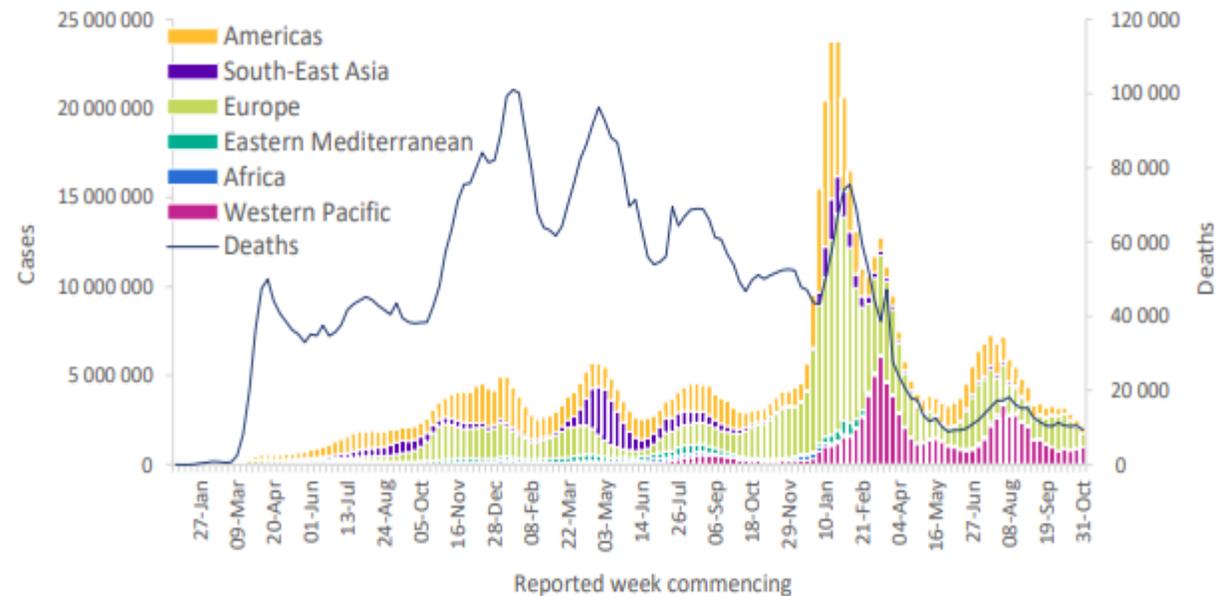
As of 5:41 pm CEST on November 10, 2022

Coronavirus Snapshot

Globally, confirmed coronavirus cases topped 630.6 million with 6.5 million deaths; more than 12.8 billion vaccine doses have been administered.

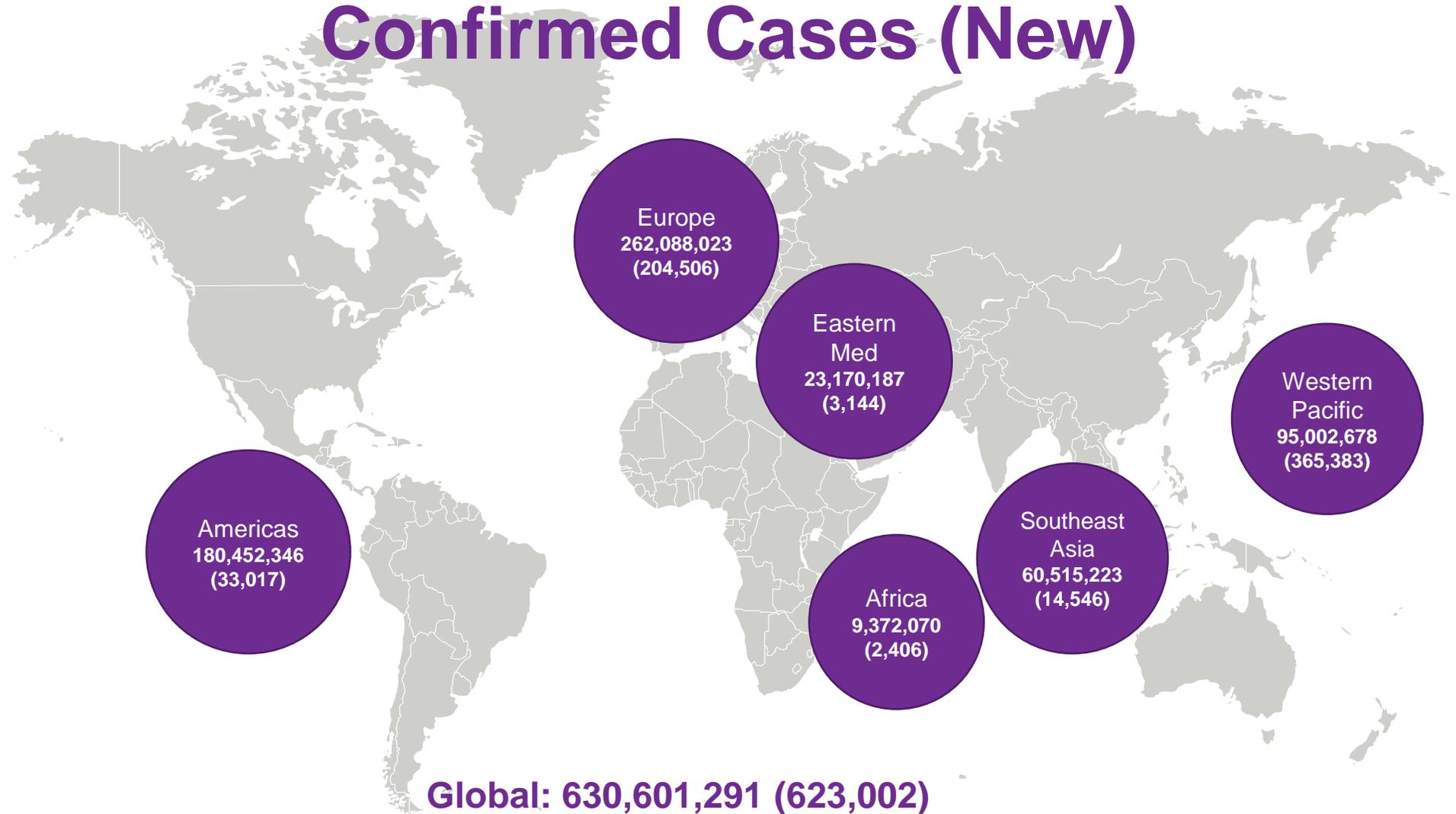
- Globally, the number of new weekly cases decreased by 15 percent during the week of 31 October to 6 November 2022, as compared to the previous week, with over 2.1 million new cases reported.
- The number of new weekly deaths decreased by 10 percent, as compared to the previous week, with about 9,400 fatalities reported.

Figure 1. COVID-19 cases reported weekly by WHO Region, and global deaths, as of 6 November 2022**



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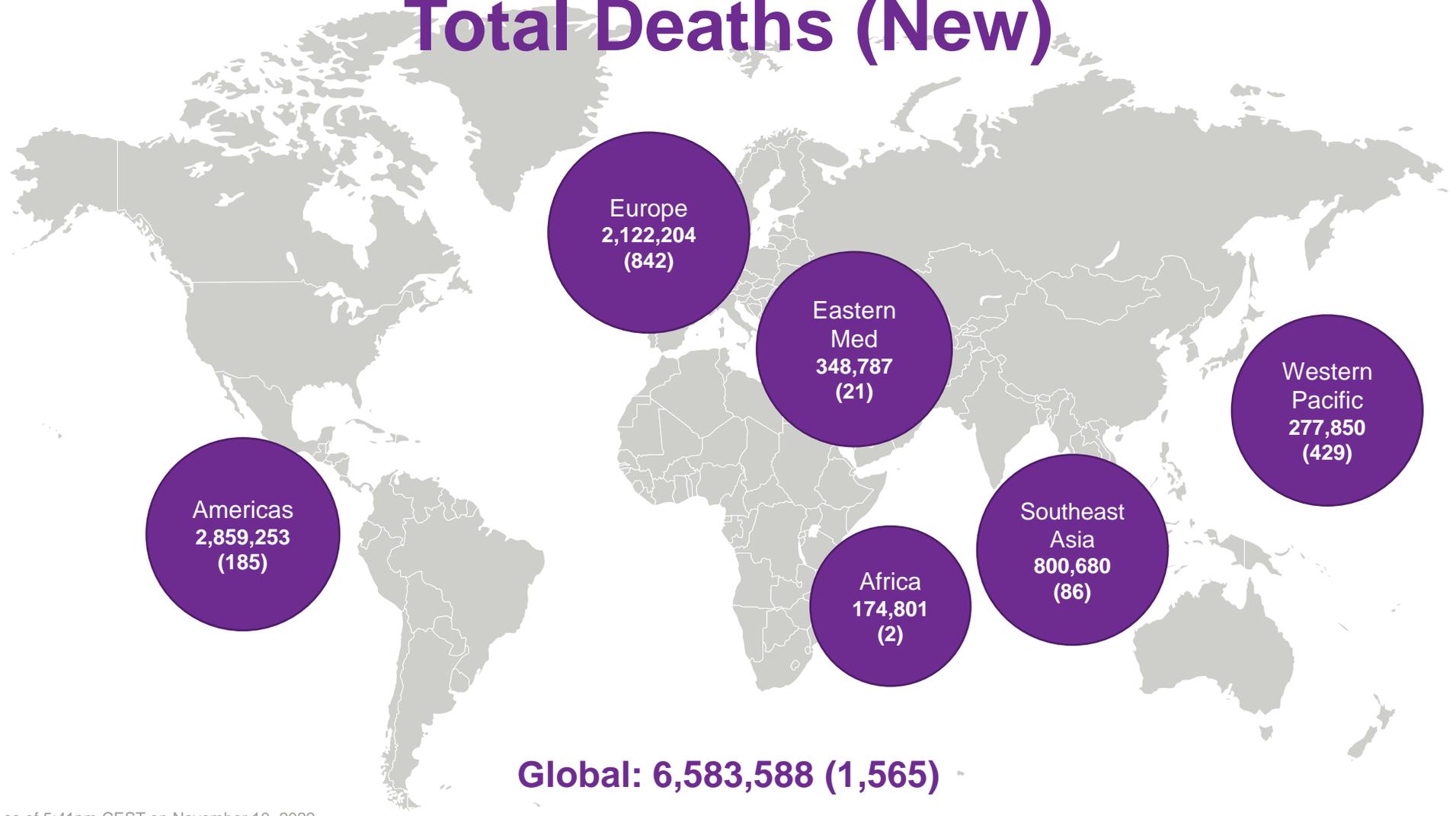
Confirmed Cases (New)



Reflects data as of 5:41pm CEST on November 10, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 5:41pm CEST on November 10, 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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