

# Dentons Flashpoint

## Global Situation Report

October 21, 2022

# Global Situation Update: October 21, 2022

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## KEY TAKEAWAYS

UK Prime Minister Truss resigns; former UK Treasury Chief Sunak leads the succession race.

China's onshore renminbi drops to near a 14-year low against the surging dollar.

Germany drops opposition to EU gas price cap.

*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

Slovenians will head to polls this weekend to elect a president in a two-round system. With no major presidential candidate likely to receive a majority in the first round, the top two candidates will compete in a run-off, likely on 13 November. Incumbent Borut Pahor cannot run due to term limits.

Although the president is the highest representative of the state, the presidential post is mostly ceremonial with few legal powers. The election may result in the first female head of state for Slovenia, and, importantly, reflect voter support for liberal pro-EU political forces and opposition populist Eurosceptic parties in the country.



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# Global

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## **NATO Secretary General Stoltenberg pledged NATO allies will act if Sweden or Finland come under pressure from Russia or another adversary before they become full members of the alliance.**

- EU leaders gathering in Brussels for a two-day EU summit failed to reach an agreement on a **gas price cap**, but made small gains, with Germany dropping its opposition, enabling further work towards a cap that would “*immediately limit episodes of excessive gas prices.*” Today, leaders will discuss cutting their economic dependency on China, aiding Kyiv and sanctions on Iran for aiding Russia with weapons in Putin’s war on Ukraine.
- Russia can access enough tankers to ship most of its oil beyond the reach of a new **G7 oil price cap**, per industry analysts. As a result, only between 1 and 2 million barrels per day (bpd) of Russian crude and refined products exports could be shut off.

# Markets & Business

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**The world's top automakers are planning to spend nearly \$1.2 trillion through 2030 to develop and produce millions of electric vehicles, along with the batteries and raw materials to support that production, according to *Reuters* analysis.**

- Texas filed a lawsuit against Alphabet's **Google** for allegedly collecting biometric data of millions of Texans without obtaining proper consent.
- Spain, Portugal and France said on Thursday they will build a sea-based pipeline to carry hydrogen and gas between Barcelona and Marseille. The Italian government charged **gas grid operator Snam** to spend around \$400 million to set up a new floating storage and regasification unit (FSRU) and have it operational by end-March.
- UK regulators have fined **Barclays** £50 million for “failing to disclose certain arrangements” about the bank’s controversial Qatari fundraising fourteen years ago.
- **Deutsche Bank** cuts investment banking jobs as M&A deals dry up. Last month, **Goldman Sachs Group Inc** said it planned to cut jobs, after pausing the annual practice for two years during the pandemic.

# Environment, Sustainability & Governance

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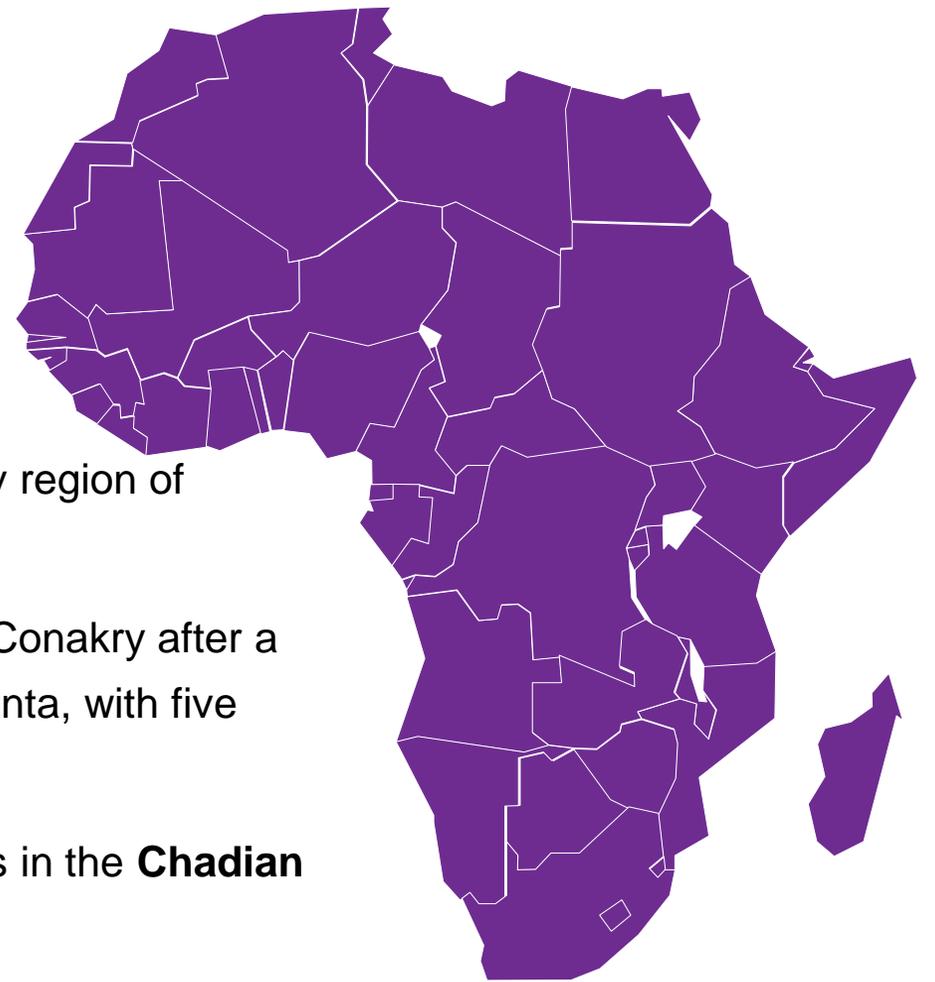
## Retail activist shareholder platform Tulipshare called on Tesla to tie its executive pay to ESG factors.

- BMW announced plans to invest \$1.7 billion to build **electric vehicles** in the US. The company also said it was testing a burner able to operate on both hydrogen and gas in its paint shop in Leipzig.
- Munich Re announced that it would appoint two **women to its all-male management board**, the biggest shake-up in the board's makeup in a decade.
- Six Volkswagen investors filed a case against the carmaker this week for allegedly refusing to discuss at its annual general meeting whether its **lobbying activities could threaten their investments**.
- The US Environmental Protection Agency announced plans to further cut emissions of **climate super-pollutants** widely used in air conditioning and refrigeration, the latest step to phase down the potent greenhouse gases.

# Africa

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- At least 151 people were killed and 86 injured in fighting in **Sudan's** Blue Nile state over recent days, according to medical sources.
- WHO Chief Ghebreyesus called for action to stop the conflict in Tigray region of **Ethiopia**, raising the alarm for potential “*genocide*.”
- Young protesters clashed with security forces in the **Guinean** capital Conakry after a banned group called for demonstrations against the country's ruling junta, with five reportedly suffering from gunshot wounds.
- At least 30 people were killed when police clashed with demonstrators in the **Chadian** capital during a banned protest against the ruling military.
- Shop owners in **Ghana's** capital went on a one-day strike to protest rampant inflation in the country.

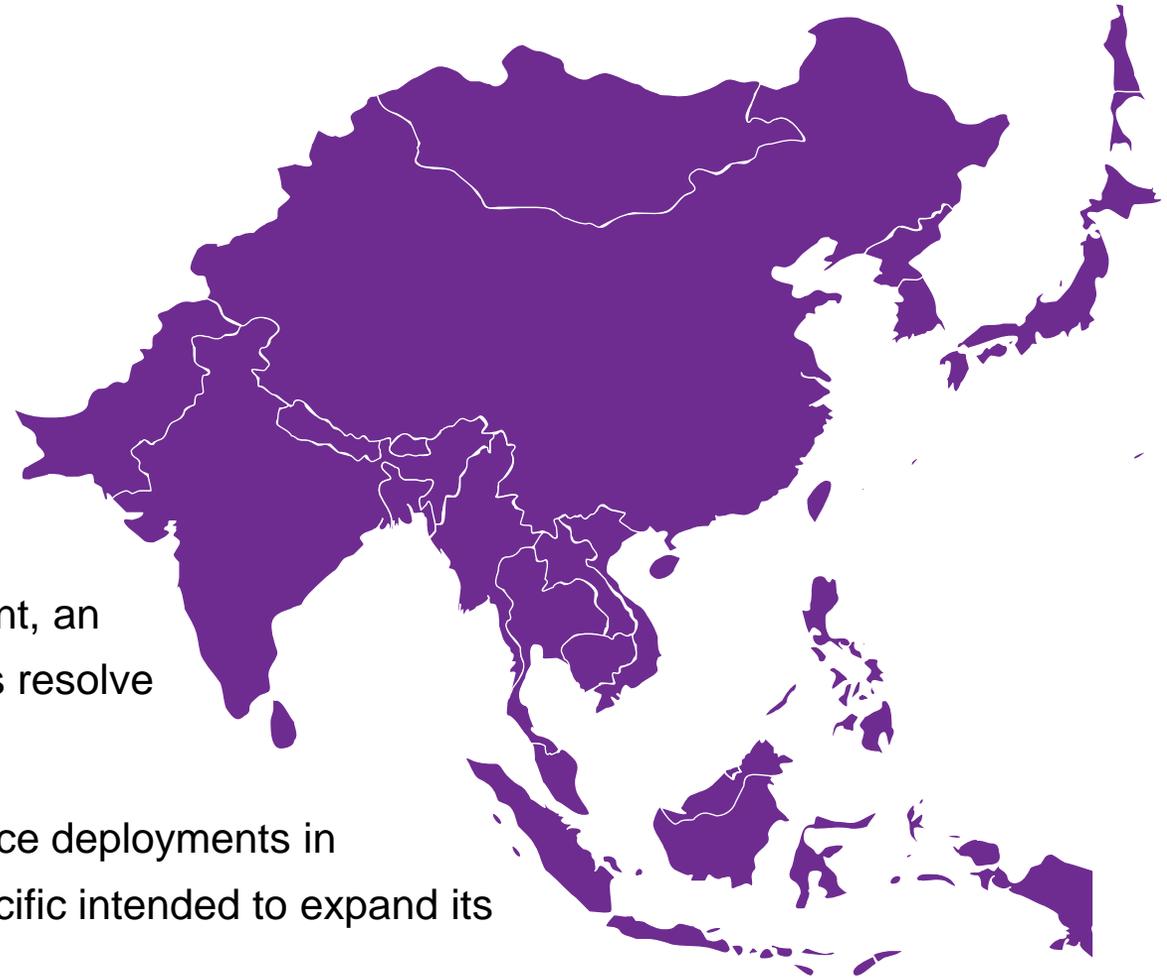


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# Asia

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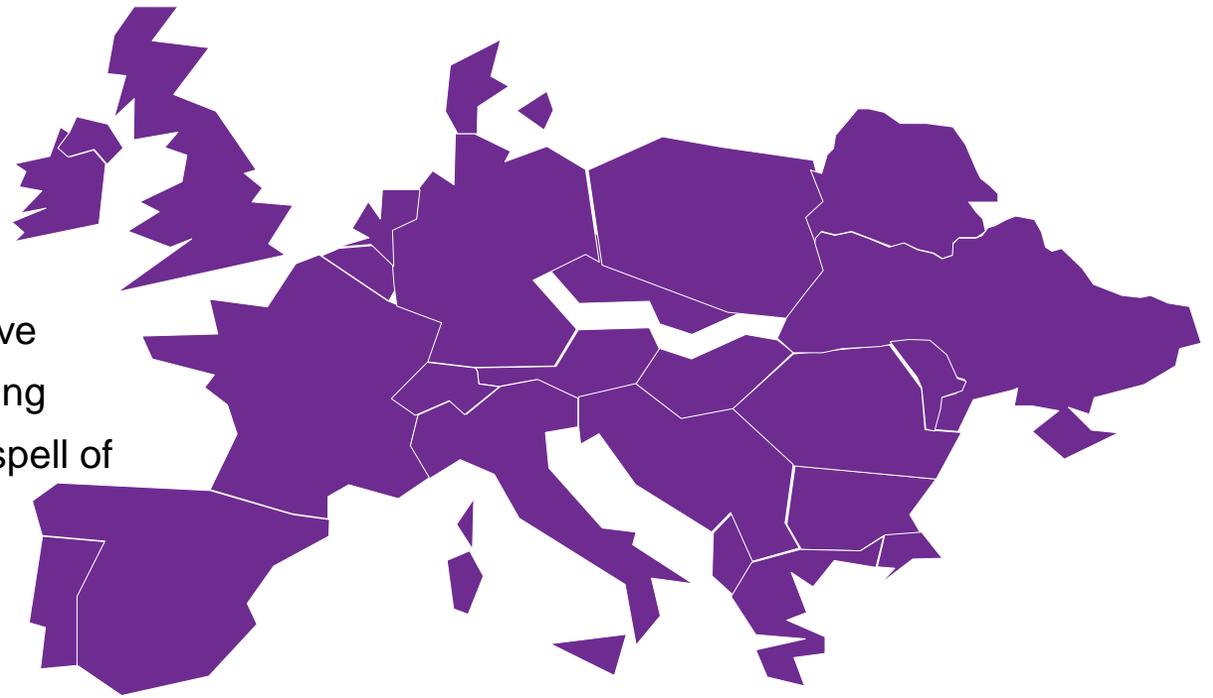
- **Indian** Prime Minister Modi plans to launch a drive to give government jobs to 1 million people, starting with 75,000 immediate appointments, as he tries to tackle criticism of widespread unemployment.
- **Japan's** core consumer inflation rate accelerated to 3 percent, an eight-year high, in September, challenging the central bank's resolve to retain low interest rates.
- **Australia** is budgeting A\$46 million (\$29 million) to fund police deployments in **Solomon Islands**, part of an increase in spending in the Pacific intended to expand its influence in the region to counter **China**.
- **China's** onshore renminbi dropped on Friday to hover near a 14-year low against the surging dollar, as the country's 20th party congress draws to a close. China delayed the release of economic indicators scheduled for publication this week, including its third-quarter GDP data, leading analysts to forecast further weakening of the Chinese economy.



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# Europe

- **Turkey** cut its benchmark interest rate for the third consecutive month as President Erdoğan pushed ahead with a plan to bring down borrowing costs even as the country fights a powerful spell of inflation.
- Under fire from her party, **UK** Prime Minister Truss resigned, going down in history as Britain's shortest-serving prime minister. Britain's ruling Conservative party will choose a new leader next week. Former UK Treasury Chief Rishi Sunak leads the race to succeed Truss.
- President Zelensky urged **Ukrainians** to start conserving electricity in the wake of **Russian** missile and drone attacks targeting critical infrastructure, as planned power rationing began across the country. Russian President Putin declared martial law in four partially occupied regions of Ukraine, which will permit forcible relocation of citizens, curfews and mobilization of soldiers.
- Giorgia Meloni, the expected next **Italian** prime minister, vowed Italy will never be "*the weak link*" in the western alliance against the **Russian** invasion of **Ukraine**, after her prospective government coalition partner Silvio Berlusconi was recorded blaming Kyiv for the war.



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# How do You Manage Incident Response?

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*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:*

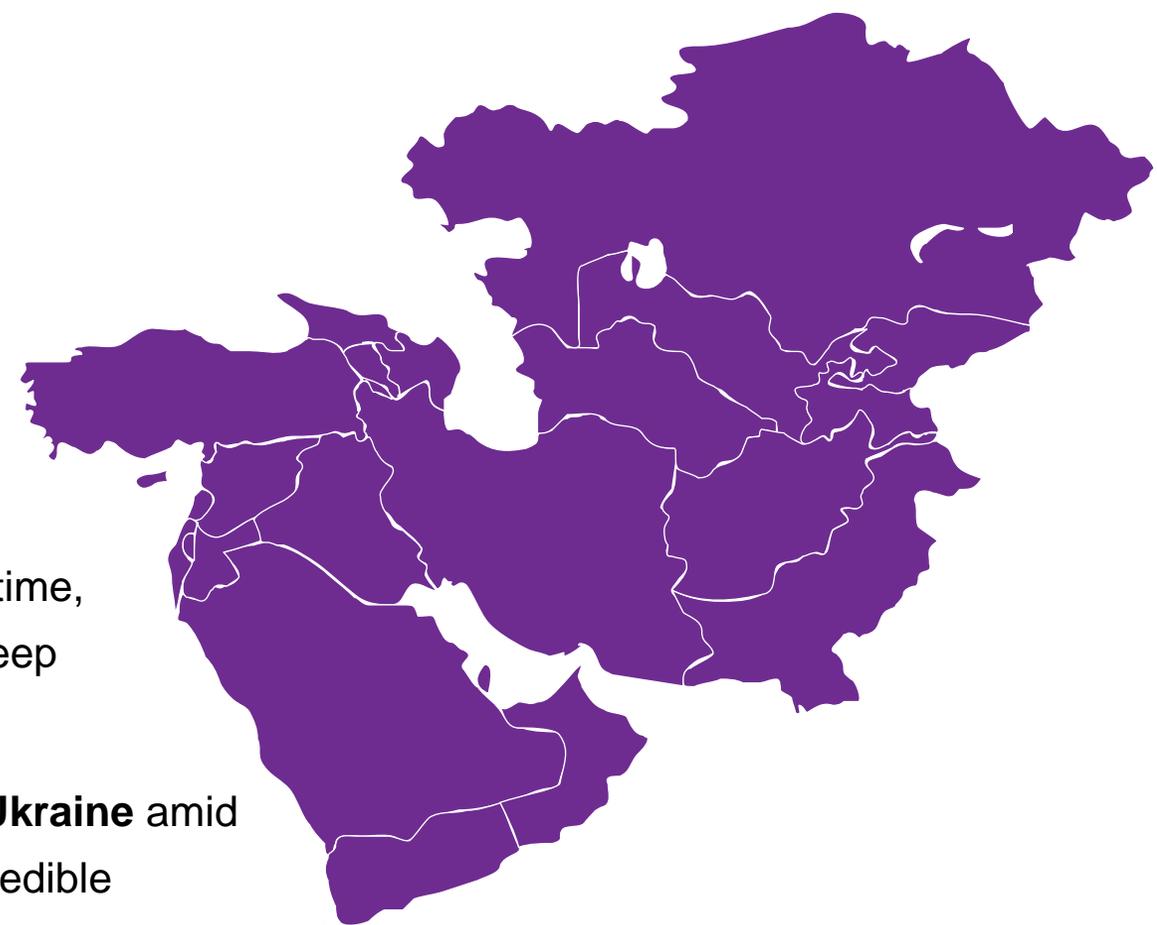
- ❖ Ransomware tabletop exercises
- ❖ Post-tabletop action reports
- ❖ Maturity assessments for preparedness
- ❖ Supply-chain attack simulation
- ❖ Comprehensive incident response plan
- ❖ Threat analysis and monitoring

*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

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- Palestinians in the occupied **West Bank** went on strike in reaction to the killing of a Palestinian man suspected of attacking **Israeli** forces.
- **Lebanon's** parliament failed to elect a president for the third time, bringing the country closer to institutional deadlock amid a deep financial crisis.
- **Iran** denied that it had supplied **Russia** with arms for use in **Ukraine** amid a fresh wave of international sanctions. The **US** says it has credible information that Iranian military trainers are in Crimea helping Russian forces  operate Iranian-made drones to attack targets in Ukraine. The world's female foreign ministers met virtually to express support for Iranian protesters.
- A top advisor to Iran's Supreme Leader called for **Iran** and **Saudi Arabia** to reopen their embassies as a further step towards rapprochement.

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# Americas

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- A **Peruvian** community began a blockade of a key copper transport corridor, marking another episode of protests that have disrupted mining operations there.
- **Brazil's** presidential race has narrowed to a 4-percentage-point gap between leftist front-runner Luiz Inacio Lula da Silva and far-right incumbent President Jair Bolsonaro, a statistical tie. Brazil's national electoral authority announced new rules to curb online disinformation ahead of the run-off.
- Potential production of cocaine in **Colombia** rose last year to their highest levels in two decades of monitoring, per the United Nations Office on Drugs and Crime.
- **Venezuela's** opposition parties are considering a plan to wind up the country's US-backed interim government led by Juan Guaido as they prepare for the 2024 elections.



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# Americas: US

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- The FDA granted emergency authorization to Novavax Inc.'s **COVID-19 shot** as a booster for adults. The shot targets the original strain of the virus. Pfizer Inc expects to roughly quadruple the price of its COVID-19 vaccine to about \$110 to \$130 per dose after the US government's current purchase program expires.
- The Labor Department reported an unexpected drop last week in the number of people seeking **unemployment benefits** for the first time, showing the labor market remains tight. **US existing home sales** fell for an eighth straight month in September as rising mortgage rates made home purchases less affordable.
- The Biden Administration is awarding \$2.8 billion in grants to boost US production of **electric vehicle batteries and the minerals** used to build them, part of a bid to wean the country off supplies from China.
- The head of the US Navy has warned that the American military must be prepared for the possibility of a **Chinese** invasion of Taiwan before 2024, as Washington grows increasingly alarmed about the threat to the island.



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# Deepfakes No Longer Over-The-Horizon Threat to Firms with Tech Advances

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

***Deepfake technology began as entertainment on social media but is quickly developing into a legitimate threat to organizations because of rapid advances with artificial intelligence (AI). Cybercriminals are expressing significant interest in the latest deepfake technology, which can deceive facial recognition software and circumvent measures designed to authenticate trust, or mimic human voices to trick employees into transferring money to them.***

The current popularity of hybrid work and work-from-home arrangements provides them the perfect opportunity to carry out impersonation fraud as corporate leaders release audio and video corporate communications in place of in-person meetings. Phishing will remain among the most common attack types, but the growing use of deepfakes for more sophisticated attacks, particularly against high-value targets, is a risk for which corporate cybersecurity must prepare.

## ***What is a Deepfake?***

Deepfakes are fabricated images, videos, or audio recordings built with machine-learning algorithm technology such as AI, and that

appear to be legitimate. They first emerged in 2017, allegedly on a Reddit page entitled “Deepfakes”, with the term used to initially describe AI-created pornography. Today, carefully crafted deepfakes are able to imitate the faces, speech, and unique facial gestures of C-Suite executives to facilitate business email compromise scams or spread damaging or false information, influence consumers and markets, and exploit networks. The potential for misuse is not escaping the attention of cybercrime forums on the deep and dark web that now offer deepfake services.

The number of deepfakes on the web increased 330%, hitting a peak volume of 50,000 instances, from October 2019 to June 2020, according to a report by one leading cybersecurity company. Its

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# Deepfakes No Longer Over-The-Horizon Threat to Firms with Tech Advances

versatility makes it a potential tool for cybercriminals, state actors, and hacktivists, depending on intent and objective. Widely used communication platforms such as Zoom and Microsoft Teams are ripe for exploitation, while audio deepfakes may pose a greater threat than fraudulent scams via video because they can be used to call anybody with what sounds like a trusted voice. Meanwhile, open source sites such as GitHub provide free tools that use deep learning to clone a voice from just a few seconds of audio.

## *Fallout from Fakes*

Public videos and recordings of company leaders and logos can be altered by deepfake technology and weaponized to negatively impact the brand reputation and bottom of line organizations. Attestiv, a respected media validation platform, found in a recent survey that 80 percent of US-based business professionals see manipulated digital media such as deepfakes as a threat to their operations. Among the primary areas of concern are:

- **Reputational Damage.** Deepfakes could be used by cybercriminals to help clients gain a competitive advantage by

tarnishing the images and reputations of company personnel and brands with the dissemination of false content across global social media channels.

- **Financial Theft.** Sophisticated scammers can mimic the voices of those in company leadership or trusted positions with AI programs that copy speech from YouTube videos, TED talks, and other publicly available sources. In one recent incident, the voice of an energy company CEO was successfully impersonated and USD \$243,000 was transferred to the bank account of cybercriminals. In another case, an American cyber security company discovered three separate instances in which a voice pretending to be the CEO “called” a senior financial officer to request an immediate transfer of funds.
- **Extortion.** Deepfake videos are being used to extort people through threats of humiliation and shame. The scandal of having a prominent corporate officer impersonated on pornographic sites or fraudulently making insensitive remarks could have wide-ranging negative impacts.

# Deepfakes No Longer Over-The-Horizon Threat to Firms with Tech Advances

- **Market Manipulation.** The placement and timing of deepfakes could be leveraged in the future to affect the price of company stock.

## Mitigation Strategies

The overall quality of deepfake efforts is highly likely to be poor at present, which is why businesses should develop contingency and response planning now as part of a cyber resilient strategy. As deepfakes become more easily accessible due to stronger and stronger computing power, cybercriminals will find new ways to exploit targets and influence audiences. To protect corporate security against this growing threat, IT leaders are encouraged to:

- **Develop and test a response plan.** Figure out how your organization would respond to a deepfake as part of cyber resiliency. Tabletop exercises based on real-world incidents would help company leaders to better understand potential pitfalls in any response.
- **Know the process to ‘take down’ deepfake videos.** Develop a points-of-contact list with appropriate stakeholders such a federal

and local law enforcement, Internet Service Providers, media and others to eliminate unnecessary lag time in any response.

- **Train employees to spot deepfakes.** Help employees recognize deepfake content and explain how to report it. This is important given that a recent Facebook Transparency Report found the average person could not identify 40 percent of deepfake videos.

Dentons offers business leaders a full complement of counseling and advice for mitigating deepfakes and other attacks. 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

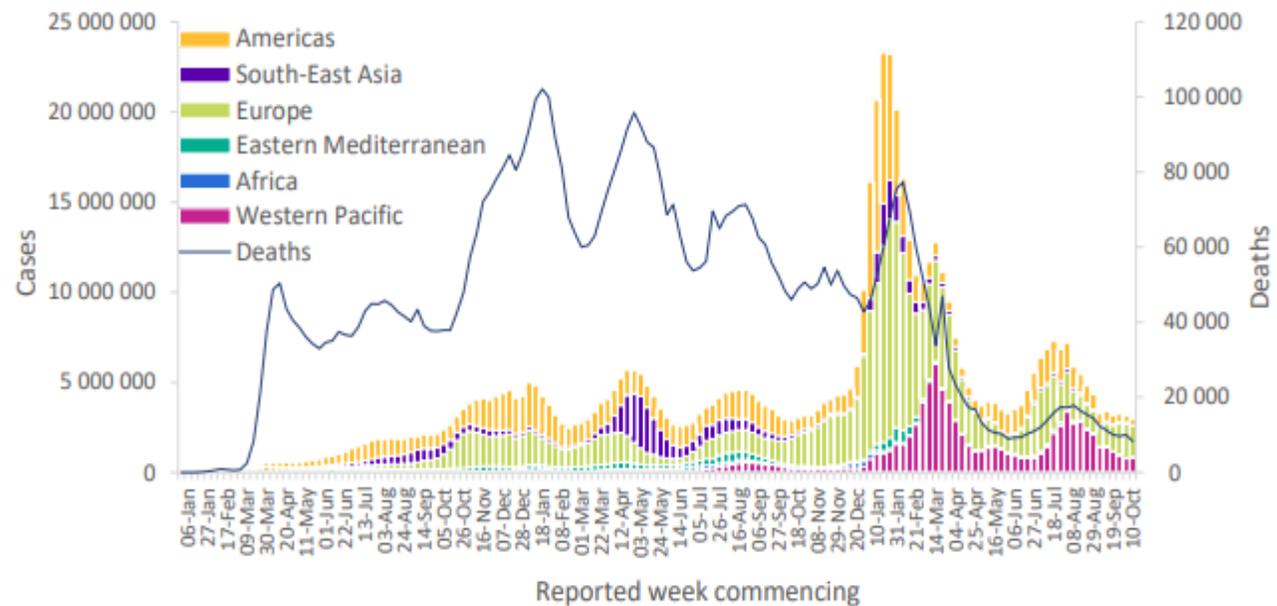
As of 6:21 pm CEST on October 20, 2022

# Coronavirus Snapshot

**Globally, confirmed coronavirus cases topped 623.4 million with 6.5 million deaths; more than 12.8 billion vaccine doses have been administered.**

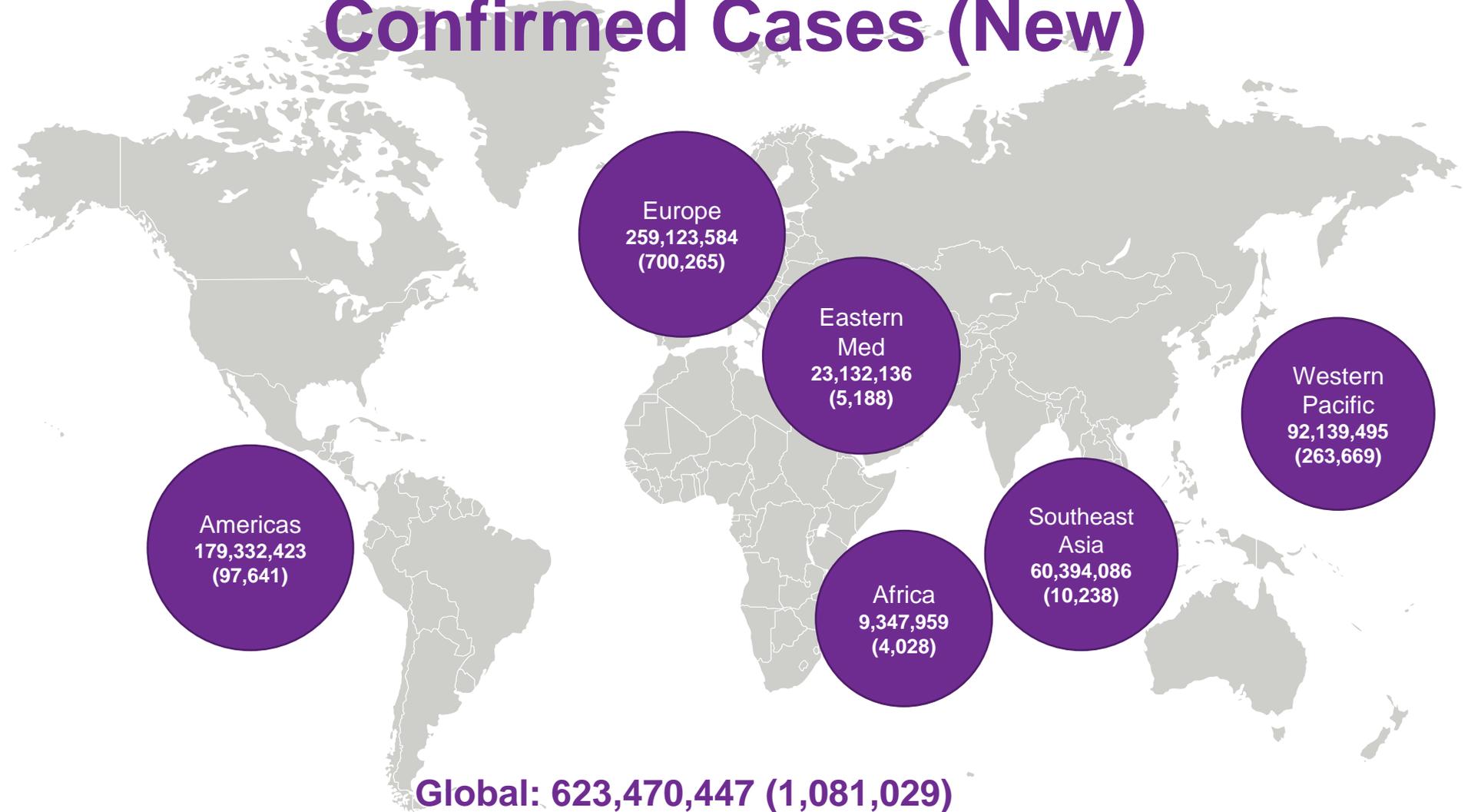
- Globally, the number of new weekly cases decreased by 6 percent during the week of 10 to 16 October 2022, as compared to the previous week, with over 2.9 million new cases reported.
- The number of new weekly deaths decreased by 17 percent, as compared to the previous week, with about 8,300 fatalities reported.

Figure 1. COVID-19 cases reported weekly by WHO Region, and global deaths, as of 16 October 2022\*\*



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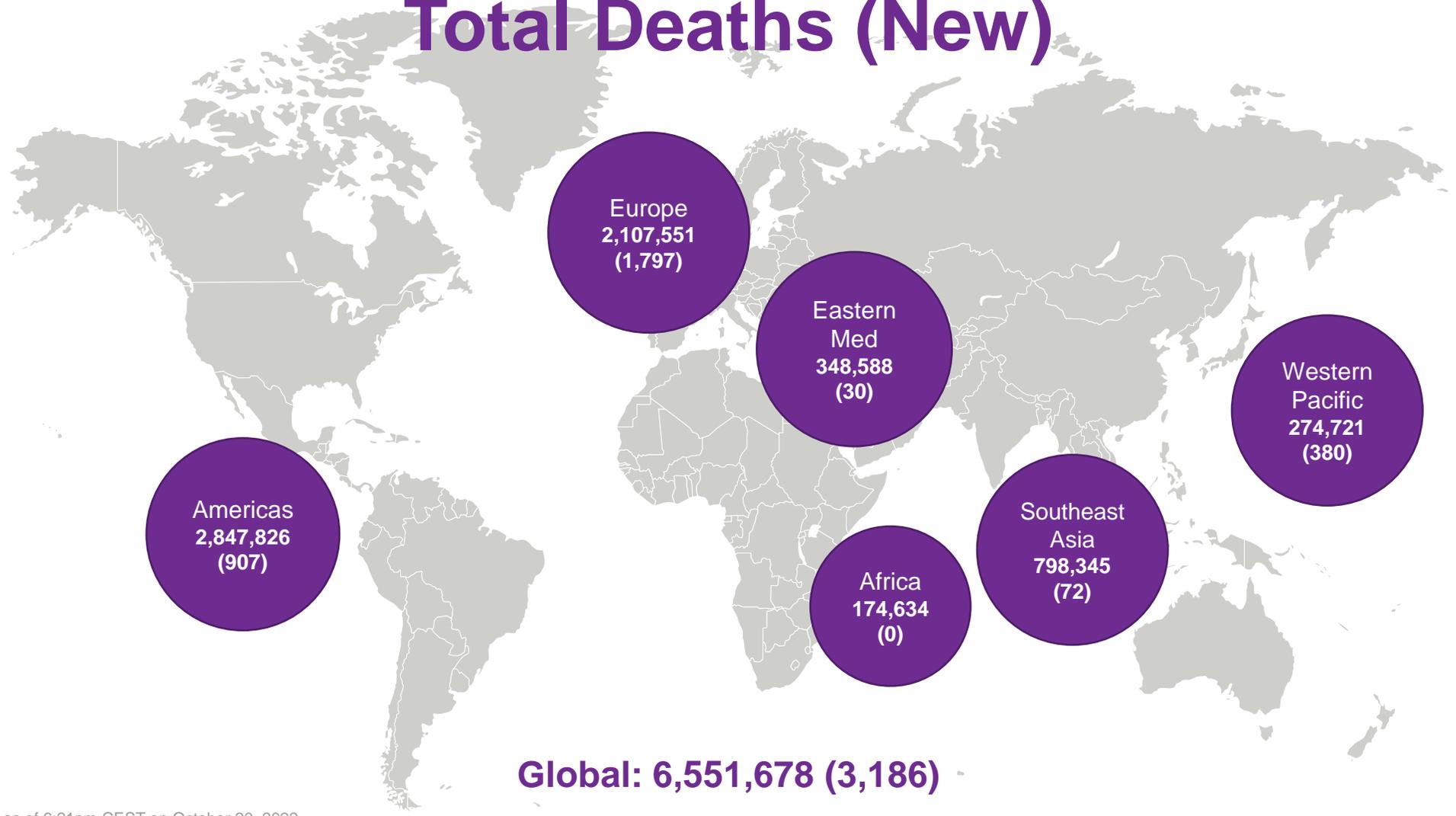
# Confirmed Cases (New)



Reflects data as of 6:21pm CEST on October 20, 2022.  
Data Source: World Health Organization

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# Total Deaths (New)



Reflects data as of 6:21pm CEST on October 20, 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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