

Dentons Flashpoint

Daily Global Situation Report

December 15, 2021

Global Situation Update: December 15, 2021

KEY TAKEAWAYS

Studies find that two-dose courses of Pfizer vaccine are less effective against Omicron, while a booster provides significant protection.

Russia vetoed a UN Security Council resolution that for the first time would have treated climate change as a threat to peace.

JPMorgan raised its forecast for Q4 GDP for China.

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WHAT WE'RE WATCHING

Online threat actors are already exploiting a recently reported zero-day vulnerability in Log4j, the Java-based logging tool from Apache, to compromise organizations globally. The logging tool is used in many applications written in the Java programming language and known software products or organizations vulnerable to the exploit include Apple iCloud, Amazon, Twitter, Cloudflare, Steam, Tencent, Baidu and NetEase, and popular game Minecraft.

Organizations need to identify which of their applications are using the vulnerable component, known as “Log4Shell,” as threat actors are sharing links to exploit code on the dark web. The latest version of the Log4j software, 2.15, mitigates the vulnerability and should be installed. Threat actors of varying capabilities will likely seek to exploit this critical vulnerability over the coming weeks, especially during downtime due to the holiday season.



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

Global

Globally, confirmed coronavirus cases topped 270.0 million with 5.3 million deaths; almost 8.2 billion vaccine doses have been administered. Last week, more than 4 million new cases were reported.

- France's Sanofi has delayed to 2022 the expected approval date for its **vaccine** against COVID-19 after an oversight body asked it to prolong its late-stage clinical trial.
- Russia's President Putin announced that he would attend the Opening Ceremonies of **Beijing's Winter Olympics** in February, sending a message of solidarity amid rising global tensions.
- Per a new study, all three US-authorized COVID-19 vaccines appear to be significantly less protective against the newly-detected **Omicron variant** of the coronavirus in laboratory testing, but a booster dose likely restores most of the protection.
- Per Hong Kong researchers, two doses of the Chinese-made Sinovac vaccine grant "*inadequate*" protection against the **Omicron variant**.

Global

The WHO assessed that the Omicron variant is spreading at a rate not seen with any previous variant and suggested it is now present in most countries, even if it has not yet been detected.

Figure 5. Presence of Variant of Concern (VOC) Omicron, data as of 14 December 2021 (4 pm CET)



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Markets & Business

iPhone introduced a new feature, the Legacy Contact setting, which allows the owner to specify who can access Apple iCloud information after the owner's death.

- **Royal Dutch Shell** will buy US-based solar and energy storage developer **Savion** from **Macquarie's Green Investment Group**, to expand its global solar portfolio.
- **Equinor** will drill more oil and gas exploration wells off Norway in 2022 than this year to help sustain the company's future cash flow.
- French waste and water management companies **Veolia and Suez** won EU antitrust approval for their 13 billion euro (\$14.7 billion) merger to create a global group better able to compete against Chinese rivals.
- **International Airlines Group**, the owner of **British Airways** and Iberia, has ended plans to acquire Spanish airline **Air Europa** after regulators raised competition concerns.
- **Inditex**, the world's biggest clothing retailer, reported Q3 sales and profits hit record highs, as the group sustained its rebound pandemic lockdowns.

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Environment, Sustainability & Governance

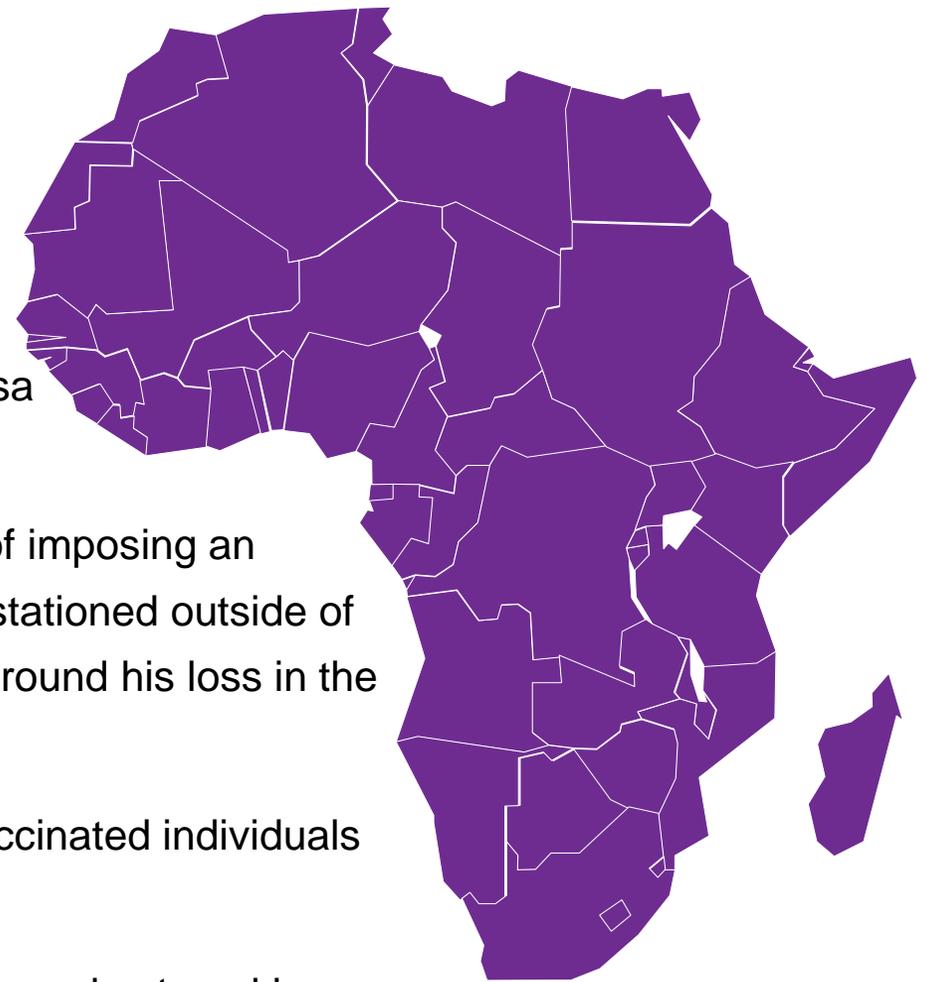
Russia vetoed the passage of a UN Security Council resolution that for the first time would have treated climate change as a threat to peace.

- McDonalds is planning a major expansion of its **Beyond Meat offerings** in 2022.
- Dell announced a new design concept for laptop that is sustainably built, designed to be long-lived, and repairable, in a bid to decrease **electronic waste**.
- The World Meteorological Organization reported that **Arctic temperature** soared to an unprecedented 100 degrees in 2020, recorded in Siberia in June, prompting the organization to create a new category of extremes — highest temperature at or north of the Arctic Circle. The Siberian measurement is the Arctic's hottest temperature on record.

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Africa

- The **South African** vice president received his booster shot in public and called for vaccine uptake, several days after President Ramaphosa tested positive for COVID-19.
- **Ugandan** opposition leader Bobi Wine accused President Museveni of imposing an illegal house arrest on him, saying that members of the military were stationed outside of his house 24/7. Wine, who was arrested and released several times around his loss in the presidential election, is currently running in a local election.
- A **Kenyan** court suspended a government policy that would ban unvaccinated individuals from entering many public spaces, set to begin on December 12.
- The **Nigerian** government said that it would take “diplomatic steps” to resolve travel bans it has called discriminatory, after last week hinting at retaliatory bans.

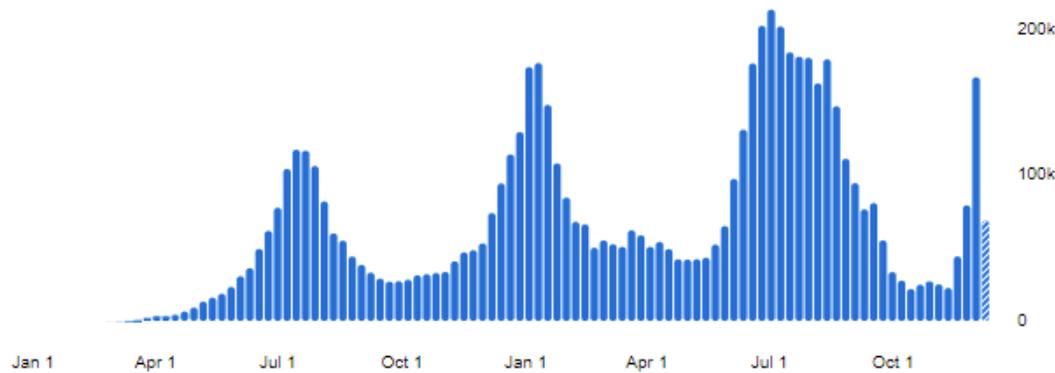


Africa

New COVID-19 cases grew 111 percent in Africa over the last week, the fastest surge since the onset of the pandemic. Deaths increased by 3.5 percent.

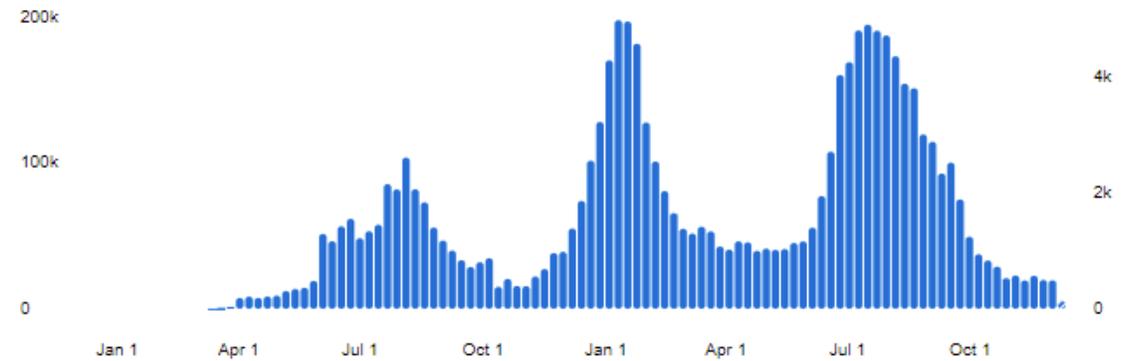
Africa

6,591,401
confirmed cases



Africa

153,895
deaths



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Asia

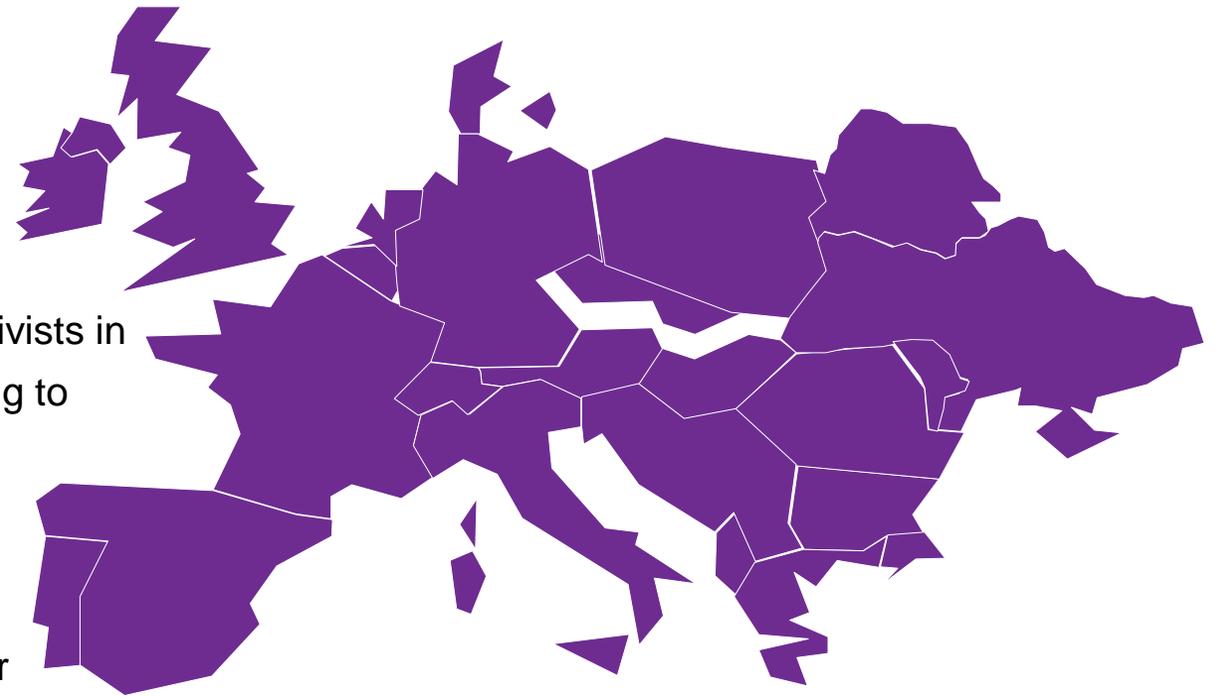
- The **Philippines** has detected two imported cases of the Omicron coronavirus variant.
- Today, **Australia** reopened borders to vaccinated skilled migrants and foreign students after a nearly two-year ban on their entry.
- **South Korea** warned it may reinstate stricter social distancing curbs as it posted record high new daily infections.
- JPMorgan raised its forecast for Q4 to 4.9 percent from 4.0 percent, and full year 2022 **China** GDP on Wednesday, following November data confirming some positive trends from numbers in October.
- **India** has approved a \$10 billion incentive plan to attract semiconductor fabricators and display manufacturers, as part of efforts to establish itself as a global electronics production hub.
- A **German** warship sailed into the **South China Sea** for the first time in almost 20 years, with Berlin joining other Western nations in expanding its military presence in the region amid growing alarm over China's territorial ambitions.



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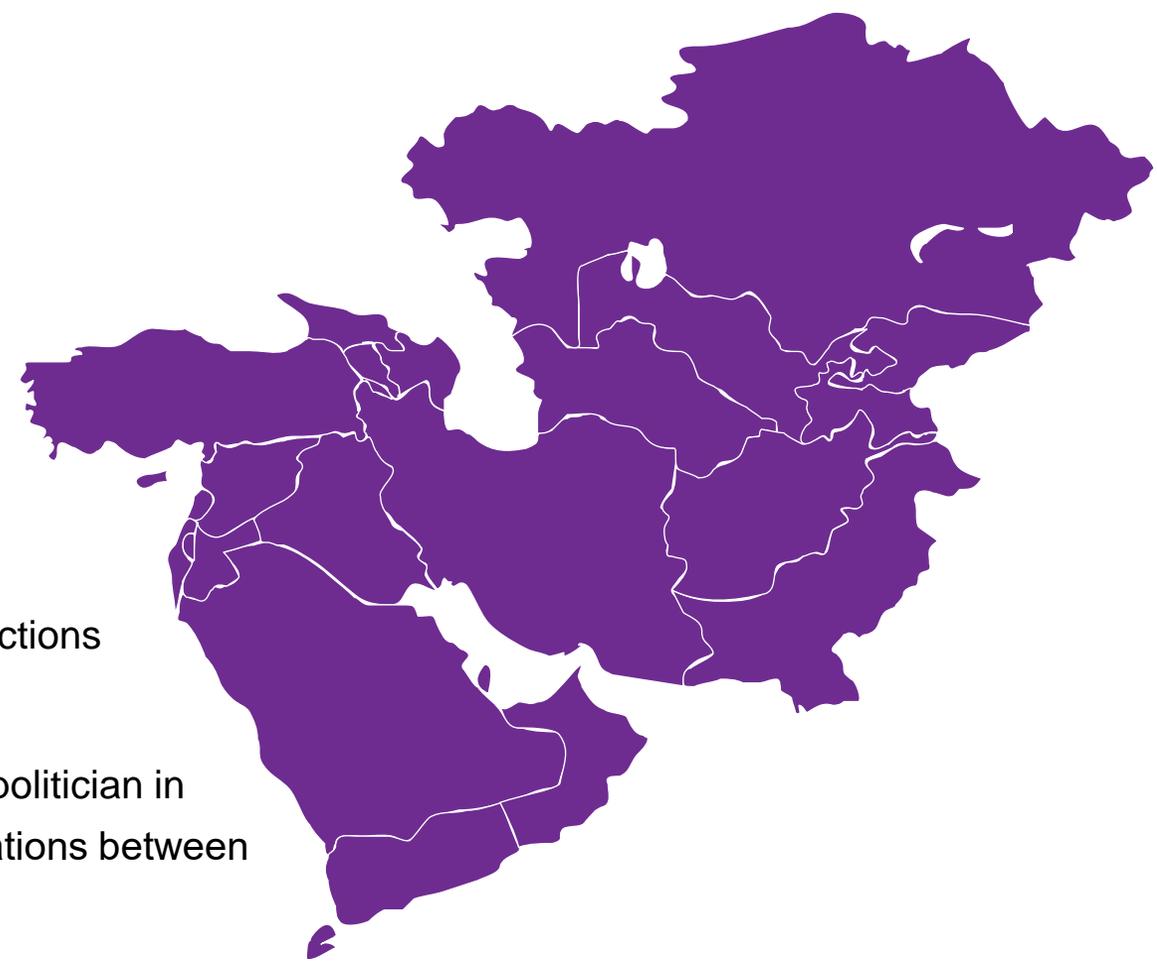
Europe

- **German** police said uncovered a plot by anti-vaccination activists in Saxony to murder the eastern German state's premier, adding to concerns about increasingly violent protests over plans for mandatory vaccinations.
- The **EU** is ready to scale up its sanctions and take "*unprecedented measures*" against **Russia** if it shows further aggression towards **Ukraine**, per European Commission President Ursula von der Leyen. Gas is unlikely to flow through the Nord Stream 2 pipeline if Russia renews its aggression against Ukraine, per **US** Secretary of State Blinken.
- **Lithuania's** diplomatic delegation to **China** left the country today in a hastily arranged departure, as relations soured further over Taiwan. Lithuanian authorities stated that the embassy would operate remotely for the time being.
- The **UK** announced plans to remove all countries from its travel "red list" on Britain due to the presence of community transmission in the country. Despite a conservative party rebellion, the British parliament approved new rules, which included ordering people to wear masks in public places and use COVID-19 passes for some venues. The **EU** predicted the Omicron variant would become dominant in the 27-nation bloc by mid-January.



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Middle East

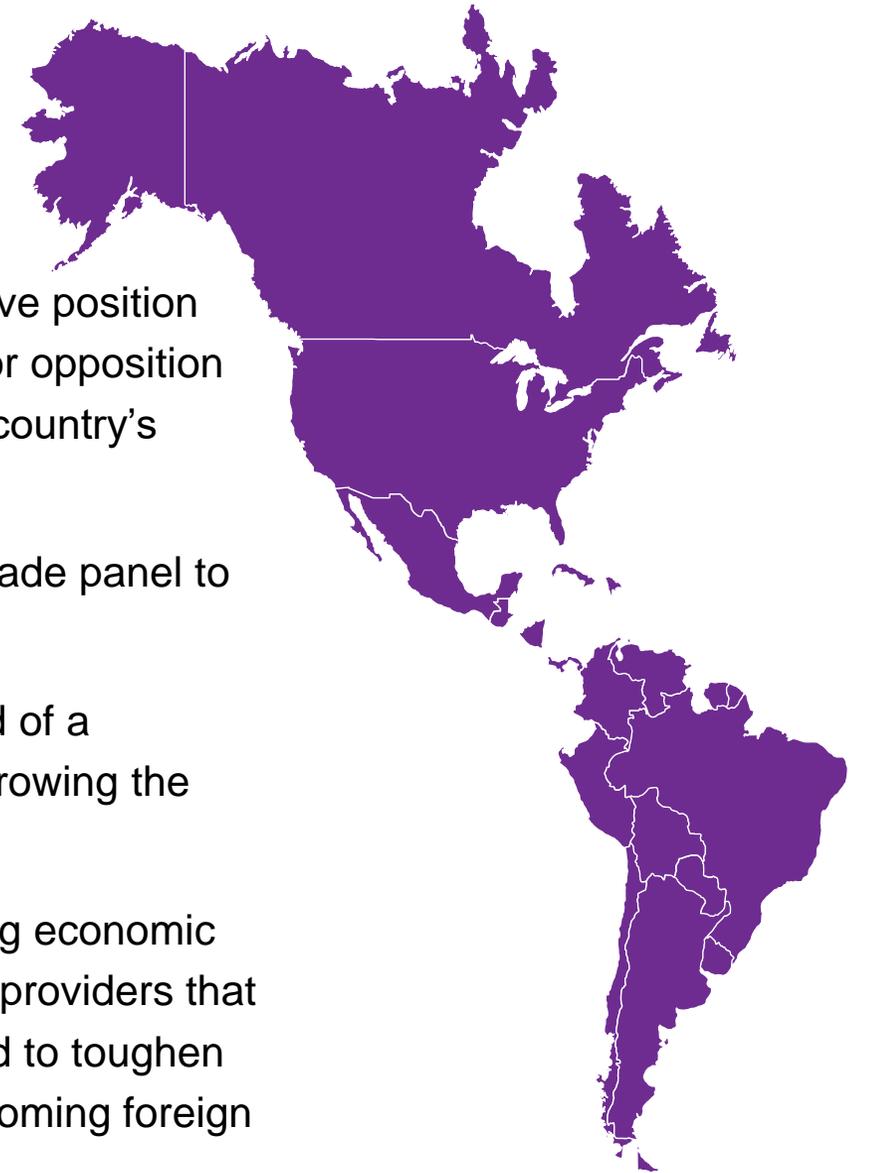


- **Tunisian** President Saied, widely accused of executing a “*soft coup*” to seize executive power, said that he will would hold a constitutional referendum and elections in 2022.
- The UN’s chief nuclear inspector warned that the world may get “*a very blurred image*” of **Iranian** nuclear capabilities due to restrictions on inspections.
- **Lebanon’s** top prosecutor instructed security officials to arrest a politician in connection with last year’s Beirut blast, ushering in new confrontations between politicians and the probe.
- Gulf Arab leaders convened in Riyadh for a **Gulf Cooperation Council** summit where they called on **Iran** to take concrete steps to ease tension while reiterating a call to include the region in talks between global powers and Iran.
- The **UAE** is reportedly pausing talks with the **US** on buying F-35 fighter jets, citing cost effectiveness, technical requirements, and sovereign considerations; the sale was originally announced by the Trump Administration but was slowed by the Biden Administration.

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Americas

- A former Bolsonaro defense appointee will reportedly take an administrative position overseeing **Brazil's** elections process; the appointment sparks concern for opposition politicians as the president has repeatedly questioned the security of the country's elections.
- **Mexican** President Obrador said that he may appeal to an international trade panel to resolve the **US'** “*discriminatory*” proposed electric vehicle tax credits.
- Polling indicates that **Chile's** presidential election race is tightening ahead of a polarized runoff on Sunday, with ultra-conservative Jose Antonio Kast narrowing the gap to leftist former student leader Gabriel Boric.
- **Canada's** government cut its deficit forecast for the next year, citing strong economic recovery. Canada said is still prepared to impose a tax on digital services providers that has drawn criticism from tech firms including Google. Canada is expected to toughen restrictions on international travel, including a ban on all non-essential incoming foreign travelers, including from the US.



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Americas: US

- Per CDC data, the US surpassed **50 million COVID-19 infections** and is nearing **800,000 deaths**. The US has averaged more than 116,000 new cases a day over the past week. Health officials warned that the **omicron variant** is rapidly spreading in the US and could peak in a massive wave of infections as soon as January. Only 55 million Americans have received **booster shots**, out of 200 million who are fully vaccinated. Apple will again require **masks** to be worn in all its US retail stores in response to Covid-19 infections
- The Federal Reserve is expected to announce today a more rapid scaling back of its enormous **stimulus program** and plan for interest rate increases next year, as it takes a more assertive stance against surging **inflation**.
- The Congress approved raising the federal government's **debt limit by \$2.5 trillion**, which once signed into law by President Biden will avert an unprecedented default.
- The House of Representatives passed legislation yesterday to ban imports from **China's** Xinjiang region over concerns about forced labor; the Senate is expected to pass the bill today and President Biden has stated he will sign the bill. The US is planning to add eight more Chinese firms, including DJI Technology Co Ltd, the largest commercial drone maker and biotech firms, to investment and export blacklists this week.



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Emerging and Existing Hotspots: Burkina Faso and the Crisis in the Sahel

By Matthew Gardell

As France nears a military drawdown in the Sahel, a series of political and security crises provoked by the rise of jihadist terrorism, most acutely in Burkina Faso, threaten the stability of the region.

In the first quarter of 2022, France will end its military operation in the Sahel. Originally designed as an intervention in Mali against Islamist militants, the mission expanded in 2014 to include Mali, Burkina Faso, Mauritania, Chad and Niger, aka the G5 Sahel. Fast forward seven years, and the Sahel remains gripped by jihadist terrorism. ISIL- and al-Qa'ida-affiliated groups have gained a foothold in the region, while political instability is rife across the Sahel. There are also great power considerations at play: as France and Western powers turn their attention elsewhere, there are increasing signs Russia (and perhaps China) will fill the void. Given

that the Sahel has vast deposits of natural resources, including oil, gas and uranium, the decision of Western powers to decouple themselves from the region could be a risky strategic gamble.

The Crisis in Burkina Faso

The ongoing political crisis in Burkina Faso is emblematic of the struggles the Sahel countries are facing. On December 8, Prime Minister Christophe Joseph Marie Dabire resigned. This, in turn, triggered the resignation of the entire Burkinabe government. Before Dabire's resignation, a series of mass protests rocked the country. The protests centered on the government's inability to improve the security situation and an uptick in ISIL attacks. ISIL affiliated groups have gained a foothold in Burkina Faso and are getting increasingly aggressive in their attacks and ambushes. In November, an ISIL affiliated group killed 53 paramilitary officers and four civilians. In response to increasing attacks, Burkina Faso and Niger recently conducted joint military operations. The Burkinabe army announced on December 14 that they killed about 100 jihadists as part of this campaign. The Sahel is emerging as the new theater of warfare against ISIL, with Burkina Faso acting as a ground zero.

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Emerging and Existing Hotspots: Burkina Faso and the Crisis in the Sahel

The rise in jihadist terrorism threatens economic development in the region as great stores of natural resources go untapped. Jihadist terrorism prevents foreign companies from investing in the Sahel and their in-country personnel are under constant threat. Disruptions to the mining industry is an example of this dynamic. Mining exploration companies have put their projects on hold leading to adverse effects for the entire industry. In Burkina Faso, mining represents 70% of export receipts. In particular, the gold mining industry is a potentially lucrative path to both economic development and commercial opportunities for foreign companies. Burkina Faso is now the fastest growing producer of gold in Africa. ISIS and al-Qa'ida linked terrorists are increasingly attacking miners and mining sites. The security costs of doing business is not conducive to foreign companies and many have begun to shut down sites. For example, in east Africa, where Islamist terrorism is also rampant, oil giants Total SE and ExxonMobil were forced to declare force majeure on a \$20 billion LNG operation after jihadist terrorists surround captured the nearby town for several weeks.

Great Power Competition in the Sahel

As the French complete their drawdown early next year and the US continues its pivot to the Indo Pacific, the Sahel may emerge as the latest battleground for great power competition. Russia is expanding its footprint in the region. During talks last week between Russia and Chad, there was an announcement that signals deeper Russian involvement in the Sahel with Moscow supporting the G5 Sahel by providing weapons, equipment and training peacekeepers. These efforts are designed to stem the rising tide of jihadist terrorism in the region. Outside of military and security interventions, Russia is also interested in deepening economic cooperation. As the Sahel is rich in natural resources, including oil, gold and uranium, Russia is keen on building commercial partnerships throughout the region. In fact, Foreign Minister Sergei Lavrov's remarks included the hope that Russia can invest in Chad, particularly in the fields of energy and the extraction of mineral resources.

Emerging and Existing Hotspots: Burkina Faso and the Crisis in the Sahel

There is also the question of China's engagement in the Sahel. During the Forum on China-Africa Cooperation held last month, the Senegalese Foreign Minister explicitly called for Chinese intervention against instability in the Sahel. China has already donated money and resources to the G5 Sahel with the purpose of fighting terrorism in the region. Although the purpose of China's engagement in Africa is still primarily commercial, reports indicate that China intends to establish a military base in nearby Equatorial Guinea which could signal that economic ties will expand into military cooperation.

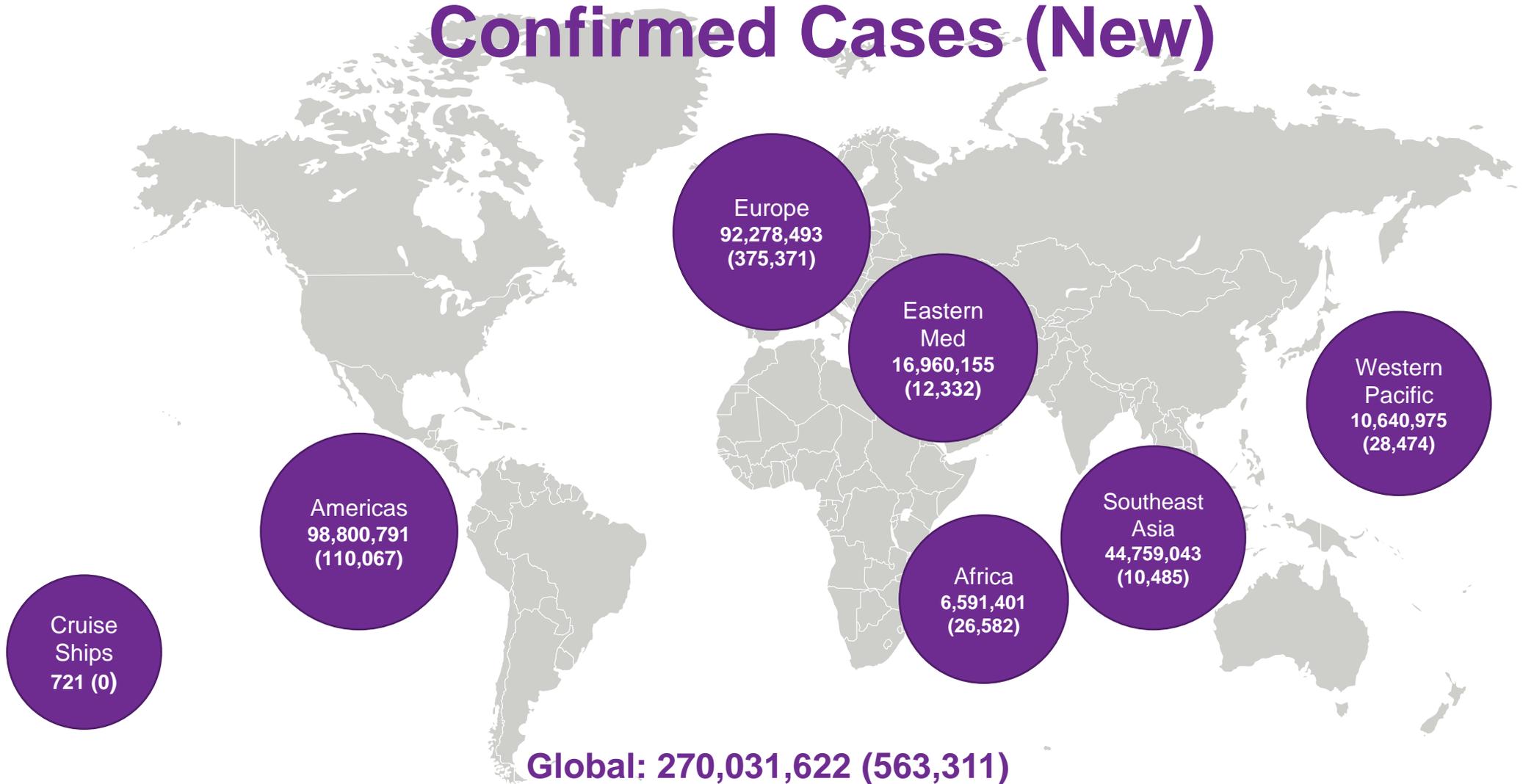
For multinational companies, the combination of growing terrorist threats and great power competition in the Sahel will make operations increasingly difficult as companies navigate what they need to do to keep their operations and personnel safe, and not get caught in political crossfire as great powers marshal their forces to expand their zone of influence.

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Coronavirus Condition Updates

As of 5:02 pm CEST on December 14, 2021

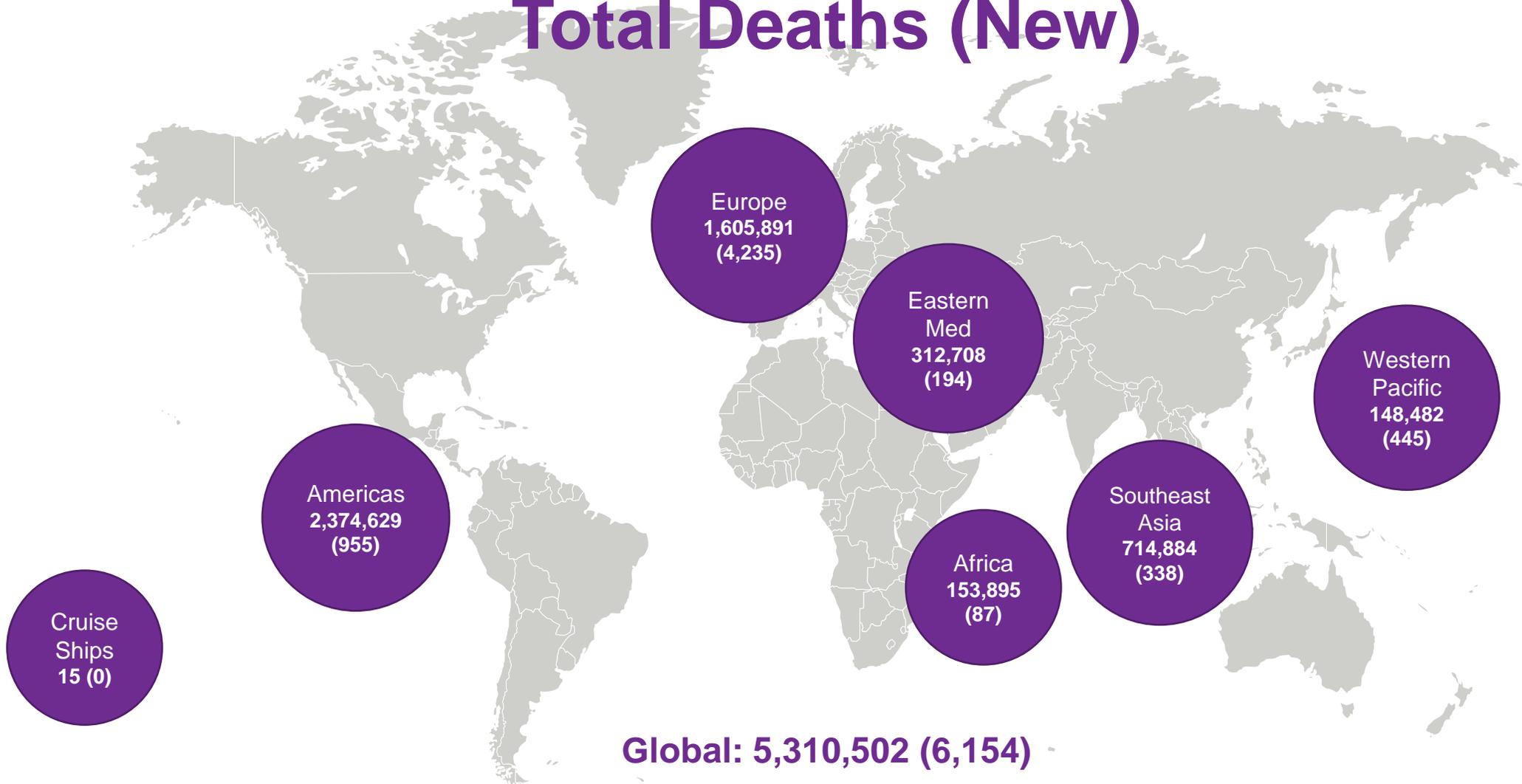
Confirmed Cases (New)



Reflects data as of 5:02 pm CEST on December 14, 2021.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 5:02 pm CEST on December 14, 2021.
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.

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