

# Dentons Flashpoint

## Daily Global Situation Report

October 1, 2021

# Global Situation Update: October 1, 2021

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## KEY TAKEAWAYS

The Central Banks of Mexico and Colombia raise interest rates to curb rising inflation as Germany logs 29-year inflation record.

The UK sees a 22 percent rise in weekly COVID-19 cases linked to spread from schoolchildren.

Government shutdown averted, House Speaker Pelosi pledges to push forward with make-or-break vote on bipartisan infrastructure bill.

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## WHAT WE'RE WATCHING

Tomorrow, a historic vote will be held in Qatar to elect 30 out of 45 members to its Shura Council. It is the first ever vote for a consultative body in the country and Qatari women will participate and are among the candidates. The Emir of Qatar will select the remaining 15 members to the Council, which has legislative authority and the power to make, amend or repeal law.

The election is likely to boost the political participation of Qataris and could mark the start of a gradual transition towards the country becoming a constitutional emirate. Such a development, although maybe not immediate, would enable the nation to portray itself as more politically progressive than its Gulf neighbors. Yesterday, the European Union wished Qatar good luck on the election and announced it will open a mission in Doha next year.



*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 233.1 million with 4.7 million deaths; more than 6.1 billion vaccine doses have been administered.**

- The **Serum Institute of India**, which produces the AstraZeneca COVID-19 vaccine, will resume small exports through **COVAX** this month and raise it substantially by January.
- A British study found that It is safe for people to receive a **COVID-19 vaccine and a flu shot** at the same time and it does not negatively impact the immune response produced by either.

# Markets & Business

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**The number of employees set to be fired by United Airlines over failure to get vaccinated is dropping, as a number of workers belatedly provide proof of vaccination.**

- **Elliot Management** has built a significant stake in Toshiba, prompting external analysts to watch how the activist hedge fund may seek to influence the company's strategic review. Elliot Management and **Starboard Value** have also taken stakes in insurance broker **Willis Towers Watson**, drawing attention to the company's plans to improve its business following the collapse of its planned merger with **Aon PLC**.
- **GM and Ford** announced that they will extend production cuts due to the continued semiconductor chip shortage; German carmaker **Opel** will shut its German plant for the rest of the year.
- US authorities are investigating **Morgan Stanley, Interactive Brokers LLC**, and several financial advisory firms for handling the accounts of a Venezuelan businessman under investigation for aiding a former Venezuelan oil minister with money laundering.
- **Zoom Video Communications'** bid to buy the cloud software provider **Five9** has collapsed just weeks after the US Department of Justice raised national security concerns over the \$14.7 billion deal.
- LinkedIn is facing growing controversy over blocking the Chinese accounts of several US journalists; prompting a US Senator to write to Microsoft in criticism of "*gross appeasement and an act of submission.*"

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# Africa

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- Only one third of **African** nations have achieved the target of vaccinating 10 percent of their population by the end of September, per the WHO.
- **Ethiopia** expelled seven senior UN officials, several days after the UN reported famine conditions throughout the embattled Tigray region. Ethiopians in several regions voted in a second round of parliamentary elections originally delayed because of violence; the second round is expected to confirm Prime Minister Ahmed's majority.
- Thousands of **Sudanese** citizens gathered in Khartoum to demand that the transition to civilian government continue, following several weeks of tension between the military and civilian components of the interim government.
- The head of the **African** Continental Free Trade Area said that patent laws are “*outdated*” and stunting the continent's modernization.



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# Asia

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- **Chinese** manufacturing activity unexpectedly shrank in September due to curbs on electricity use. China raised its rare earth metals output quota 20 percent, aiming to increase supplies for goods including semiconductor chips.
- Some manufacturers are reconsidering heavy reliance on **Vietnamese** factories, as COVID-19 outbreaks in recent weeks have caused factory shutdowns and disrupted production.
- **India** called on rich nations to contribute \$100 billion or more to help poorer nations fight climate change.
- **North Korean** leader Kim Jong Un said he would boost the country's nuclear capabilities, just after offering **South Korea** concessions in the form of restoring communications links.
- **Australian** Prime Minister Morrison on Friday announced an 18-month ban on Australians traveling abroad will be lifted from next month.

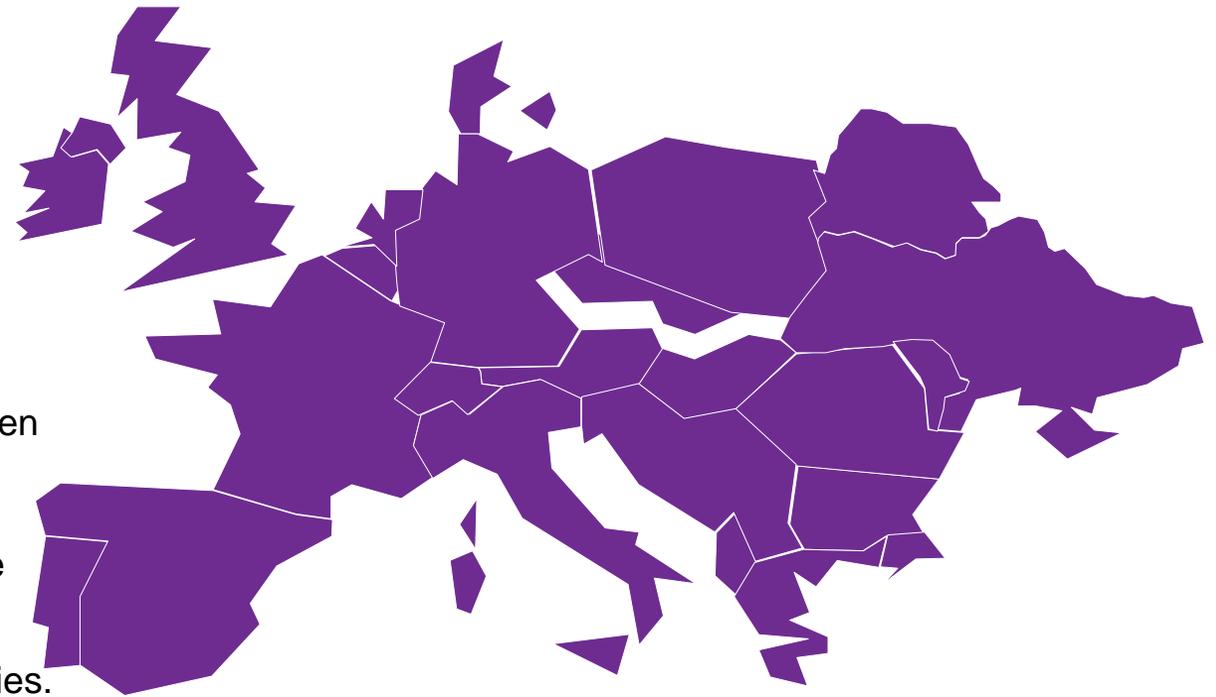


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# Europe

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- The **UK** saw a 22 percent surge in COVID-19 cases last week, a phenomenon that health experts believe is driven by schoolchildren passing the virus to their families.
- **Serbia and Kosovo** reached an **EU**-brokered agreement to ease tensions at their border, following weeks of disputes over license plate recognition rooted in deeper issues between the two countries.
- The Nationalbanken, **Denmark's** central bank cut interest rates deeper into negative territory, as the government continues trying to defend the national currency. **German** inflation hit a 29-year high of 4.1 percent in September. The **French** government will block any rises to gas and electricity prices by lowering taxes paid on power, in a further effort to staunch rising costs of energy across Europe. **UK** farmers warned of a potential cull of pigs due to a Brexit-related lack of meatpacking workers.
- Klára Dobrev, vice president of the European Parliament, won the first round of a **Romanian** opposition primary election that will choose a person to run against Prime Minister Orbán in 2022.



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# How do You Manage Cyber Risks?

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*Today, there are more risks for cybersecurity and a wider array of threat actors capable of doing damage to organizations due to rapid advances in technology. A single cyber breach risks dealing irrevocable harm to businesses and their critical assets.*

*Dentons offers business leaders a full complement of counseling and advice, regulatory and litigation services, analysis and intelligence products for cyber risk management that helps them thrive in complex operating environments, including:*

- ❖ organizational cyber risk assessment
- ❖ crisis management for cyber incidents
- ❖ privacy law and compromised data advice
- ❖ self-reporting, liaising with law enforcement following cyberattack
- ❖ ransomware attack guidance
- ❖ cybersecurity readiness and remediation
- ❖ cyberattack source and method identification

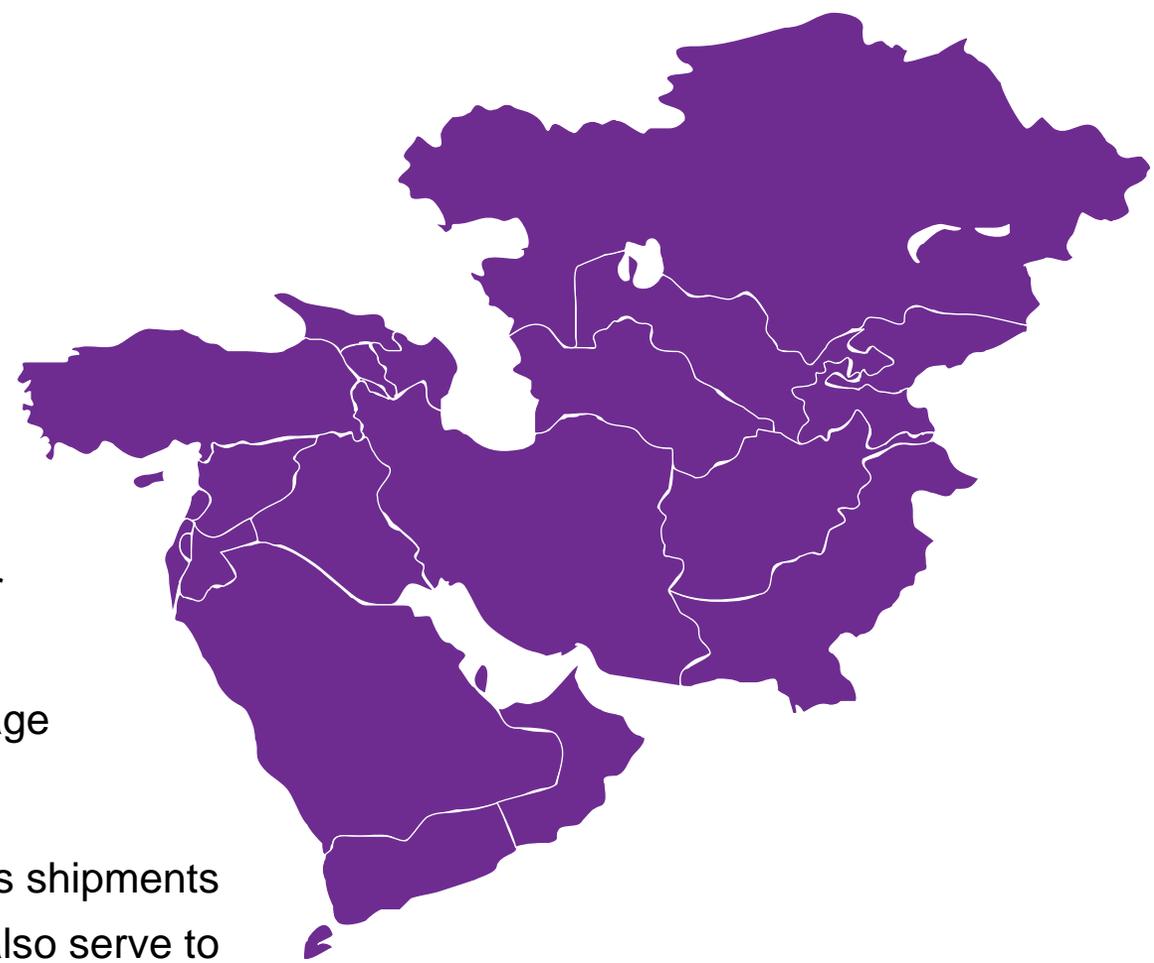
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*To learn more about the bespoke intelligence and risk services from Dentons, contact [Karl Hopkins](#).*

# Middle East

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- Dubai's Expo 2020 launches today, a long-postponed global convention the **UAE** hopes will serve as a major driver of investment and tourism.
- **EU** foreign policy chief Josep Borrell said that **Iranian** nuclear negotiations would resume in "*an acceptable period of time,*" following uncertainty on whether the **US** and Iran would manage to agree to negotiations.
- **Jordan** said that it was exploring ways to expedite natural gas shipments to **Lebanon** to help ease its fuel crisis; the shipments would also serve to counter the influence of Hizballah, which has taken several shipments of **Iranian** fuel.



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# Americas

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- The Central Banks of **Mexico and Colombia** raised key interest rates in an effort to curb rising inflation.
- **Colombia's** military chief estimated that about 1,900 Colombian rebels are operating out of **Venezuela**.
- The US and Mexico announced high-level security talks on October 8.
- Yesterday, **Canada** held the first National Day for Truth and Reconciliation honoring the lost children and survivors of indigenous schools.

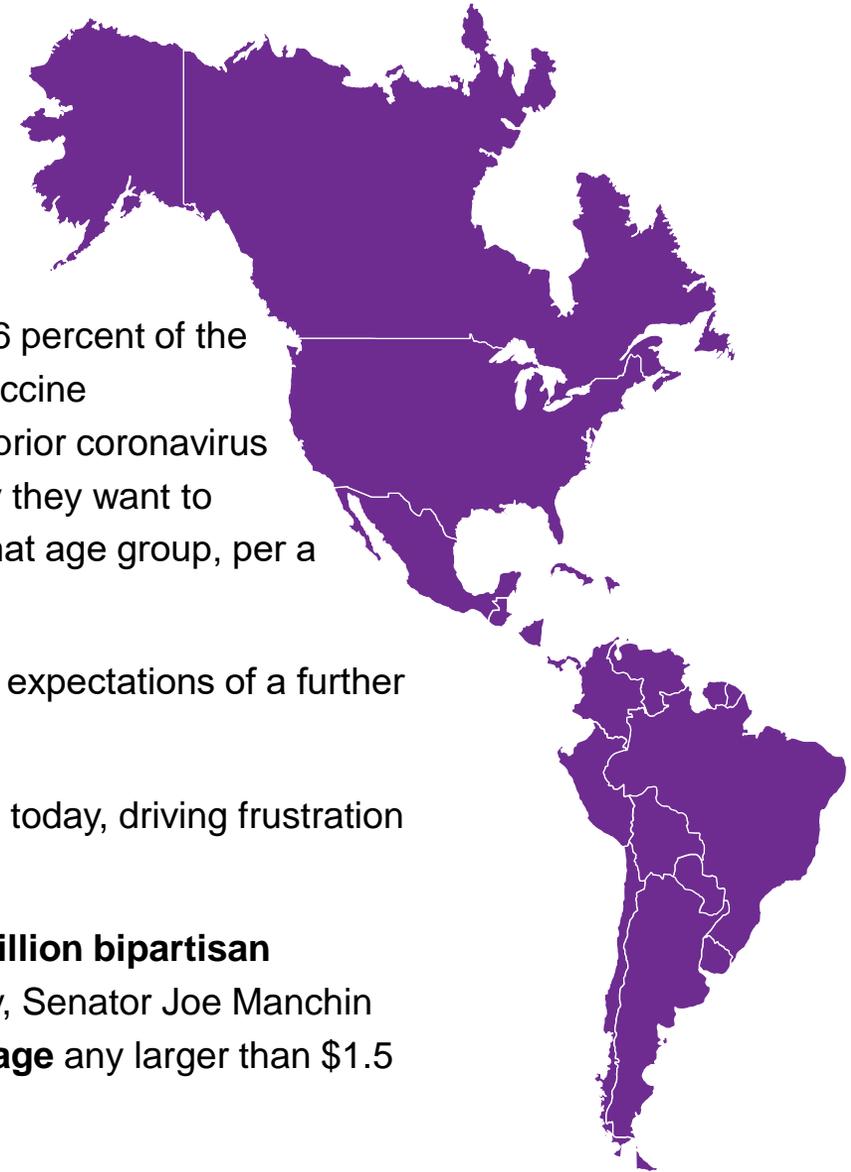


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# Americas: US

- Across the nation, 214.3 million have received at least one dose of the **vaccine**; or 64.6 percent of the total population. A **California judge upheld** the University of California's COVID-19 vaccine requirement against a challenge by a professor who alleged he had immunity due to a prior coronavirus infection, in what appears to be the first ruling on the issue. About a third of parents say they want to vaccinate their **5-to-11-year-old children** “*right away*” once a vaccine is available for that age group, per a Kaiser Family Foundation survey.
- **Weekly jobless claims** rose to their highest level in seven weeks, despite economists’ expectations of a further drop-off.
- The government is set to allow some 80,000 employment-based **green cards** to expire today, driving frustration among long-term foreign workers seeking permanent residence in the US.
- House Speaker Pelosi pledged to press ahead with a vote on President Biden’s **\$1.2 trillion bipartisan infrastructure bill**, despite threats from progressives to tank the legislation. Separately, Senator Joe Manchin (D-WV) told Democratic leaders that he would not vote for a **reconciliation-only package** any larger than \$1.5 trillion, considerably below the previously targeted \$3.5 trillion.
- Congress approved a **stopgap funding measure** to avoid a government shutdown, which President Biden signed into law late last night. The Senate **confirmed** Rohit Chopra to head the Consumer Financial Protection Bureau.

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# Formal and Informal Economic Sanctions Evolve as a Tool of Foreign Policy

***The emergence of economic sanctions as an essential element of the foreign policy toolkit has been a long running trend, but the status quo has provoked an intense backlash and recent developments indicate that change is on the horizon***

Amid the criticism, their popularity continues to rise, and they remain the go-to response for many key players in the global economy. Recent Atlantic Council analysis found that all but one major listing authority saw an increase in their total designations between January 2021 and September 2021. The main developments are instead changes in how sanctions are used and who is using them, reflecting broader geopolitical shifts, rather than an outright rejection of the tool. The compliance risks around engaging with sanctioned economies are moving from the fringes of the global economy to its core. Companies and individuals must be prepared to adapt in this chaotic new environment where geopolitics and business are once again bound together.

The Biden Administration is currently undergoing a review of US sanction policy, and

the US' unique role in the global economy and financial system gives it unparalleled influence in shaping this issue. Any changes resulting from the review will have major ripple effects. Senior officials reportedly expect the new policy to be released by the end of summer, as early as the first of October, but the potential conclusions impact on policy will be nuanced. Calls for reform come from a diverse range of critics in Washington and abroad, including the conservative Hudson Institute, Iran's president, the libertarian Cato Institute, left-wing NGO CODEPINK, the US Presbyterian Church, and the UN High Commissioner for Human Rights. While all these groups and stakeholders agree US policy is flawed, their recommendations vary dramatically on how to address several common themes. Many emphasize that sanctions should be a tool rather than a replacement for a comprehensive policy.

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# Formal and Informal Economic Sanctions Evolve as a Tool of Foreign Policy

UN High Commissioner for Human Rights Bachelet summarized another main criticism, saying that sanctions can “create severe and undue suffering for individuals who had neither perpetrated crimes nor otherwise bore responsibility.” The Executive Branch has significant flexibility in how it implements any recommendation, but this power has its limits, so the comprehensive, lasting reforms many call for would require legislative action at a time when Congress and President Biden are focused on other priorities.

The more immediate changes are emerging outside the US as other powers adopt sanctions and other coercive economic tools or respond to their increasing use. The EU, UK, and Canada adopted laws enabling them to target individuals for human rights abuses around the globe. These laws align closely with the US Magnitsky mechanism and enable like-minded countries to move in parallel to respond to crises by expanding the scope and scale of how sanctions can be applied. Frequent targets of western sanctions are likewise taking steps to retaliate and discourage company compliance. While the total number of individuals designated by China remains low, the number increased 118% between January 2021 and September 2021, suggesting a deliberate pivot to formalizing designations. These formal designations

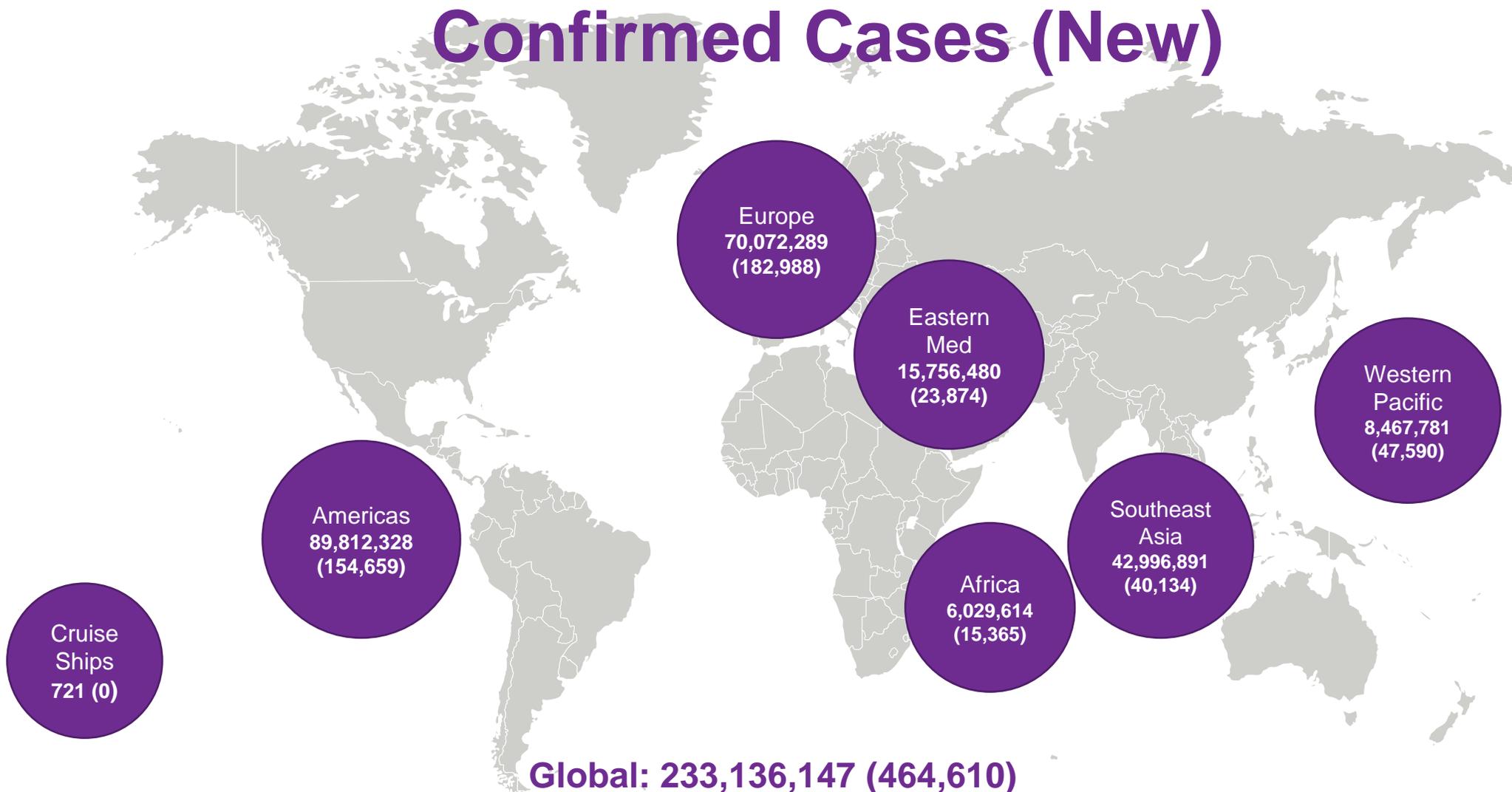
do not tell the whole story, however - businesses operating in sensitive political contexts must be aware of “violations” that may not appear in legal guidance but can be equally damaging. As China and the US exchanged hostile rhetoric over the situation in Xinjiang, companies faced legal and public pressure in western markets to prevent forced labor in their supply chains. Vocal attempts to comply, however, drew boycotts and protests against the brand in China. Ben & Jerry’s was caught in a similar situation when pro-Palestine activists pressured the company to end sales to Israeli settlements in the Palestinian Territories. The subsequent backlash from pro-Israel groups included US state governors threatening the company under the states’ anti-Boycott, Divestment and Sanctions (BDS) laws. These laws are themselves a reaction to grassroots efforts to pressure and punish companies who do business in Israeli settlements. These complex, overlapping, and mutually exclusive legal and public expectations add yet another layer for companies to navigate. In an increasingly multipolar world where coercive economic tools become the go-to for major economies and activist groups with global reach, understanding the political dynamics in critical markets is more important than ever.

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# Coronavirus Condition Updates

As of 5:15 pm CEST on September 30, 2021

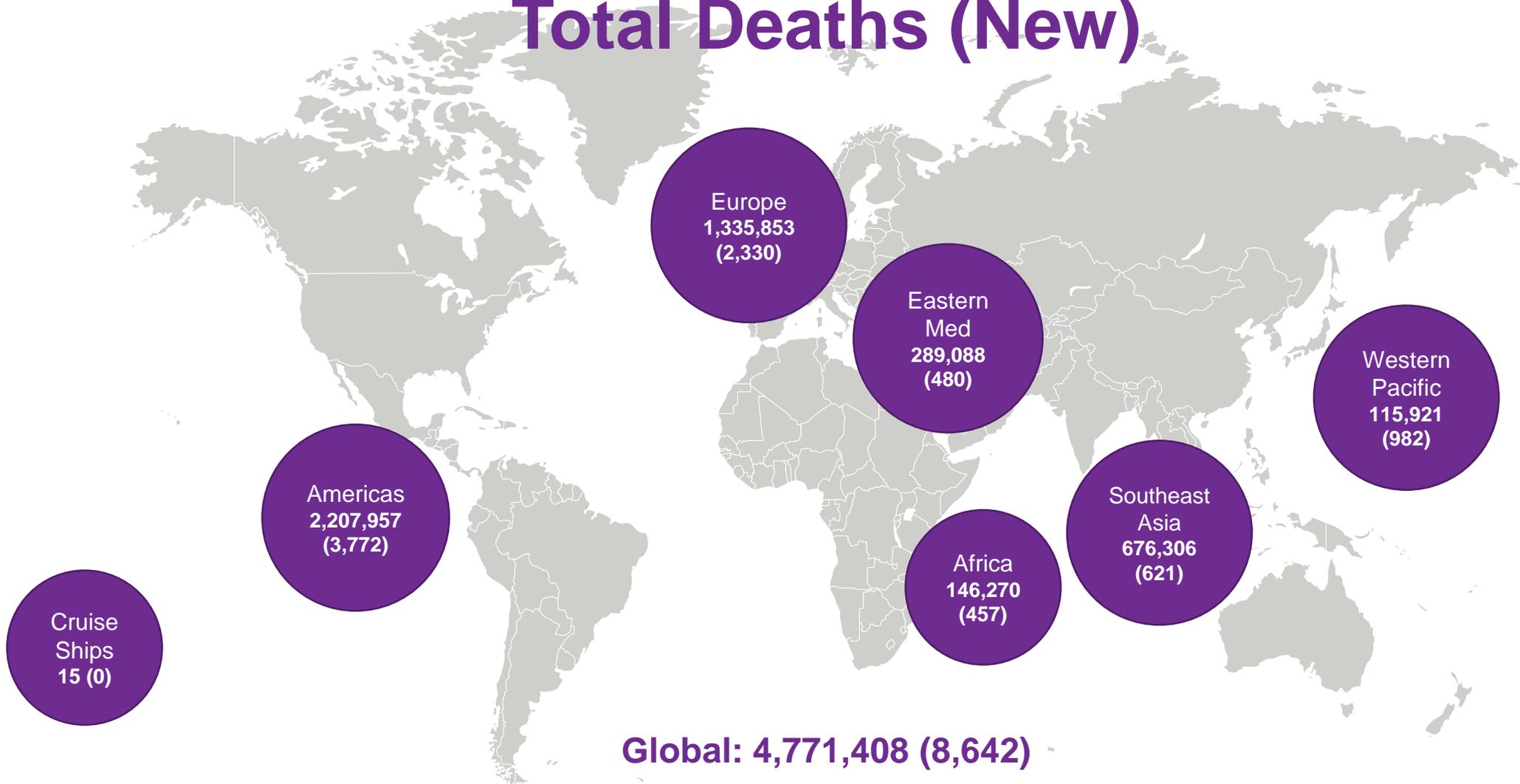
# Confirmed Cases (New)



Reflects data as of 5:15 pm CEST on September 30, 2021.  
Data Source: World Health Organization

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# Total Deaths (New)



Reflects data as of 5:15 pm CEST on September 30, 2021  
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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## **Karl Hopkins**

Partner and Global Chief Security Officer  
Dentons  
Washington, DC

D +1 202 408 9225  
[karl.hopkins@dentons.com](mailto:karl.hopkins@dentons.com)

## **Melissa Mahle**

Senior Analyst  
Dentons  
Washington, DC

D +1 202 408 6383  
[melissa.mahle@dentons.com](mailto:melissa.mahle@dentons.com)