

Dentons Flashpoint

Daily Global Situation Report

April 19, 2022

Global Situation Update: April 19, 2022

KEY TAKEAWAYS

Russia launched its offensive in the Donbas.

The World Bank again downgraded its forecast for the global economy.

The US lifts the mask mandate on public transportation.

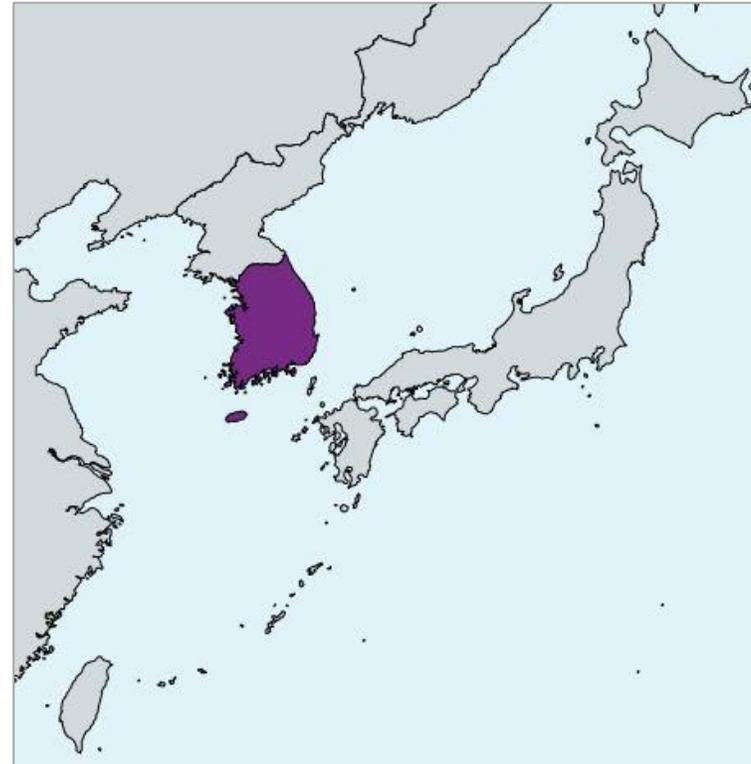
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Global Situation Update: April 19, 2022

WHAT WE'RE WATCHING

The Korean Peninsula is facing heightened risk as US and South Korean officials meet in Seoul this week to discuss what they predict is a forthcoming nuclear test by the North. The US Special Representative for North Korea is leading the American delegation amid concerns that Pyongyang might test miniaturized nuclear warheads that could be carried by missiles it has recently launched.

High-level meetings in Seoul come amid an annual springtime US-South Korea joint military exercise, which the North typically views as war rehearsals. These drills precede the 90th anniversary of the founding of the North Korean People's Revolutionary Army next week which will see military events on that side of the border.



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Global

The US will boycott some meetings of the G20 this week in protest of Russian virtual participation and to put pressure on other participating countries who have yet to condemn Russia's war on Ukraine.

- Russian forces tried to push through Ukrainian defenses along almost the entire front line in eastern Ukraine today, launching the "***Battle of the Donbas.***"
- As global oil prices continue to rise, the EU continued to consider an **oil embargo on Russia.**
- As the World Bank and IMF spring meetings convene, the World Bank again downgraded its forecast for the **global economy** to 3.2 percent in 2022, down from its previous estimate of 4.1 percent. The World Bank expects that global poverty rates will be driven up as the world copes with sudden increases in prices of energy, fertilizer and food. Rising interest rates are expected to slow growth and exacerbate inequality.

Markets & Business

Oil prices rose more than 1 percent on Monday, with Brent crude topping \$114 a barrel, as outages in Libya deepened concern over tight global supply amid the Ukraine crisis.

- The US Securities and Exchange commission charged 16 defendants located in the Bahamas, the British Virgin Islands, Bulgaria, Canada, the Cayman Islands, Monaco, Spain, Turkey and the UK, with participating in multiyear **penny stock schemes** that generated more than \$194 million in illicit proceeds.
- French music streaming company **Deezer** is planning to go public by merging with a SPAC backed by billionaire François Pinault's investment group and investment banker Matthieu Pigasse.
- **Apollo Global Management Inc.** is considering participating in a bid for **Twitter Inc.**, after Elon Musk's \$43 billion bid put the social-media company in play. Apollo could provide Musk or another bidder like private-equity firm **Thoma Bravo LP** with equity or debt to support an offer.
- **Rivian Automotive Inc.** CEO Scaringe is warning that the auto industry could soon face a shortage of battery supplies for electric vehicles, surpassing the problem of the current computer-chip shortage.

Environment, Sustainability & Governance

IBM's Institute for Business Value (IBV) study found that of 16,000 workers from 10 countries, 67 percent of the respondents report that they are more willing to apply for jobs at companies they view as sustainable.

- Bain & Company announced a new commitment to achieve **net negative carbon status** from this year onward.
- US utility company National Grid plans **to eliminate fossil fuels** from its heating systems in New York state and Massachusetts by 2050, primarily by expanding the use of electric heat pumps and sourcing more renewable natural gas.
- A Rolls-Royce design for a **small modular nuclear reactor** will likely receive UK regulatory approval by mid-2024 and be able to produce grid power by 2029.
- Amazon has commissioned an audit to look into “**disparate racial impacts**” from its employment practices on its US frontline workforce in response to pressure from shareholders who accused the company of putting a disproportionate number of workers of color in harm's way in its warehouses, where injury rates are higher than the industry average.

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Africa

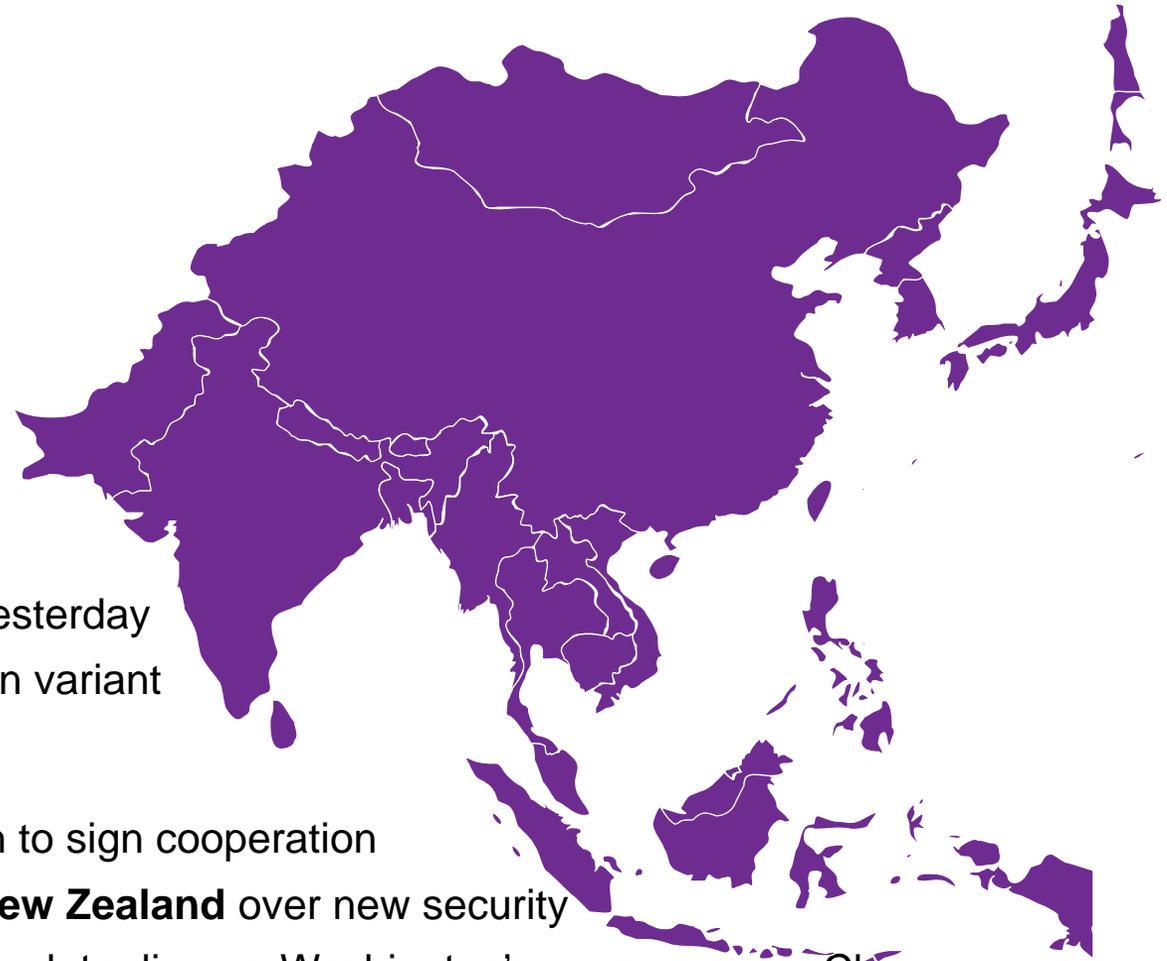
- A mortar fire attack on **Somalia's** parliament injured at least six people, not including members of parliament; al-Shabab claimed responsibility for the attack.
- The **Malian** government announced that they had received a shipment of two military helicopters from **Russia**, adding to the growing alignment between Mali and Russia at the expense of **EU** troops and training.
- A new UNICEF report found that 11,536 schools in **Nigeria** have closed since 2020 due to security concerns and the pandemic.
- The **South African** military was deployed to the KwaZulu-Natal Province, where more than 440 people have died as a result of historic mudslides and flooding and dozens are missing. South African utility Eskom announced nighttime power cuts to replenish emergency stores.



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Asia

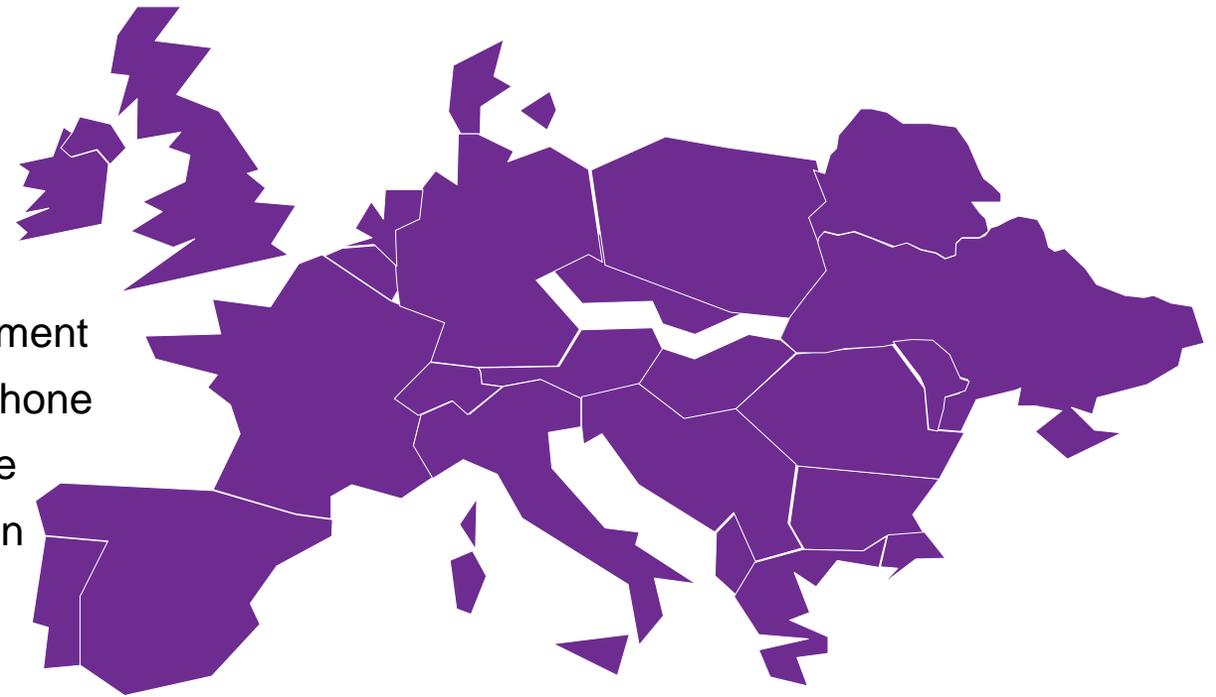
- The IMF will consider providing quick financial assistance to debt-burdened **Sri Lanka** as the country seeks to attract bridge financing to pay for essential imports of fuel, food and medicines.
- **South Korea** lifted almost all of its COVID-19 precautions yesterday in a major step towards a return to normal life as the Omicron variant recedes.
- **China** will send officials to the **Solomon Islands** next month to sign cooperation agreements, amid a backlash from the **US, Australia and New Zealand** over new security ties between Beijing and Honiara. US officials will visit this week to discuss Washington's concerns over China.
- Shanghai authorities pleaded for public cooperation with a massive new push to test most of the population for COVID-19 as the **Chinese** city steps up efforts to bring community transmission down to zero after nearly three weeks of lockdown.



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Europe

- Catalonia's regional leader accused the **Spanish** government of spying on its citizens after a rights group advised his phone and dozens more belonging to Catalan pro-independence figures had been infected with spyware used by sovereign states.
- **Poland** will not take or pay for more doses of COVID-19 vaccine under the **EU's** supply contract, per its health minister, setting the stage for a legal battle with manufacturers. The country has seen lower vaccine uptake than most of the EU and has surplus vaccine stock, part of which it has already sold or donated to other countries.
- President Macron promised to make **France** the "*first great nation*" to stop using oil, coal and gas as energy sources, in a pitch to young and green voters he fears could abstain in next week's election runoff.



Middle East



- The **UAE** again expanded and simplified its visa system, part of a push to increase skilled migration and foster an attractive business environment.
- **Iranian** spokespeople said that a nuclear deal is “*not in sight*,” further dimming prospects for a successful deal.
- **Jordan** summoned the **Israeli** ambassador and condemned the violence at al-Aqsa mosque, throwing a wrench in recent efforts to improve Jordanian-Israeli ties. Israel said that its Iron Dome had shot down a missile launched from **Gaza** for the first time in seven months. Israel carried out airstrikes in Gaza early Tuesday in response to the attack.
- In Afghanistan, three explosions rocked a high school in western Kabul today, killing at least six people and injuring children in the neighborhood belong to the Shia Hazara community, an ethnic and religious minority frequently targeted by Sunni militant groups, including Islamic State.

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How do You Manage Incident Response?

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:

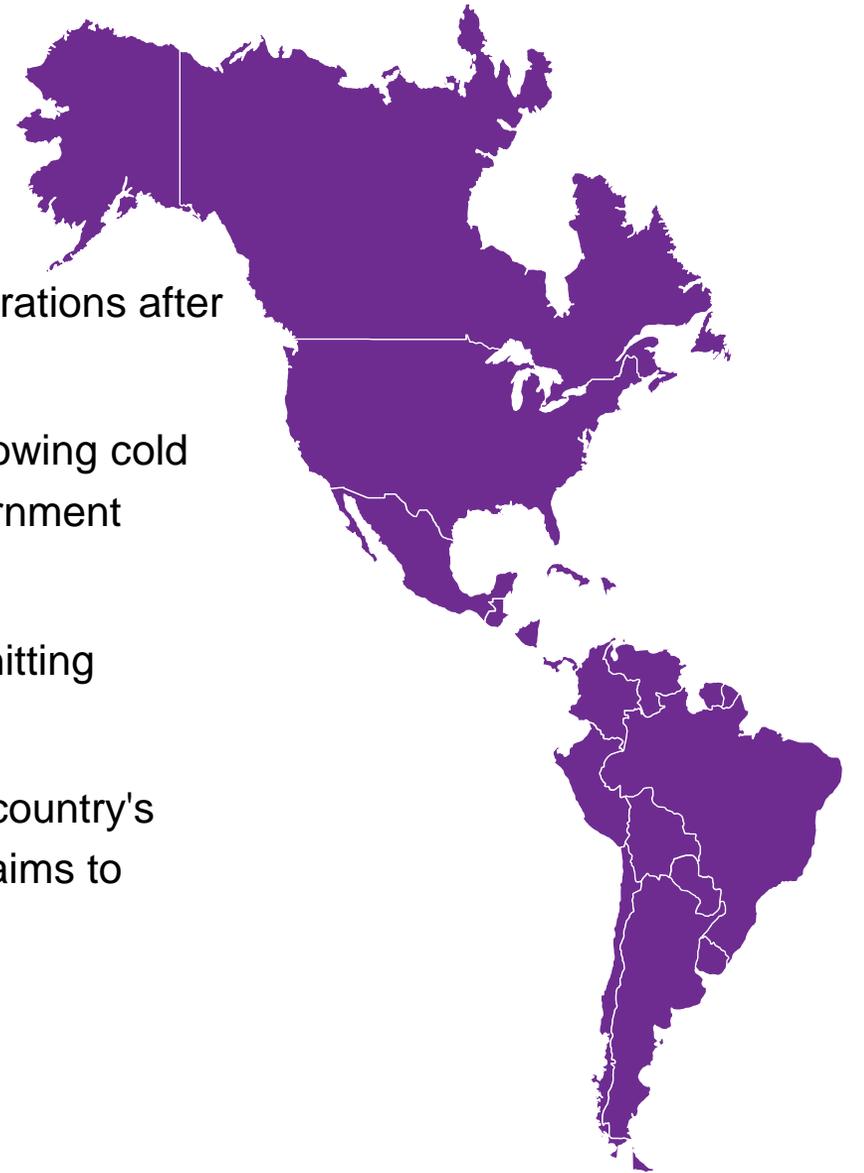
- ❖ Ransomware tabletop exercises
- ❖ Post-tabletop action reports
- ❖ Maturity assessments for preparedness
- ❖ Supply-chain attack simulation
- ❖ Comprehensive incident response plan
- ❖ Threat analysis and monitoring

All interaction with Dentons is attorney-client privileged

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

Americas

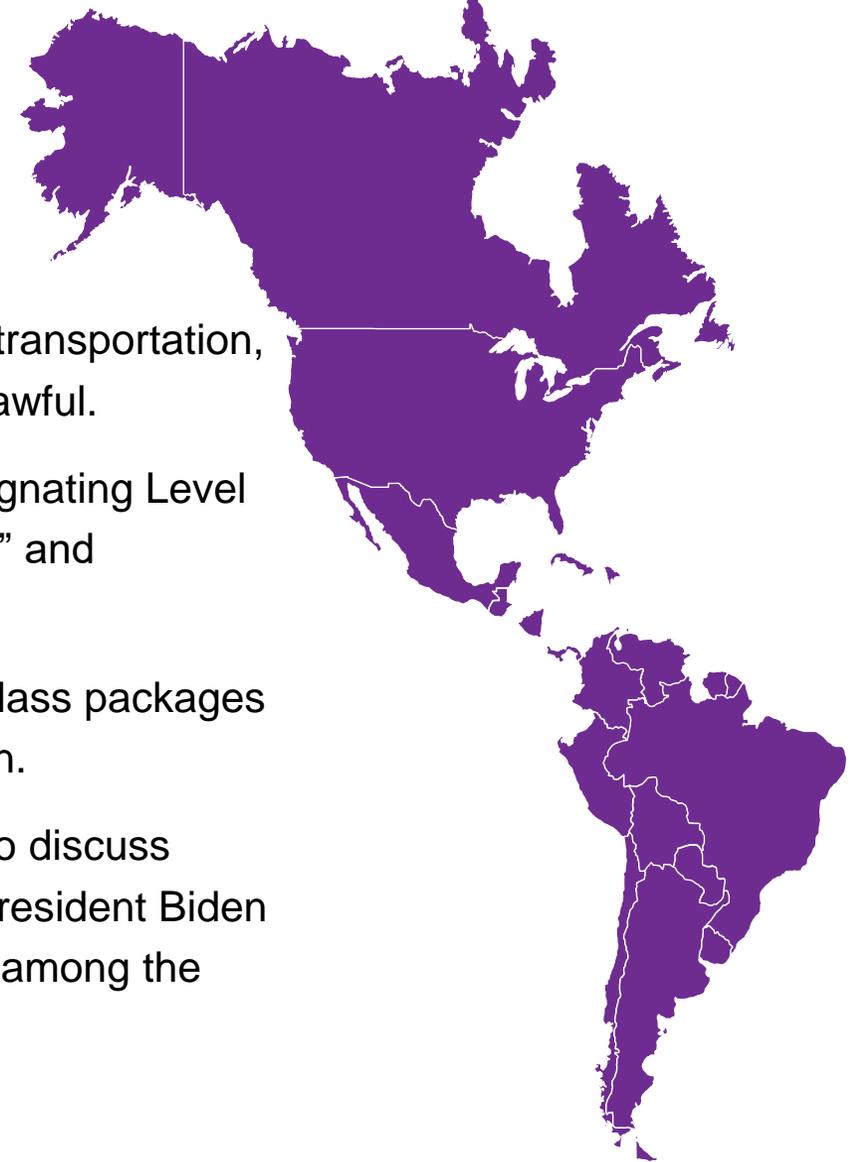
- In **Peru**, MMG Ltd's Las Bambas copper mine once again suspended operations after indigenous protesters entered the mine site.
- **Brazilian** officials said that a public salary increase is not yet decided, throwing cold water on a tentative 5 percent increase that would seek to quell anti-government protests amid inflation and rising costs.
- Electricity cuts are worsening in the **Venezuelan** border state of Tachira, hitting attempts to revive the economy amid loosened currency controls.
- **Mexico's** Congress opened debate on Monday on an amendment to the country's mining law presented by President Andres Manuel Lopez Obrador which aims to nationalize lithium reserves.



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Americas: US

- The Biden administration will no longer enforce a **mask mandate** on public transportation, after a federal judge in Florida ruled that the 14-month-old directive was unlawful.
- The CDC updated its international **COVID-19 travel advisory system**, designating Level 4 for extreme scenarios, now labeled “Special Circumstances/Do Not Travel” and dropping all countries in Level 4 to Level 3.
- The **US Postal Service** will slow delivery times for nearly a third of all first-class packages as part of its effort to lower costs and reduce its reliance on air transportation.
- American and **Cuban** officials are due to meet in Washington on Thursday to discuss migration concerns in the highest-level formal US talks with Havana since President Biden took office last year. The US wants Cuba to take back more deportees from among the record numbers of Cubans arriving at the US-Mexican border.



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Trade Flows, the Russia-Ukraine War, and Globalization

By Anni Coonan

Much like during the onset of the COVID-19 pandemic, severe trade interruptions as a result of the Russian invasion of Ukraine have led to some speculation that the age of globalized trade is over. While global trade flows are experiencing, and will continue to experience, large-scale shifts and disruptions, global trade paths are simply changing, rather than ending.

While energy and grain shortages, in particular, roil global markets in the immediate term, longer-term disruptions such as increased logistics prices as shipping routes shift and increasing division between regional markets will endanger future national and global economic recovery and trade.

Is Supply Chain Nationalization on the Horizon?

Similar to reactions to the beginning of the COVID-19 pandemic, the Russia-Ukraine war has sparked some to worry that severe trade disruptions will deal a final blow to globalized trade. While countries certainly made moves to nationalize or otherwise protect some key supply chains after the pandemic wake-up call – such as African efforts to establish regional vaccine development and manufacturing, or US initiatives to increase mining for rare earth metals key for electric vehicle batteries and computer chips – CPB

World Trade Monitor data shows that world trade volume rebounded strongly following the initial contraction after the COVID-19 pandemic began. Outside of strategic repositioning that is already underway in key industries, such as efforts to diversify chipmaking and pharmaceutical supply chains and find long-term energy solutions for Europe, the example of the coronavirus pandemic shows that trade will likely bounce back quickly if demand remains static. The constraint, however, will increasingly be supply and logistical concerns as the global market struggles to adjust to the loss of Russian and Ukrainian exports and new challenges for transporting goods.

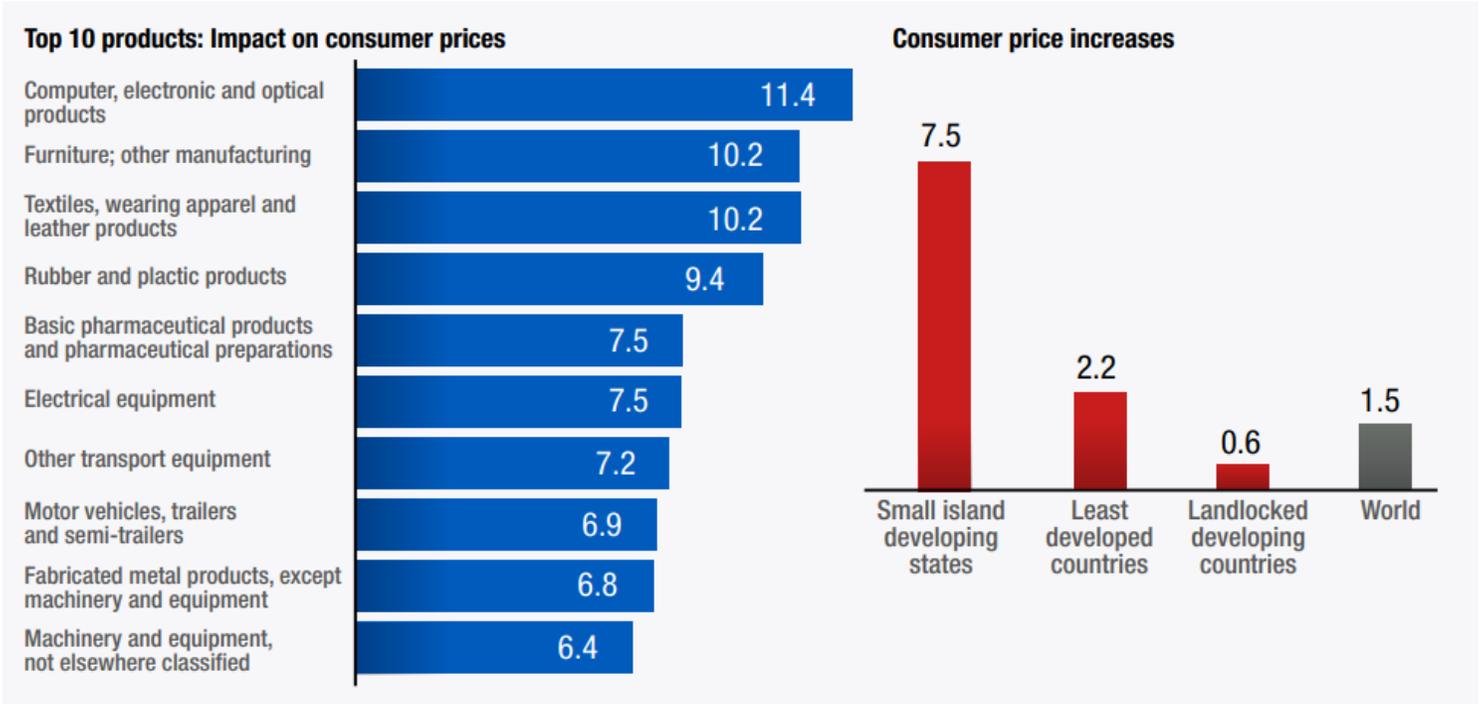
Other Disruptions

Despite the unlikelihood of full supply chain nationalization as a result of the Russia-Ukraine war, global trade is still facing

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Trade Flows, the Russia-Ukraine War, and Globalization

Figure 5: Simulated impact of higher container freight rates*
(Percentage)



Source: UNCTAD, Review of Maritime Transport 2021 (United Nations publication, Sales No. E.21.II.D.21, Geneva).

* The simulation does not reflect consequences of the war in Ukraine. It can only illustrate the prices, by product group and country group, more strongly impacted in general by an increase in maritime freight rates.

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Trade Flows, the Russia-Ukraine War, and Globalization

significant disruptions. In addition to well-covered spikes in fuel prices and grain shortages as a result of conflict and sanctions on Russian exports, the cost of logistics is rising as exporters race to avoid the conflict-ridden eastern European route or divert shipments to new recipients. According to the United Nations Conference on Trade and Development (UNCTAD), if the volumes currently going by container rail were added to the Asia–Europe ocean freight demand, this would mean a 5 to 8 per cent increase in an already congested trade route. Increased congestion will lengthen shipping times, further reducing already tight cargo container and ship availability, and contributing to rising prices for many commodities. UNCTAD simulated that the container freight rate increase during the pandemic increased global consumer prices by 1.5 per cent, a number that could go up as disruptions continue.

New Solutions Creating Winners and Losers

As governments and businesses race to replace goods restricted by the Russia-Ukraine war, some governments and businesses will stand to benefit from the global reshuffle. Chief among the winners will be alternate sources for energy and grains – Asian liquefied natural gas (LNG) suppliers, for example, are benefiting from record

high prices as Europe seeks alternate fuel sources, and Qatar has signed an agreement to begin scaling up its LNG production to sell to Germany. Even Kurdistan, which has shown LNG potential left mostly untapped due to governance and security issues, is reportedly planning to boost its production and seek to export to European markets, potentially bolstering a long-faltering economy. India, on the other hand, seems set to experience success in wheat exports to Middle Eastern and African states, which are heavily dependent Russian and Ukrainian exports; last week, Egypt agreed to source 3 million tons of its domestic wheat quota from India (making up half of its lost imports from Russia and Ukraine), and Indian media has reported that Morocco, Tunisia, Indonesia, Philippines, Thailand, Vietnam and Lebanon are among the other countries sending delegations to India to discuss increasing their wheat orders. Last week, Indian Food, Commerce and Industry Minister Goyal said that the country aims to increase its wheat export by 50 percent in this fiscal year, a goal made feasible if not certain by increased planting and a historic bumper crop.

On the other hand, even in the unlikely event that the Russia-Ukraine war comes to a conclusion in the next few weeks, Russian and Ukrainian exports are likely to be scarred from the prolonged

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Trade Flows, the Russia-Ukraine War, and Globalization

disruption from conflict and sanctions. The Ukrainian cereals planting and harvesting cycle has been interrupted by the invasion; even if Russian troops withdrew tomorrow, farmers would be unable to prepare for their spring plantings, meaning the loss of another year of exports income, likely forcing much of the sector to abandon their unprofitable farms. Russian exports, too, will likely see scars for years to come, even if the war comes to an acceptable conclusion and sanctions are lifted; while the Russian rouble has mostly rebounded, being cut off from western markets and from much of the international financing world will certainly damage Russia's economy. Finally, trade disruptions have damaged the global economy as a whole: just last week, the World Bank slashed its global growth forecast for the fiscal year from 4.1 percent to 3.2 percent, and ING analysts estimate that while global trade volume will still expand this year, it will do so at a slower pace (due to Asian COVID-19 lockdowns in addition to the war), handicapping ongoing COVID-19 economic recovery.

The Future of Trade

As the world observes changing trade flows following the Russia-Ukraine war, the pivotal actor to watch may be China, not Russia.

The principal break amid the current crisis is not between Russia and its allies and trading partners, but between China and its partners – the Harvard Business Review recently found that, in a recent UN vote condemning the Russian invasion, of the 39 percent of world trade that was not between countries that voted for the UN resolution condemning the invasion, the majority was with China. Almost a quarter of world trade was between China and countries that voted for the resolution, meaning that for those countries – which publicly sided with the anti-Russia, pro-NATO alliance at the UN – there may be future trade disruptions with Beijing on the horizon, as countries are increasingly called to publicly choose. The longer the conflict in Ukraine persists, the more new trade realities will calcify, empowering new partners, making the distance between strategic rivals ever-harder to bridge in the event of a conclusion, and making the middle ground more and more untenable for non-aligned countries.

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Ukraine War Update: Battle of Donbas Begins

Russian forces tried to push through Ukrainian defenses along almost the entire front line in eastern Ukraine today, launching the "Battle of the Donbas."

Political Developments

US President Biden will convene a meeting of allies and partners today to discuss the war in Ukraine after Kyiv announced Russia had launched a major new offensive in the eastern Donbas region.

US Treasury Secretary. Yellen will boycott several meetings of Group of 20 nations this week to protest Russia's invasion of Ukraine, with a conference in Washington emerging as a key test for world leaders who have yet to condemn the war. Yellen will attend the opening session of the G-20 finance ministers to show support for Ukraine's finance minister, who has flown in from Kyiv for the conference.

China told Russia it will continue to increase "*strategic coordination*" with it regardless of international volatility, per a foreign ministry statement.

French President Macron said his efforts to mediate with Russian President Putin have stalled since the discovery of hundreds of civilian bodies in Bucha.

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Russian President Putin honored the unit that allegedly committed atrocities in Bucha for the "*mass heroism and valor, tenacity and courage.*" He gave the 64th motorized rifle brigade the honorary title of "*Guards.*"

Battlefield Developments

With the launch of the Donbas offensive, Ukraine's general staff said Russian forces aimed to establish full control over the Donetsk, Luhansk and Kherson regions, while intensifying missile strikes in western Ukraine.

The Institute for the Study of War assessed that Russian forces may be able to wear down Ukrainian positions in eastern Ukraine through the heavy concentration of firepower and sheer weight of numbers, but likely at a high cost. A sudden and dramatic Russian offensive success remains highly unlikely; however, Ukrainian tactical losses would not spell the end of the campaign in eastern Ukraine, much less the war as a whole.

Ukraine War Update: Battle of Donbas Begins

In shelling overnight, Russia claimed to have hit three military command posts and 53 areas containing equipment and military personnel. Ukrainian cities from Lviv in the west to Kreminna in the east reported shelling of civilian and military infrastructure.

Ukrainian officials reported that Russian forces had taken over the Luhansk town of Kreminna and one other town, but elsewhere the Ukrainian military was holding out its defense.

US defense officials reported that Russia added thousands of troops to southern and eastern Ukraine over the past several days in preparation for the Donbas offensive. Russia now has about 76 battalion tactical groups inside Ukraine, concentrated in the eastern and southern parts of the country, representing an increase of about 11 battalion tactical groups.

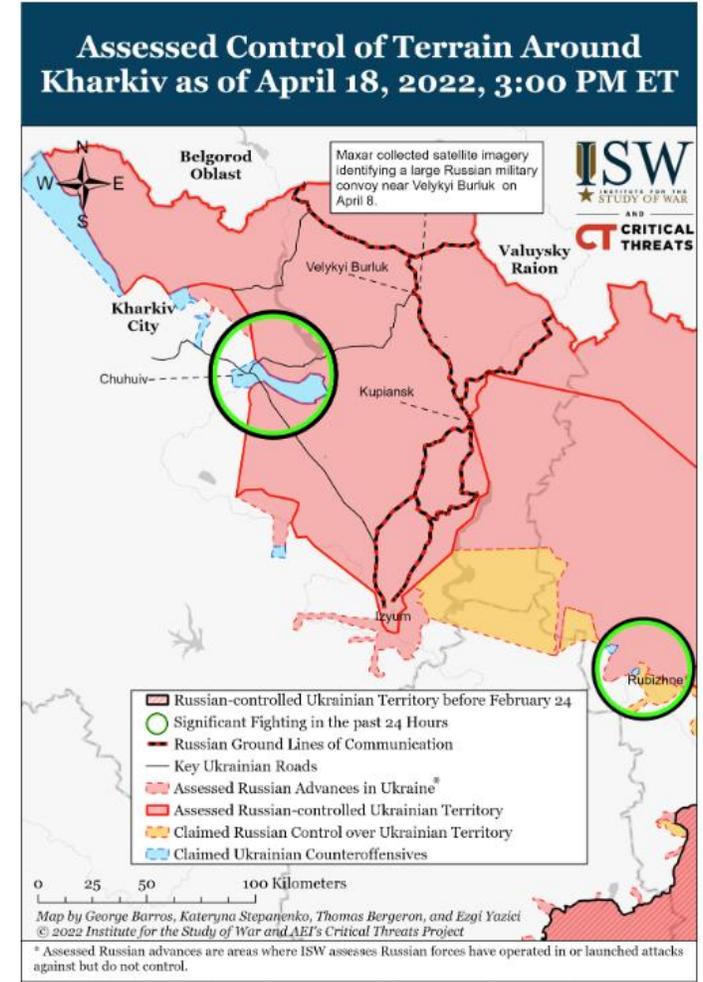
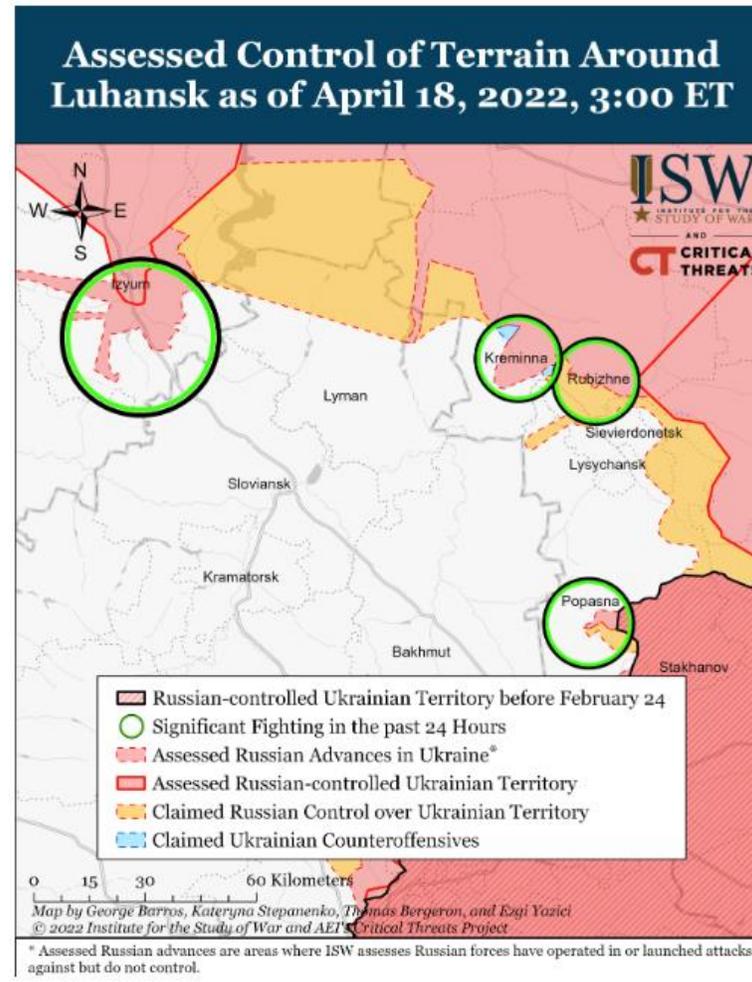
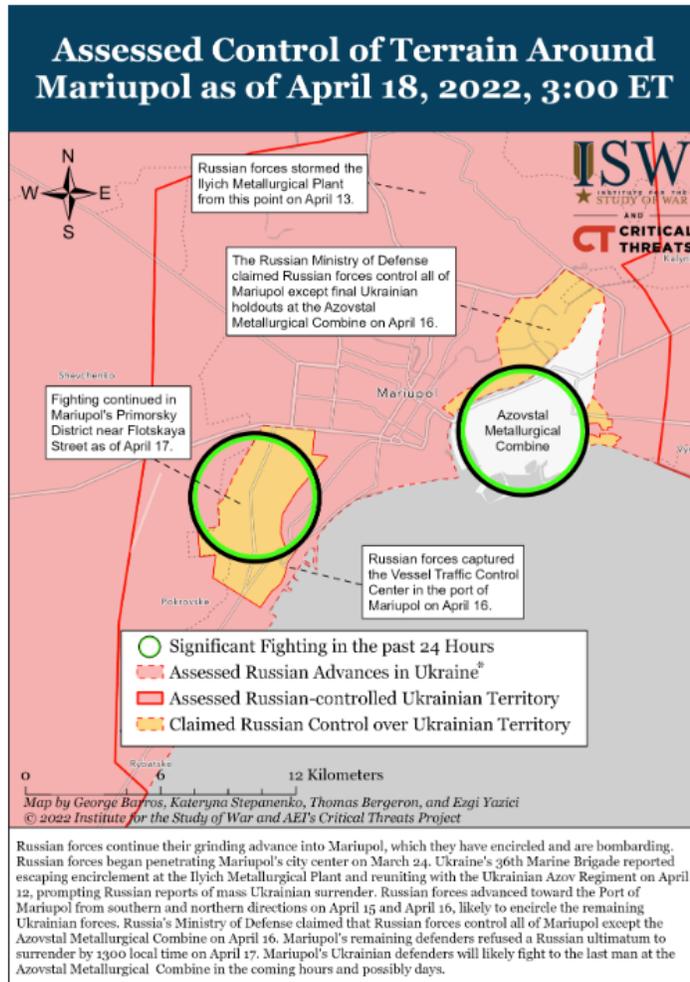
The Pentagon also assessed that Russia appears to be learning from its mistakes during the invasion's first weeks and is outfitting forces in the east with materiel needed to repair and resupply fighters.

Russia continued trying to capture the southeastern port city of Mariupol, which has been under siege since the beginning of the invasion. Control of Mariupol is crucial for Russia as it attempts to secure the Azov coast and create a corridor between Crimea and Donbas. Today, Russia set a new deadline for Ukrainian defenders to surrender.



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Ukraine War Update: Battle of Donbas Begins



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

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Ukraine War Update: Battle of Donbas Begins

The besieged city's local government said on Monday evening that Russian forces were attacking the Azov steelworks, where the last Ukrainian troops were holding out in underground passageways, with heavy bombs. There are at least 1,000 civilians, mostly women, children and elderly people, in the plant's shelters. The mayor of Mariupol said Russian troops have been "*forcibly deporting*" civilians from Mariupol to Russia or Russian-controlled regions in Ukraine.

US shipment of weapons from the new \$800-million package aid have started to arrive in Ukraine. The US expects to move forward in the next few days on training Ukrainian troops outside of Ukraine on using howitzers and new radar systems, including counter-battery radars to pinpoint the course of Russian artillery fire. The US is sending 18 155 mm howitzers as part of a fresh infusion of weapons.

Humanitarian Developments

For the third successive day, Ukraine was unable to secure Russia's agreement to establish any humanitarian corridors to evacuate civilians trapped in cities and towns.

The United Nations has documented 136 attacks on health-care facilities in Ukraine that have left 73 people dead and 52 injured.

Economic Developments

French Finance Minister Le Maire said today that an EU embargo on Russian oil was in the works.

White House said it was considering additional sanctions against Russia as punishment for Moscow's continued invasion of Ukraine.

Carmaker Stellantis announced it was suspending production at its Russian plant due to logistical difficulties and sanctions imposed on Moscow. The world's fourth-largest automaker, which produced and sold the Peugeot, Citroën, Opel, Jeep, and Fiat brands in Russia, has just 1 percent of the country's car market.

Russia-owned Gazprom Marketing & Trading narrowly averted insolvency in March by meeting a key monthly payment deadline, but concerns are mounting over whether it can remain afloat in April. Its collapse could plunge European gas markets into disarray.

Ukraine War Update: Battle of Donbas Begins

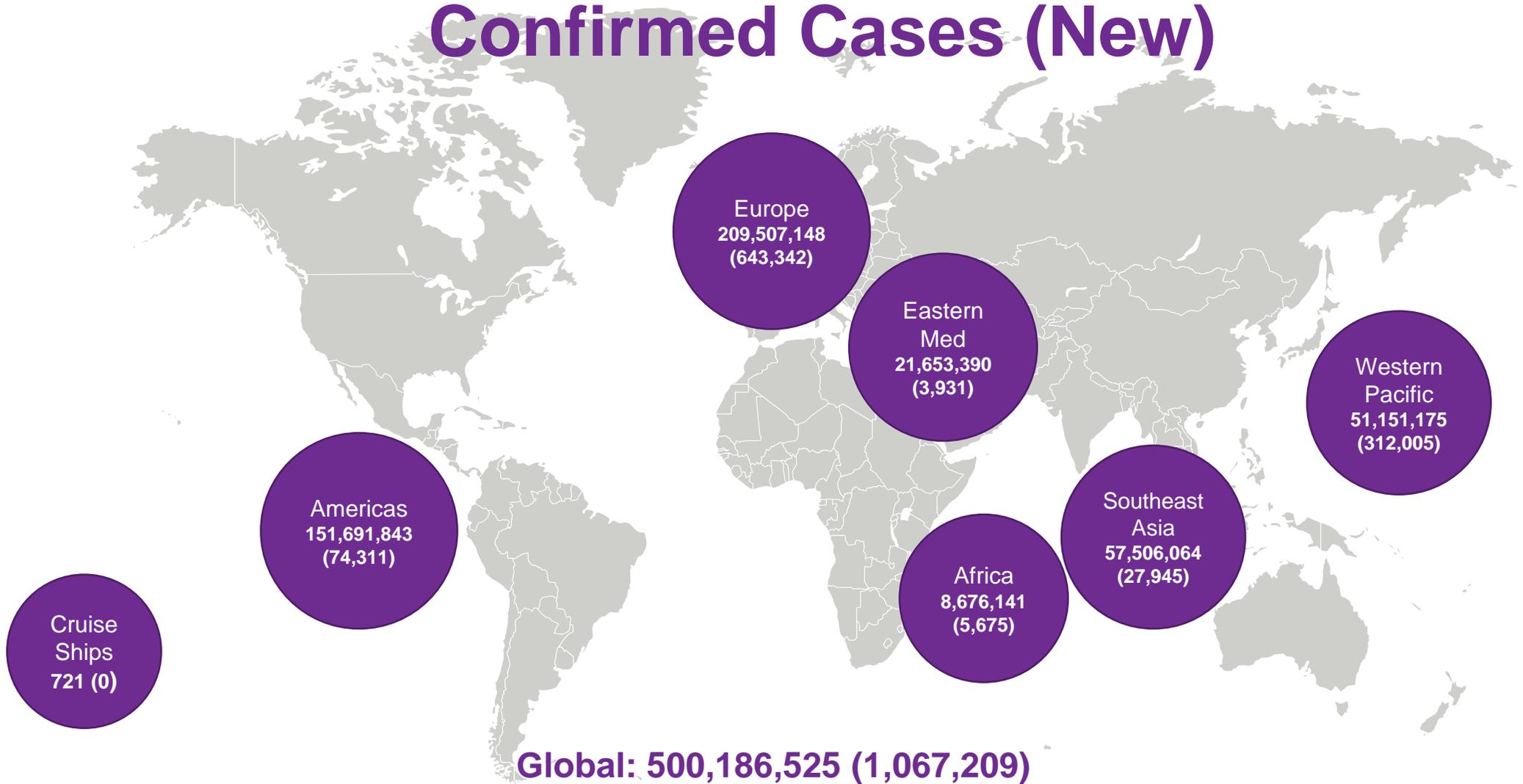
Russia plans to take legal steps to recover \$300 billion of its foreign currency reserves frozen by western governments in response to the invasion of Ukraine, the head of the country's central bank. The central bank is unable to access almost half of its \$609.4 billion in reserves to support the rouble, which fell sharply after the invasion of Ukraine. This has forced Russia to impose capital controls and instruct exporters to convert their foreign revenues into roubles.

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Coronavirus Condition Updates

The WHO has not updated COVID-19 stats since April 14 due to the holiday weekend.

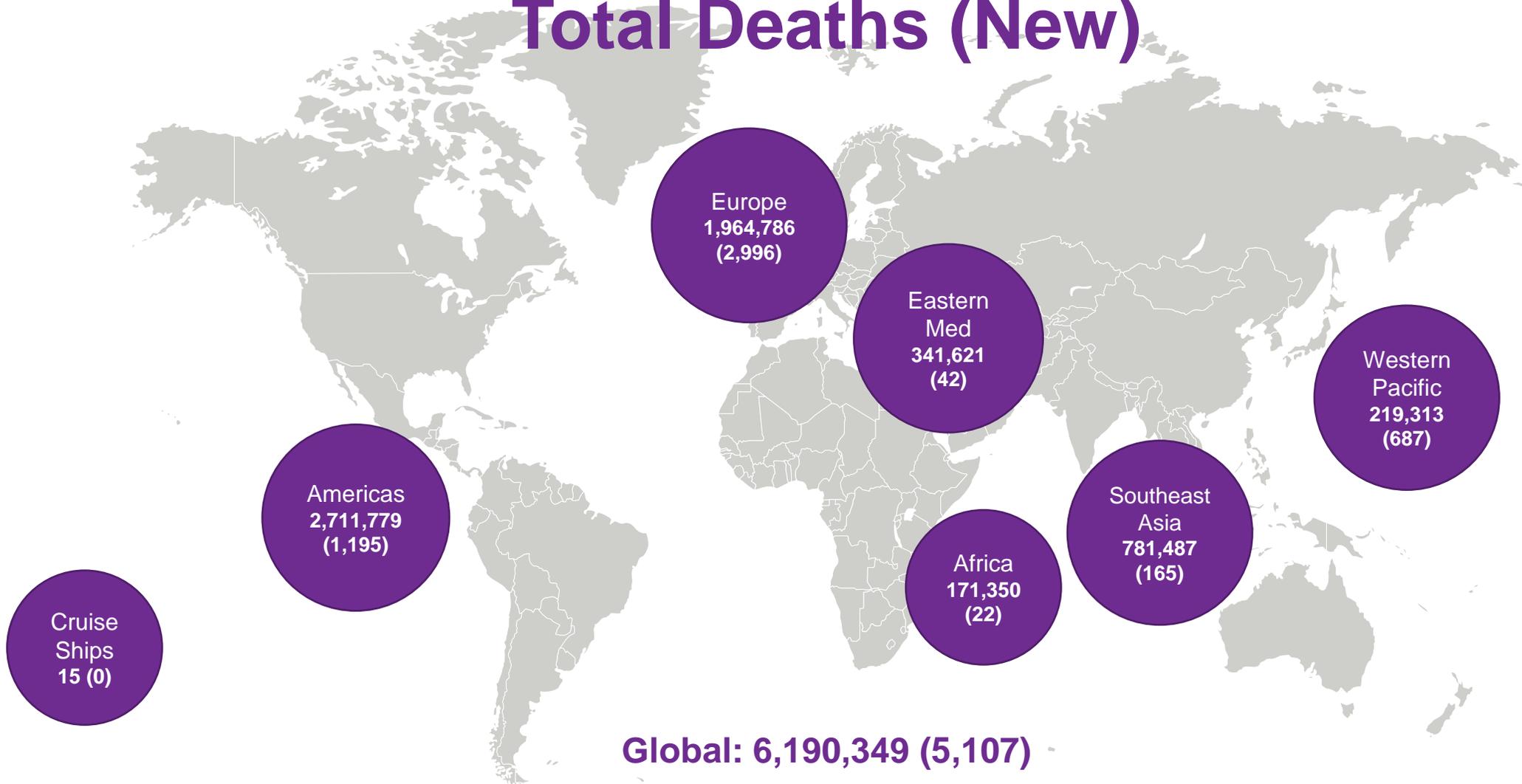
Confirmed Cases (New)



Reflects data as of 8:36 pm CEST on April 14, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 8:36 pm CEST on April 14, 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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