

Dentons Flashpoint

Daily Global Situation Report

February 14, 2022

Global Situation Update: February 14, 2022

KEY TAKEAWAYS

Western governments relocate embassy personnel and prepare for Russian invasion of Ukraine.

Oil prices rose to a fresh seven-year high.

Canadian police reopened the Canadian-US Ambassador Bridge, ending a six-day blockade by protesters.

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WHAT WE'RE WATCHING

German President Frank-Walter Steinmeier was elected to a second five-year term. As head of state, his role is largely symbolic, but the president is responsible for concluding treaties with foreign states. Steinmeier used his acceptance speech to decry Russia's military build-up near Ukraine and said that Berlin will not mediate between them. Critics of Steinmeier say he is close to Russia and an architect of Nord Stream 2 who wants to activate the pipeline.

He has often been criticized for prioritizing German business interests over human rights. On the domestic front, the re-election of Steinmeier ensures a very low likelihood of government interference in business in Germany and any political instability that results from the country's coalition politics is unlikely to affect businesses.



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 404.9 million with 5.7 million deaths; more than 10.0 billion vaccine doses have been administered.

- Russia could invade **Ukraine** at any time and might create a surprise pretext for an attack, the US warned.
- **OSCE** monitoring mission staff have pull out from eastern Ukraine. **Canada** has temporarily withdrawn its Ukraine-based military personnel to an undisclosed destination in Europe. The **US and Australia** have relocated the embassy staff to temporary facilities in Lviv, a city in western Ukraine.
- **German** Chancellor Scholz is in Kyiv to meet with Ukrainian President Zelenskiy in a bid to show solidarity and then will head to Moscow.
- China reported zero locally-transmitted coronavirus cases at the **Beijing Winter Olympics** for the first time on Monday, highlighting the authorities' success in constraining the pandemic at the event.
- **Stockpiles** of some of the global economy's most **important commodities**, including copper, lithium and aluminium, are at historically low levels, as booming demand and supply shortages threaten to fuel inflationary pressures around the world, created price "*backwardation*" as traders pay large premiums to secure immediate supply while future prices are lower.

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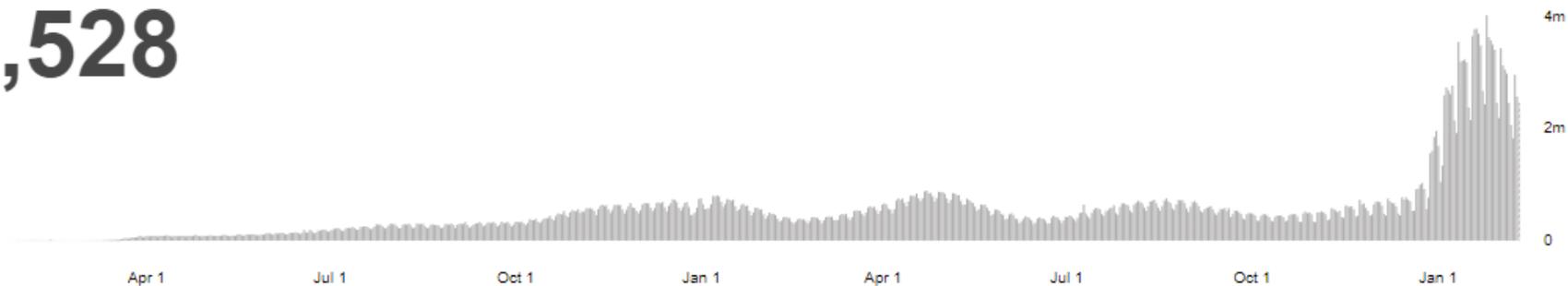
Global

Global Situation



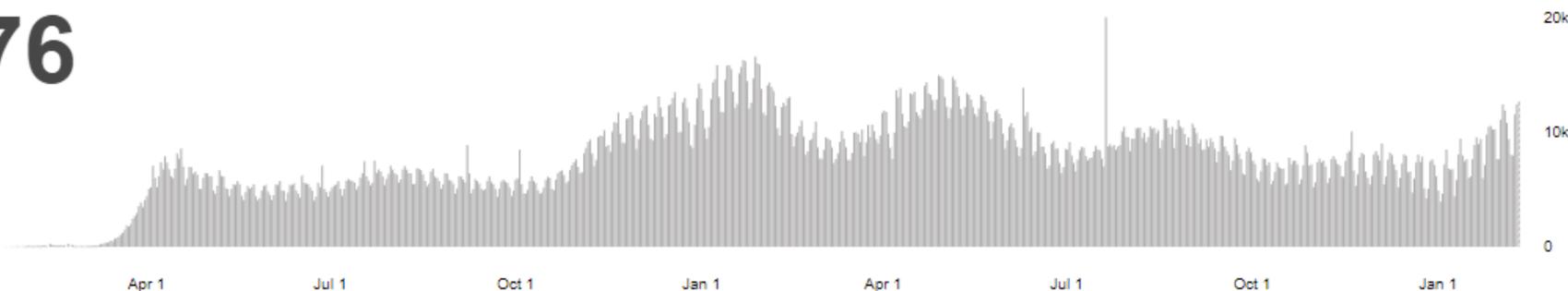
404,910,528

confirmed cases



5,783,776

deaths



Source: World Health Organization

Data may be incomplete for the current day or week.

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Markets & Business

British tax authorities said they had made their first seizure of non-fungible tokens (NFTs) in a crackdown on suspected criminal activity to hide money.

- **Oil prices** rose to a fresh seven-year high and European and Asian-Pacific **equities** dropped sharply after US officials warned a Russian attack on Ukraine could be imminent.
- **Lockheed Martin Corp** dropped plans to acquire rocket engine maker **Aerojet Rocketdyne Holdings Inc** for \$4.4 billion amid opposition from US antitrust enforcers.
- **Crown Resorts** will back a A\$8.87 billion \$6.3 billion US binding takeover offer from US private equity firm **Blackstone Inc**, bringing to an end the lengthy takeover saga for Australia's largest casino operator.
- **Rio Tinto** has agreed a heritage protection plan with an Indigenous group for a project in West Australia as it looks to avoid a repeat of the backlash it faced for destroying the sacred Juukan Gorge rock shelters.
- Smaller Chinese companies have lodged documents for IPOs on the **New York Exchange** in recent weeks, promising an end to a months-long freeze after an unprecedented clampdown last year by Chinese regulators.

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Environment, Sustainability & Governance

The Clean Oceans Initiative, led by the French and German development banks and the European Investment Bank, announced plans to double its funding for global efforts to stop plastic waste from polluting the world's oceans to 4 billion euros (\$4.6 billion).

- A group of experts from the International Atomic Energy Agency is in Japan to evaluate the safety as well as the **radiation effects on humans and the sea of discharging the treated water** from the crippled Fukushima nuclear plant into the sea. The release of the treated contaminated water provoked concerns from local fishermen and objections from neighboring China and South Korea.
- Singapore Airlines will buy **sustainable aviation fuel** from top US oil producer Exxon Mobil Corp for use in flights.
- Per a new report by responsible investment non-profit ShareAction, European banks are providing billions of dollars of **funding to expand oil and gas production**, despite IEA guidance against new facilities in order to slow global warming.
- Swiss voters rejected a proposal by animal rights activists to make Switzerland the first country to ban **medical and scientific experiments on animals**.
- Global shipping group CMA CGM announced it will stop transporting **plastic waste** on its vessels from June 1 to help curb pollution.

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Africa

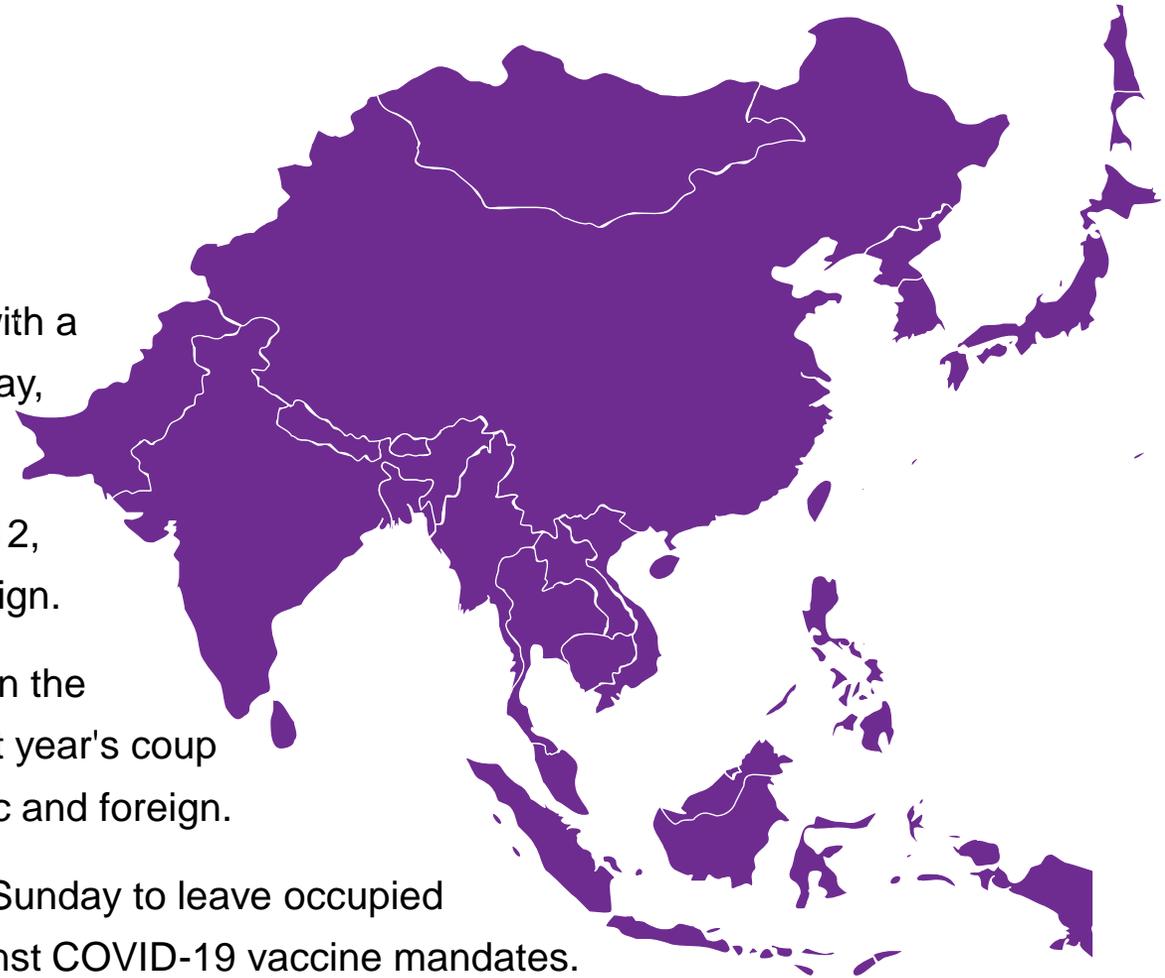
- **Sudan's** military leader General Abdel Fattah al-Burhan on Saturday dismissed Western threats of sanctions. Burhan led a military coup on Oct. 25 that ended a partnership between the army and civilian parties which was meant to lead to democratic elections.
- The WHO Director-General Tedros Adhanom Ghebreyesus urged African countries to back efforts to set up an **African** medicines regulator which could cut costs and help fight counterfeit or poor-quality drugs.
- Western foreign ministers will hold talks today on their countries' future presence fighting Islamist militants in **Mali**.
- **South Africa's** economic recovery remains fragile, and growth is expected to hold below 2 percent in the medium term because of policy uncertainty, high public debt and constraints to investment, per the IMF.



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Asia

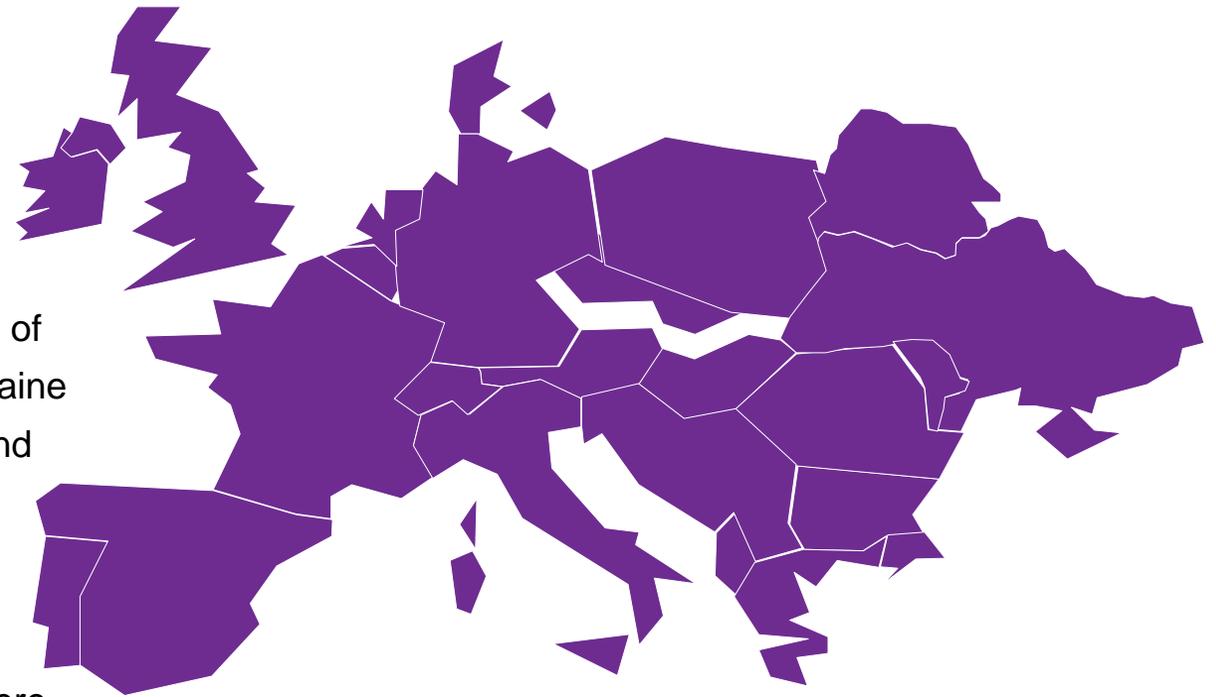
- Ferdinand Marcos strengthened his lead over his closest rival, with a 44-point lead, ahead of the **Philippine** presidential election in May, per a new poll.
- **Turkmenistan** will hold an early presidential election on March 12, after President Berdymukhamedov suggested he planned to resign.
- **Myanmar's** junta showcased its military strength with a parade in the capital Naypyitaw, with its leader Min Aung Hlaing defending last year's coup as necessary to protect the country from enemies, both domestic and foreign.
- **Australian** police gave thousands of protesters until the end of Sunday to leave occupied areas of the country's capital, as days-long rallies continue against COVID-19 vaccine mandates. The latest wave of COVID-19 infections has "*overwhelmed*" **Hong Kong**, leaving hospitals short of beds and struggling to cope. **Taiwan** is easing its strict border controls, shortening quarantine time and allowing business travelers to visit again.



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Europe

- Preparing for war, **Ukraine** had so far received almost 1,500 tons of ammunition delivered on 17 flights from the **US**. On Sunday, Ukraine received a consignment of Stinger anti-aircraft missile systems and ammunition by plane from **Lithuania**. **Britain** is working on a package of military support and economic aid for Ukraine as the threat of a **Russian** invasion grows.
- The **EU** financial services chief Mairead McGuinness said that there will be no access to the EU for **Britain's** derivatives clearing houses after June 2025.
- **Spain's** far-right Vox party has made a breakthrough in Sunday's early election in the north-western Castile and Leon region, finishing third with 17.6 percent of the vote and gaining a dozen new seats in the regional parliament.
- A convoy protesting COVID-19 restrictions breached police defenses and drove into central Paris on Saturday, snarling traffic around the Arc de Triomphe and on the Champs Elysees in the **French** capital, as police fired tear gas at demonstrators.
- **Sweden's** Health Agency recommended that people aged 80 or above should receive a second booster shot of COVID-19 vaccine.



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How do You Manage Political Risk?

Today, the economic and political changes affecting international business are more complex than ever. Conflicts, coups and the coronavirus pandemic continue to impact governments and people worldwide and shape the business landscape in 2021.

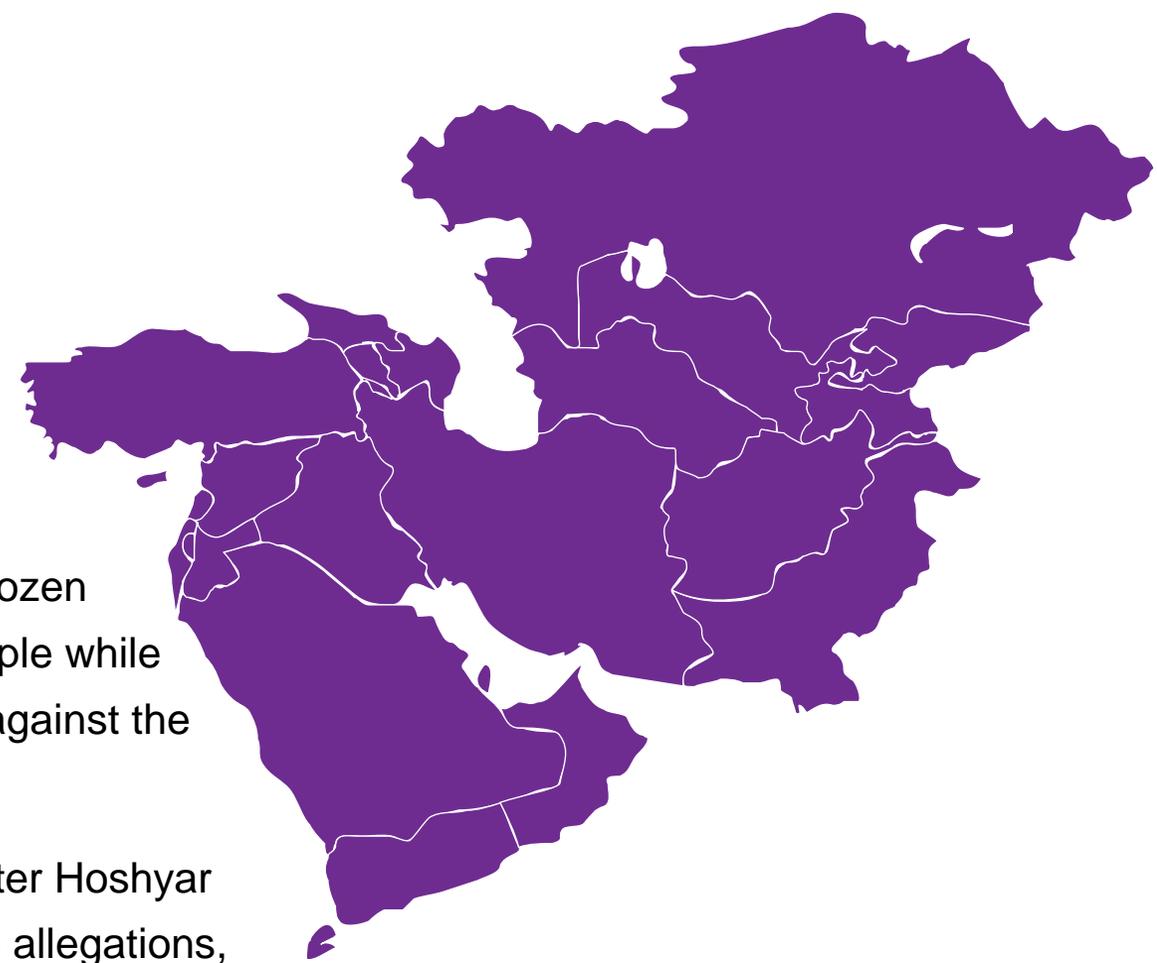
Dentons offers business leaders routine and one-off political risk assessments on specific interests. Many clients also retain our team of attorneys and former intelligence and military professionals, equipped with the latest big data analytics tools, deep substantive knowledge and extensive networks of contacts, to provide services, including:

- ❖ Political and country risk forecasts and analysis
- ❖ Market-entry assessments
- ❖ Legislative and government action forecast
- ❖ Comprehensive project analysis
- ❖ Coronavirus vaccine tracker and return-to-work monitoring
- ❖ Investment risk analysis

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



- **Tunisia's** president cemented his grip over the judiciary on Sunday with a decree that lets him dismiss judges or block their promotion, consolidating his power over the country.
- The **US** is seeking to make available half of the \$7 billion in frozen **Afghan** central bank assets in the US to help the Afghan people while holding the rest to possibly satisfy terrorism-related lawsuits against the Taliban.
- **Iraq's** Supreme Federal Court ruled that former foreign minister Hoshyar Zebari is not eligible to run for the presidency amid corruption allegations, a move that prolongs a political standoff in forming a new government.
- **US** F-22 fighter jets arrived at an air base in the **UAE** on Saturday following a spate of unprecedented attacks in Abu Dhabi by Houthi fighters in **Yemen**.

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Americas

- The Ambassador Bridge linking the **US and Canada**, one of the busiest trading border crossings, opened on Sunday, ending a six-day blockade by protesters fighting to end COVID-19 restrictions. Toronto-Dominion Bank has frozen two personal bank accounts into which C\$1.4 million (\$1.1 million) had been deposited to support protesters fighting the Canadian government's pandemic measures.
- **Peru's** economy is expected to have stayed above pre-pandemic levels in December and January, due to the recovery of internal demand and a record in exports, despite lower mining output after recurring social conflicts, per the central bank.
- A **Peruvian** community said on social media on Sunday that it will restart a road blockade against MMG's Las Bambas mine, even as a second community agreed to a 45-day truce in its blockade. Las Bambas, which produces 2 percent of the world's copper supply, has threatened to shut down operations if blockades are not stopped.



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Americas: US

- Daily new cases of COVID-19 declined 42 percent over the past week, signaling a sharp recovery after record-breaking sharp outbreak driven by the **Omicron variant**. Daily new deaths fell by 6 percent and hospitalizations by 19 percent. President Biden's **free COVID tests plan** is facing criticism for shortchanges Americans of color and hardest-hit communities, where multigenerational families will need to choose who gets the free supplies.
- A top **Federal Reserve** official said the central bank should consider **selling bonds** from its \$9 trillion asset portfolio to address high inflation and guard against harmful effects that can result from raising short-term rates above long-term rates.
- The Department of Energy is seeking input from utilities, communities and advocates as it develops its new program to boost struggling **nuclear power plants** with \$6 billion in credits.
- The US released a new strategy document committing more diplomatic and security resources to the **Indo-Pacific** to push back against **China's** bid to create a regional sphere of influence and become the world's most influential power.



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Emerging Business Risks: Organized Retail Crime

Shoplifting has been around as long as there have been shops and thieves, but in the age of coronavirus, the risks have accelerated with consumer movement towards e-commerce and increased ease of fencing stolen goods.

This month, RiteAid closed its Hells Kitchen store in Manhattan, with the store reporting that thieves stole more than \$200,000 in merchandise in December and January alone. Employees say that laundry bag-toting thieves brazenly loot merchandise, some coming twice a day. Because of the risks of violence, store employees are instructed not to confront the thieves, but to report incidents to management. RiteAid is not alone. CVS Health lost more than \$200 million a year to organized retail crime (ORC), per November 2021 testimony before the US Senate by Ben Dugan, director of organized retail crime for CVS. According to Dugan, reported violent events at CVS have doubled in the last year - there is an organized retail crime event reported from a CVS store every three minutes, and two-thirds of those involve threat of violence, actual violence or a weapon. Retail stores are responding with a variety of theft mitigation measures, from surveillance cameras to locking up vitamins and

electric toothbrushes, measures that deter some, but irritate many shoppers and drive them to make their purchases online.

While daily losses from retail establishments seldom make headlines, high-profile burglaries shocked Americans late last year when gangs raided upscale stores in California and Illinois in a flash mob, making off with designer clothing and bags and terrifying other shoppers. These burglaries were clearly organized, with thieves in and out in minutes, hitting multiple locations at night to overpower police response, with the perpetrators escaping in get-away cars.

The International Association of Financial Crimes Investigators estimated that in 2020, ORC resulted in the loss of more than \$100 billion a year and is one of the fastest growing enterprises in the world. ORC is proliferating because of its ultra-low risk/ultra-high reward equation.

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Emerging Business Risks: Organized Retail Crime

The process from theft to resale is becoming better organized and more sophisticated. Middlemen recruit individuals looking for fast cash to conduct robberies, usually for smaller amounts, (around \$500 for each robbery), which keeps the thefts lower profile. The goods then are sold to fences who resell the goods online. Fences use online marketplaces, from small operations on platforms like Facebook Marketplace to third party stores on national platforms, like Amazon. Online platforms give fences greater anonymity, enabling opaque supply chains that easily slip stolen goods into legitimate marketplaces. Sophistication of ORC crimes is growing, to include fraud schemes, money-laundering operations, identify theft and counterfeiting.

As the scale of ORC has grown, it is drawing more attention by industry organizations, law enforcement and Congress. There are currently forty-seven regional organized retail crime associations (ORCAs) operating across the nation, and each regional ORCA maintains an intelligence information database. These individual databases are not linked, providing a vulnerability for ORCs to exploit by working across state lines. These industry groups see the need for a national database to provide intelligence to retailers and law

enforcement on ORC theft and fraud activity on a national level. In a growing government-industry partnership, groups like the Retail Industry Leaders Association are connecting retailers with the FBI at the FBI field office level, providing another opportunity for the FBI to hear retailers' persistent crime-related challenges, share insight on investigations best practices, and provide guidance on federal prosecution requirements.

The INFORM Consumers Act was introduced last year, with two different bills in the US House of Representatives and US Senate. The Senate version of the bill, introduced by Senators Dick Durbin (D-IL) and Bill Cassidy (R-LA), seeks to combat online sale of stolen, counterfeit, and dangerous consumer products and would require marketplaces to increase transparency on sellers, by collecting and publishing identification and contact information, but only from "high-volume third-party sellers." That includes sellers that have made at least 200 sales over the course of 12 months, amounting to at least \$5,000. While supported by large retailers, platform owners have opposed the Senate version, seeing it as too onerous to obtain and protect sensitive private data about sellers and as disadvantaging to small and minority businesses to sell goods through online

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Emerging Business Risks: Organized Retail Crime

marketplaces. The House version, which has the support of platforms like Amazon and eBay, also increases transparency, while giving more protection to sellers and providing one federal compliance standard. It does not require platforms to collect sellers' drivers license or to disclose full name, address, phone number, and email address of their business. While the House version has the support of the tech industry, Senator Durbin opposes it, calling it too watered down.

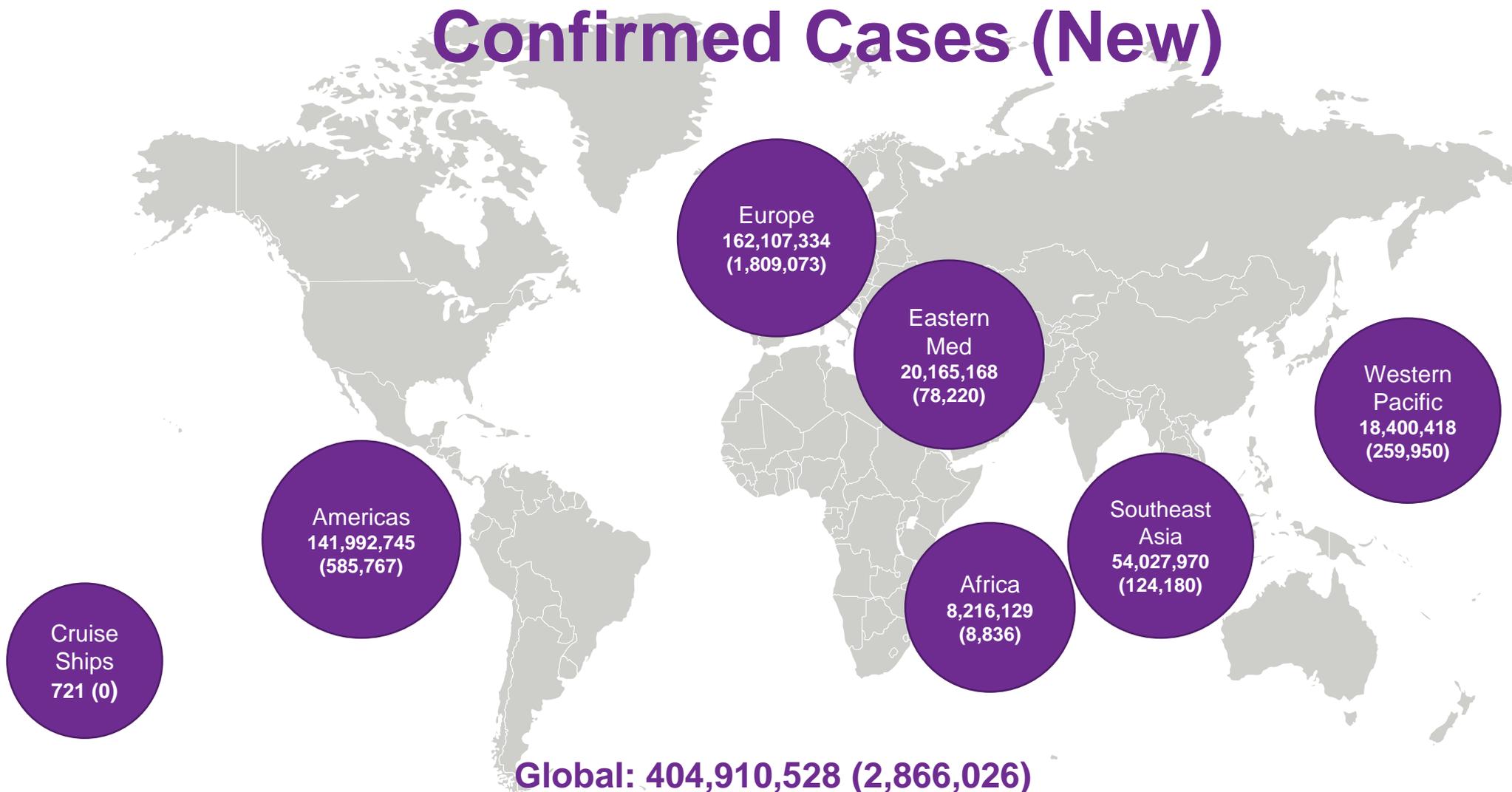
It is unclear which one of these bills, if any, will win sufficient support to be voted into law. If federal legislation is not passed, multiple states are considering legislation, which, while providing greater protection to industry and consumers, risks creating a patchwork compliance environment for large businesses operating in multiple jurisdictions. In the meantime, ORC will likely continue to proliferate, burdening businesses with high costs for merchandise losses, creating new obstacles for in-person shoppers, potentially impacting employee retention, and further accelerating a shift to online business away from brick-and-mortars.

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Coronavirus Condition Updates

As of 7:21 pm CEST on February 11, 2022

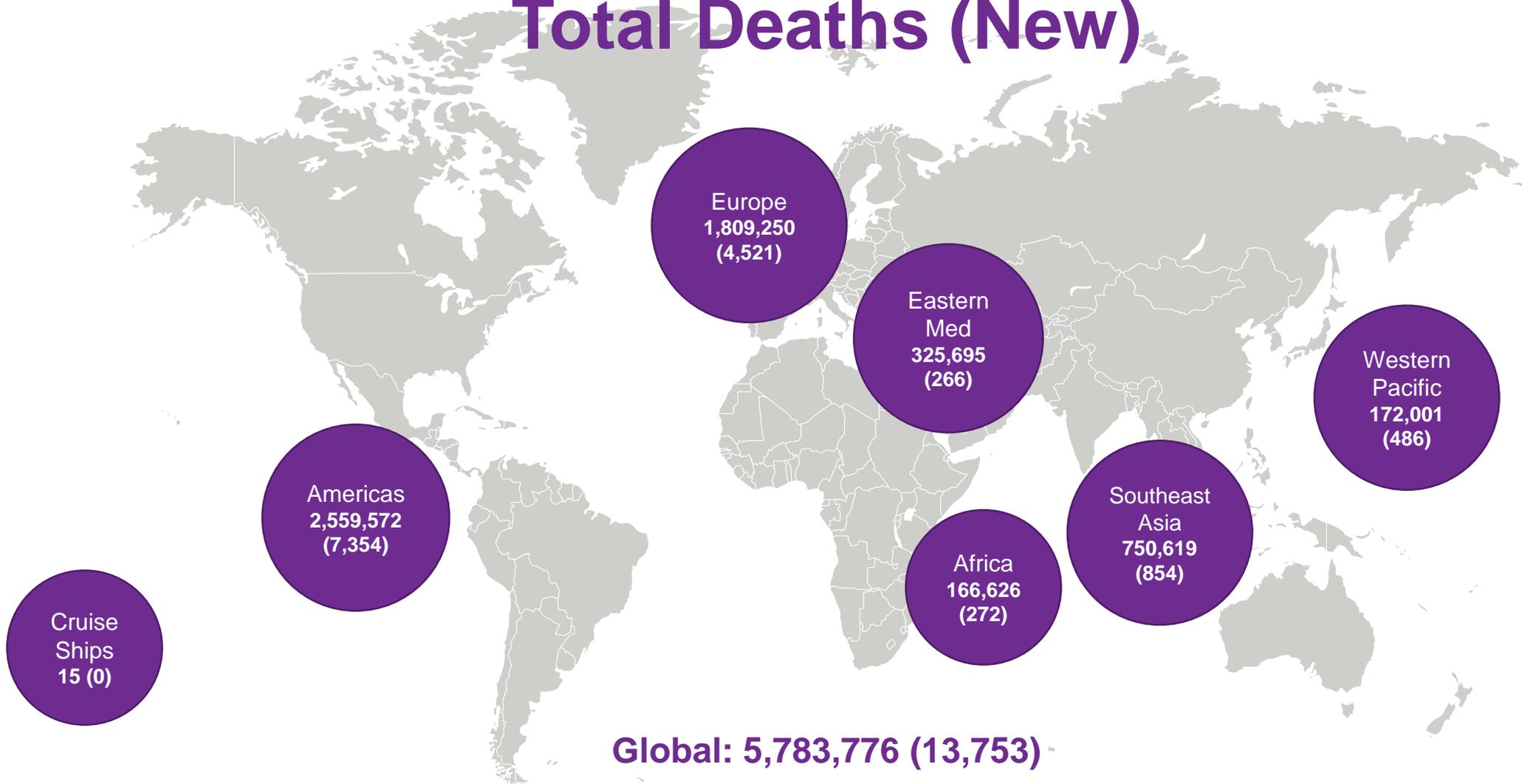
Confirmed Cases (New)



Reflects data as of 7:21 pm CEST on February 11, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 7:21 pm CEST on February 11, 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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