

# Dentons Flashpoint

## Daily Global Situation Report

January 24, 2022

# Global Situation Update: January 24, 2022

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## KEY TAKEAWAYS

NATO puts forces on standby amid rising tensions with Russia over the Ukraine.

European Banking Authority announced new reporting requirements for large banks on environmental, social and governance indicators.

Eurozone businesses reported a worse than expected start to the year.

# Global Situation Update: January 24, 2022

## WHAT WE'RE WATCHING

**Mali's military junta faces worsening economic, political and security crises. After the generals canceled elections scheduled for February, ECOWAS responded with sanctions, supported by Paris, and anti-French sentiment is soaring as a result. The sanctions are already causing shortages of goods in the country. Meanwhile, over the weekend, jihadists killed a French soldier at a base, and the junta has hired Russia's Wagner Group as security ties with France falter.**

**The junta is also restricting the movement of international military missions and drones against the jihadists, while the World Bank and the IMF have yet to indicate if they will continue to provide budget support to it. If they halt funding, the junta would be highly likely to increasingly seek funding from non-Western partners such as China and Russia.**



*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 340.5 million with 5.5 million deaths; almost 9.5 billion vaccine doses have been administered.**

- The UK and US have ordered partial withdrawals from their embassies in **Ukraine**, warning of a rising threat of Russian military action against the country. Ukraine received a second consignment of weapons from the US as part of defensive aid totaling \$200 million. NATO placed military forces on standby. The UK warns Russia will face severe sanctions if Moscow tries to install a 'puppet regime' in Ukraine. The EU announced it is ready to impose "*never-seen-before*" economic sanctions on Russia if it attacks Ukraine.
- Germany on Friday laid out its program for its presidency of the **Group of Seven (G7)** this year, focusing on climate protection, international justice and post-pandemic economic recovery.
- **Beijing Olympic Games** organizers have begun reporting on COVID-19 infections related to the Olympic bubble, with 177 confirmed cases found among 3,115 international arrivals from Jan. 4 to Jan. 23, just one of which was among an athlete or support staffer. Chinese authorities will take action against polluters to ensure next month's Winter Olympics will be held in a "*good environment*."

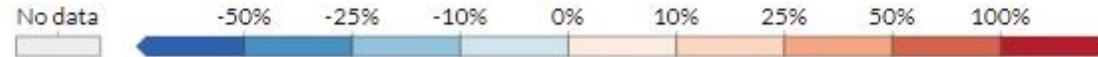
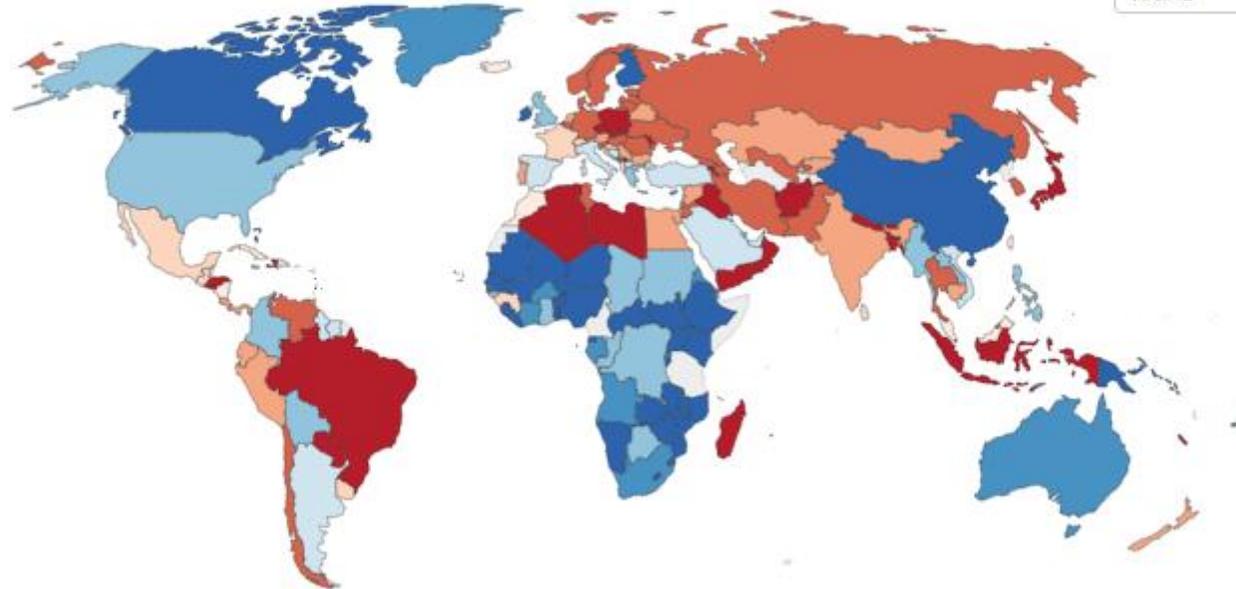
# Global

The WHO Europe Director assessed that the Omicron variant has moved the pandemic into a new phase and could bring it to an end in Europe in 2022.

Week by week change in confirmed COVID-19 cases, Jan 23, 2022  
The weekly growth rate on any given date measures the percentage change in the number of new confirmed cases over the last seven days relative to the number in the previous seven days.

Our World  
in Data

World



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# Markets & Business

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**The Federal Reserve will convene this week for their inaugural policy meeting of 2022 and is expected to confirm its plans to raise interest rates in March for the first time since the onset of the pandemic.**

- **Google** is facing a fresh complaint from Germany's largest publishers and advertisers, which are demanding that the EU intervene over Google's plan to stop the use of third-party cookies. The decision blocks advertisers, publishers and intermediaries from analyzing users' preferences while they browse online content, hitting how the industry generates revenues.
- Germany's **Lufthansa** is in talks to buy a 40 percent stake in state-owned Alitalia's successor **ITA Airways**.
- **Citigroup** has asked vaccinated staff in the New York Tri-State area to prepare for a return to office from February 7.
- Japan's **Panasonic** will begin producing its new lithium-ion battery for **Tesla** from as early as 2023, with plans to invest about 80 billion yen (\$705 million) in production facilities in Japan.
- **Fortescue Metals Group's** green investment division has agreed to buy the battery and technology arm of the **Williams Formula One** racing team for £164 million.

# Environment, Sustainability & Governance

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**Aviva Investors will broaden its definition of sustainable investments this year to include biodiversity and human rights, so companies consider the "*whole picture of sustainability*."**

- Large banks in the European Union will have to show how they help or hinder the bloc from meeting climate goals by publishing "*pioneering*" indicators from 2024, the EU's banking watchdog European Banking Authority announced. The regulator set out environmental, social and governance **(ESG) templates for the top 150 banks** to complete each year.
- Volkswagen announced that its **carbon emissions** from passenger vehicles in 2021 were around 2 percent under the European target limits at 118 grams per kilometer.
- Storebrand, a \$120 billion Nordic asset manager, has placed Illinois-based Archer Daniels Midland and Missouri-based Bunge on its "*observation list*," which could eventually lead to divestment from the two large US agricultural traders, for moving too slowly to eliminate **deforestation risk** from their supply chains.

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# Africa

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- In **Burkina Faso**, mutinying soldiers demanded more support for their fight against Islamist militants. Protesters ransacked the headquarters of President Roch Kabore's political party. The government called for calm, denying speculation on social media that the army had seized power and detained Kabore.
- Prominent **Sudanese** women's rights campaigner Amira Osman was detained in a nighttime raid on her home in Sudan's capital Khartoum, in what activists say is part of a campaign of arrests of civil society and pro-democracy figures since a military takeover in October.
- Senegal voted in municipal and regional elections on Sunday, with a crowded field of opposition candidates seeking to take control of the main cities. The elections are seen as a test of strength ahead of a legislative election in June and the battle for the presidency in 2024 amid growing political tensions over whether President Macky Sall will seek to extend his rule beyond the two-term limit.
- A **South African** court on Friday postponed a ruling on a lawsuit from descendants of South Africa's earliest inhabitants, the Khoi and San, to try to halt construction of Amazon's new Africa headquarters on what they say is sacred land.



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# Asia

- Two **US** aircraft carrier groups have entered the disputed **South China Sea** for training, in what a US senior commander said was to reassure allies and demonstrate resolve to "*counter malign influence.*"
- In **China**, Beijing's city government introduced new measures to contain a recent outbreak of COVID-19, as new local cases were reported less than two weeks before it hosts the Winter Olympic Games. Authorities have lifted a month-long pandemic lockdown in Xi'an.
- **Taiwan** on Sunday reported the largest incursion since October by **China's** air force in its air defense zone, with Taiwanese fighters scrambling to warn away 39 aircraft in the latest uptick in tensions.
- **Japanese** Prime Minister Fumio Kishida and **US** President Biden agreed in a virtual meeting on Friday to boost cooperation on pressing economic and security issues, including **China, North Korea's** missiles and **Russia's** threat to Ukraine. They agreed to set up an economic version of a "two-plus-two" ministerial to promote economic cooperation with a focus on supply chains, technology investments, standards setting and export controls.

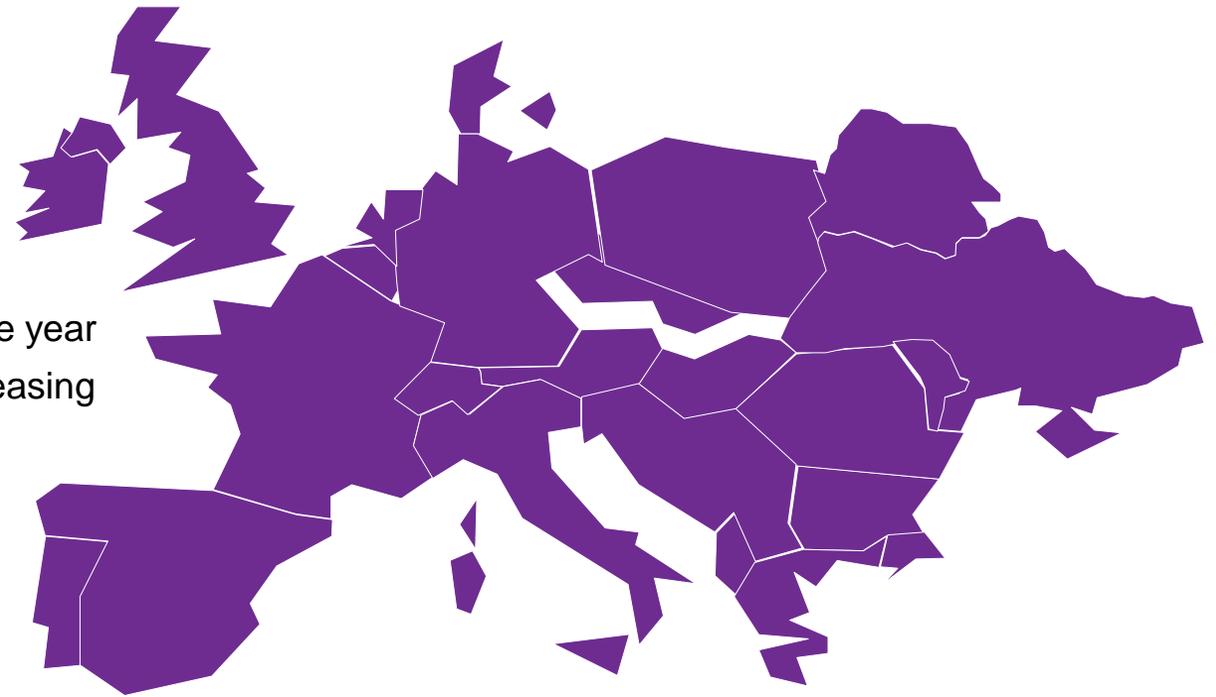


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# Europe

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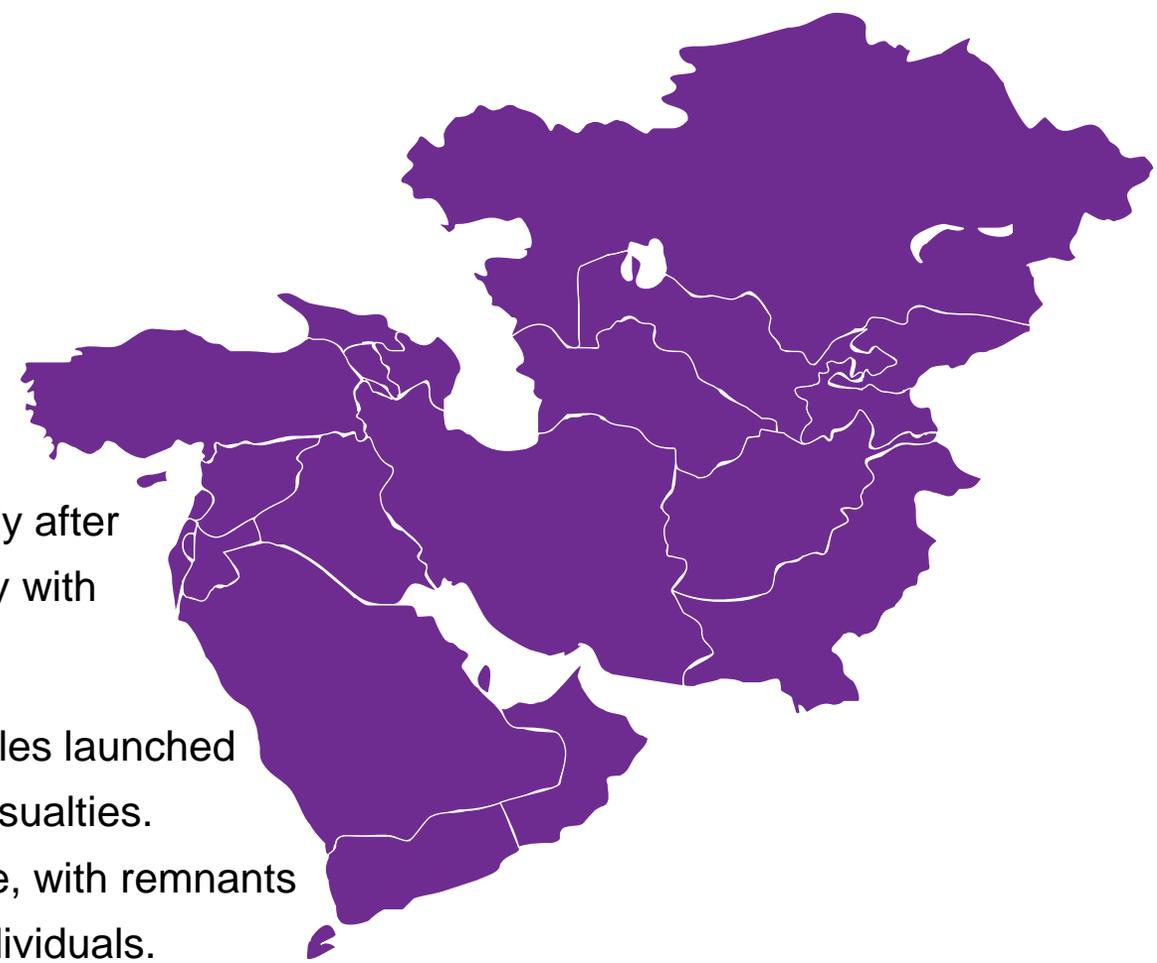
- **Eurozone** businesses reported a worse than expected start to the year with activity growing at its slowest rate for 11 months despite an easing of supply chain problems.
- The **US** is holding talks with **Qatar** and other large gas exporters to plan contingency measures in case a **Russian** invasion of **Ukraine** disrupts supplies to **Europe**.
- Dozens of people from China's Uyghur Muslim ethnic group protested in Istanbul, **Turkey** over the weekend, calling for a boycott of the Winter Olympics in Beijing over **China's** treatment of the minority.
- In Brussels, over 50,000 people protested on Sunday against **EU** COVID-19 restrictions, some clashing with police who fired water cannon and tear gas to disperse them near the European Commission's headquarters. **Ireland** dropped almost all its COVID-19 restrictions as Omicron variant infections drop.
- **Armenian** President Sarkissian tendered his resignation on Sunday, saying he believes the country's constitution does not give him sufficient powers to influence events. At a referendum in December 2015, Armenia became a parliamentary republic, while presidential powers were significantly curtailed.



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# Middle East

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- Islamic State claimed responsibility for a deadly attack on Saturday in the western **Afghan** city of Herat.
- **Iran** is expected to regain its vote in the UN General Assembly after **South Korea** paid Tehran's delinquent dues to the world body with frozen Iranian funds in the country.
- The **UAE** intercepted and destroyed two Houthi ballistic missiles launched from **Yemen** targeting the Gulf country on Monday with no casualties. **Saudi Arabia** reported that the Kingdom intercepted a missile, with remnants causing damage in a southern industrial area, injuring two individuals.
- **Lebanon's** leading Sunni Muslim politician Saad al-Hariri is expected to announce today he will not run in a May election that his movement may boycott, a potential political earthquake during a national financial collapse. Hariri has served as prime minister three times since inheriting the political mantle of his father, Rafik al-Hariri, after his assassination in 2005.

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# How do You Manage Incident Response?

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*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

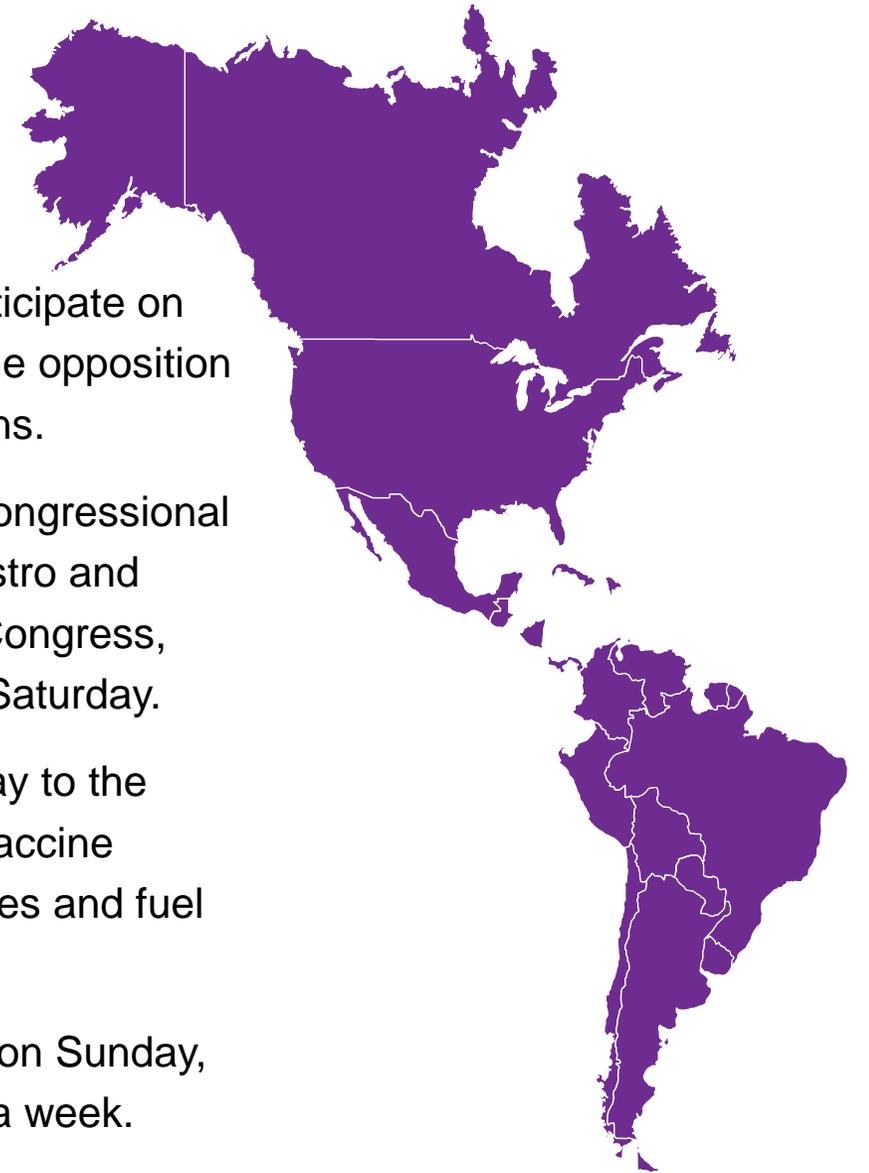
*All interaction with Dentons is attorney-client privileged*

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

# Americas

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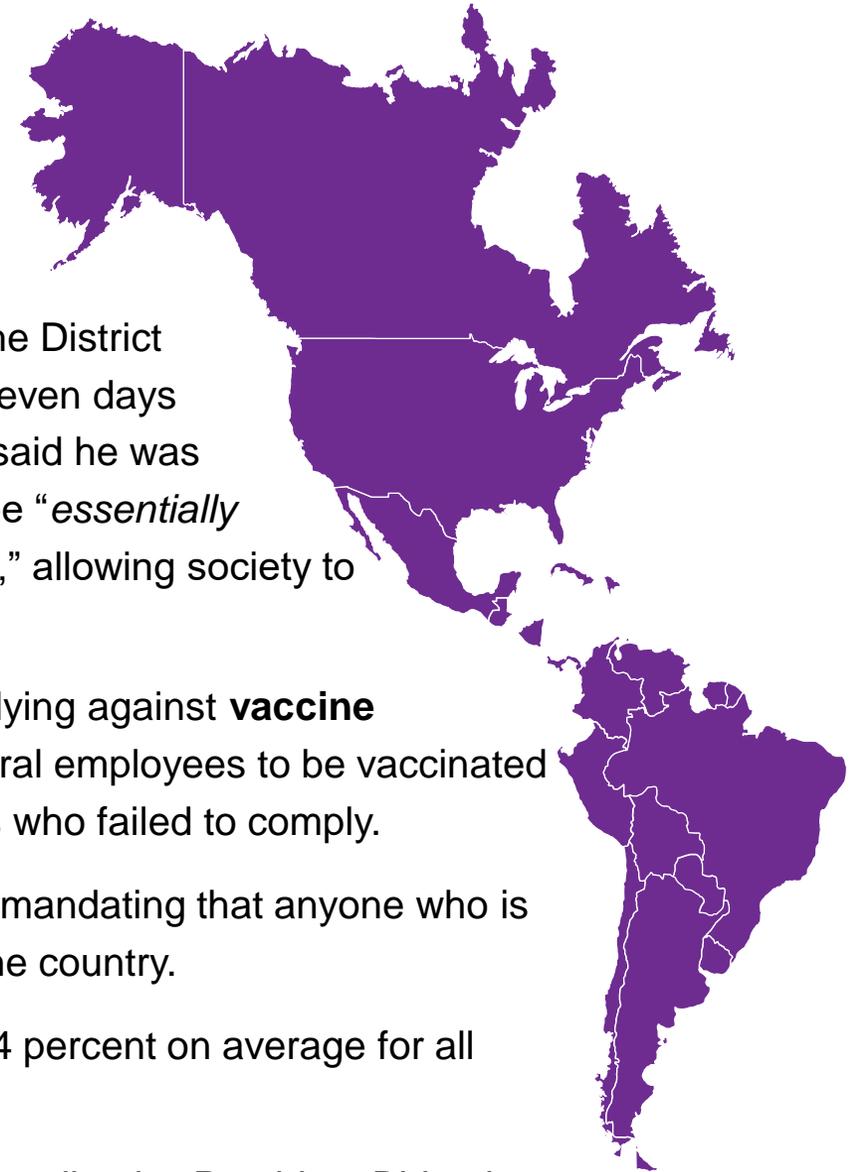
- Opposition leader Juan Guaido on Sunday called for **Venezuelans** to participate on February 12 in peaceful marches against President Nicolas Maduro, as the opposition rallies in preparation for a long campaign for the 2024 presidential elections.
- **Honduran** lawmakers, in rival alliances, backed two different people as congressional president on Sunday amid disputes between President-elect Xiomara Castro and dissident members of her party. The dispute triggered chaotic scenes in Congress, prompting the **US** embassy in Honduras to call for calm and dialogue on Saturday.
- A convoy of truckers started their rolling protest from Vancouver on Sunday to the **Canadian** capital city of Ottawa protesting the government's COVID-19 vaccine mandate for truckers, which the industry says would create driver shortages and fuel inflation.
- A **Mexican** journalist was shot dead in the northern border city of Tijuana on Sunday, the state government said, becoming the second killed in the area within a week.



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# Americas: US

- **COVID-19 infections** have decreased in 19 states, many in the Northeast plus the District of Columbia. However, in the Midwest, cases climbed 11 percent over the past seven days compared with the previous week and were up 2 percent in the South. Dr. Fauci said he was hopeful that in “*the next weeks to month or so*” the coronavirus in the US would be “*essentially integrated into the general respiratory infections that we have learned to live with,*” allowing society to carry on somewhat normally.
- Thousands of protesters from across the country marched in Washington DC, rallying against **vaccine mandates**. A judge in Texas ruled that the US government could not require federal employees to be vaccinated against the coronavirus and blocked the government from disciplining employees who failed to comply.
- New restrictions went into effect at **US land ports of entry and ferry terminals**, mandating that anyone who is not a US citizen or permanent resident provide proof of full vaccination to enter the country.
- Although **average hourly wages** rose 4.7 percent last year, overall wages fell 2.4 percent on average for all workers, when adjusted for inflation, according to the Labor Department.
- The State Department said all US citizens should consider departing **Ukraine** immediately. President Biden is considering sending US troops to eastern Europe, as well as warships and aircraft.



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# Pandemic-Era Food Shortages and Price Spikes Continue

By Anni Coonan

***As the world nears the second anniversary of the onset of COVID-19 pandemic, many unfortunate second- and third-order effects of the disease are persisting. Among these challenges is the state of the food industry, which is facing setbacks from price spikes threatening supply for poorer countries to supply chain disruptions leading to shortages even in the world's wealthiest cities. As the world enters its third COVID-19 year, countries, companies and individuals will continue to be forced to manage food shortages, price hikes, and various disruptions.***

Before falling slightly at the end of 2021, food prices in late 2021 rose by 40 percent in 12 months, according to the UN's Food and Agriculture Organization. The spike, which marks the highest relative price of food since 2011, is due to several factors, both pandemic-related and not. One of the early causes of the food crunch was a 2018 swine flu outbreak in China that led to a mass cull, forcing China to import huge amounts of alternative protein as well as grains to feed them, leading to a global shortage and thus price spike for several foodstuffs. Another major cause of food shortages has been unpredictable weather: droughts in grain-producing areas of the Americas caused decimated crops in early 2021, leading to visible price spikes for grains and beans, including

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# Pandemic-Era Food Shortages and Price Spikes Continue

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coffee. While weather conditions have stabilized in many places, the progression of climate change portends more frequent major weather events as time goes on. Similarly disruptive has been, perhaps surprisingly, a severe global shortage of fertilizer that has hurt farmers' abilities to plant and rendered less-valuable crops when they do. Fertilizer supply has suffered as a result of several factors, among them the spike in prices for natural gas, which nitrogen plants rely on heavily for processing, a reduction in exports from major producers like China, Russia, Turkey, and Egypt, and western sanctions on Belarus, which is a major producer of potash. The International Fertilizer Development Center (IFDC) estimates that fertilizer demand in sub-Saharan Africa could fall by 30 percent in 2022 as a result of high prices and lack of supply, resulting in the loss of 30 million metric tons of food - the food needs of 100 million people, as estimated by the IFDC.

Logistical issues due to pandemic-related causes have also, as in other sectors, been a major driver of market disruption. Food supply chains are plagued by the same labor shortages, dearth of shipping containers, lost production due to pandemic-related closures, and sky-high shipping prices as other consumer goods. A shortage of

labor, for example, due to the generally tight labor market in the US as well as pandemic-related restrictions, have caused waves of challenges for meatpackers, causing noticeable shortages of beef, pork and poultry throughout the last year; similarly, the vaccine mandate for truckers entering Canada (currently under review), is expected to constrict supply of food on both sides of the border.

While increasing prices have driven hunger throughout the world, rising food prices are disproportionately affecting poor nations that are less able to absorb the cost. In a tight food market, suppliers tend to divert more of their products to richer nations, where margins are higher; the food that does arrive in poorer nations is even more expensive as scarcity is magnified. In addition, packaged and processed foods have been somewhat more insulated from disruption than fresh or unprocessed foods, as margins for those types of foodstuffs tend to be larger because they are more expensive and more resilient in the case of delays up and down the supply chain. Disproportionate price spikes and shortages for unprocessed foods hit poorer nations, which eat these inexpensive staples, much harder. The rising prices of food, resulting from supply chain issues and other disruptions, as well as other pandemic

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# Pandemic-Era Food Shortages and Price Spikes Continue

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and non-pandemic-related economic and environmental upheavals led to a spike in world hunger in 2021, with 272 million people experiencing severe food insecurity and 45 million on the brink of famine as of November 2021 (compared to 27 million in 2019), according to the World Food Program.

Despite food chain disruptions leading to shortages and increased hunger, food supply is unlikely to become dramatically worse in the coming few months. While pandemic-related restrictions, economic changes and environmental crises will continue to impact and disrupt the food supply chain, the food market is diversified enough that lack of supply across its entire portfolio is unlikely. Even the height of the coronavirus pandemic, when closures and social distancing requirements were at their highest-ever level, food supply disruption was not incapacitating. The Food and Agriculture Organization estimates that food prices will stabilize in the coming months. Higher-income countries will continue, however, to see periodic shortages of some items at the grocery store, and higher-than-average prices will be one element continuing to fuel inflation; poor countries, on the other hand, will require yet more humanitarian support to combat the disproportionate effects of rising prices. On a broader scale, the most

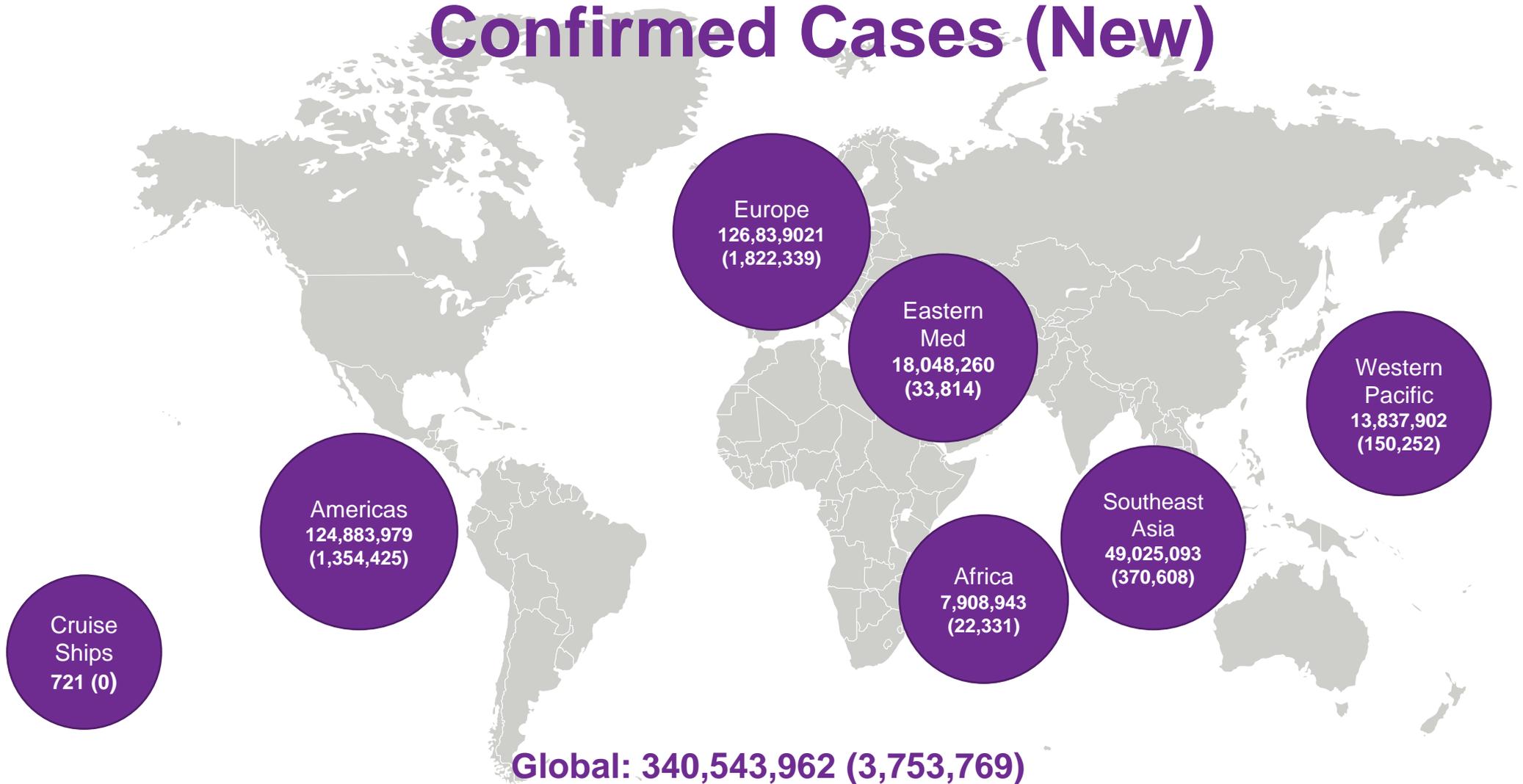
prominent risk to food supply chains, outside of the pandemic, remains the growing and unpredictable effects of climate change, which will likely become more common and more widespread in the coming years.

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# Coronavirus Condition Updates

As of 5:55 pm CEST on January 21, 2022

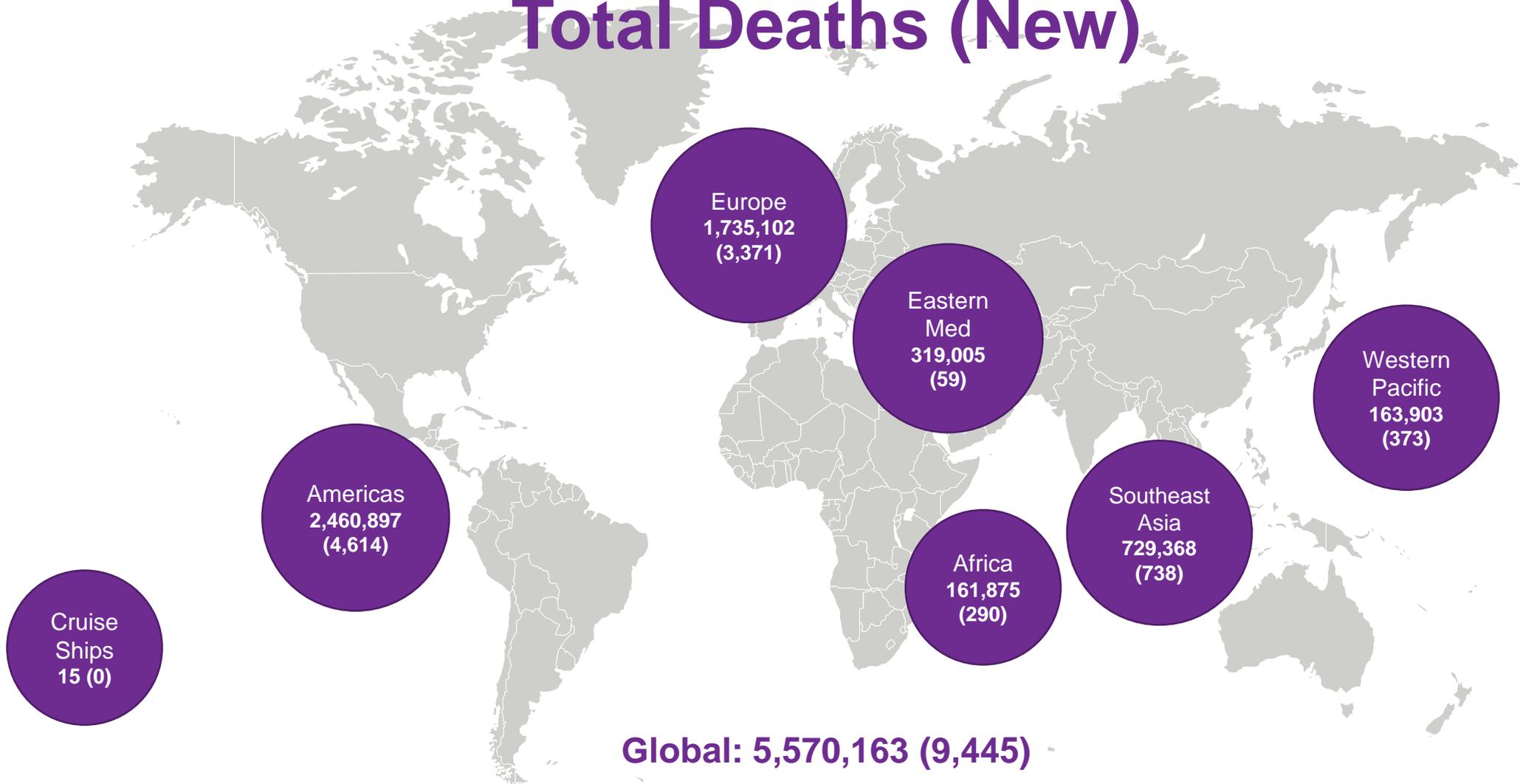
# Confirmed Cases (New)



Reflects data as of 5:55 pm CEST on January 21, 2022.  
Data Source: World Health Organization

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# Total Deaths (New)



Reflects data as of 5:55 pm CEST on January 21, 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.*

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