

Dentons Flashpoint

Daily Global Situation Report

June 13, 2022

Global Situation Update: June 13, 2022

KEY TAKEAWAYS

Hindu-Muslim tensions flare in India, with riots and arrests.

Iran and Venezuela signed a 20-year cooperation plan in Tehran.

Spiking global fuel prices create economic and political turmoil.

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

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WHAT WE'RE WATCHING

Results from the first round of legislative elections in France indicate that the bloc aligned with President Macron is likely to attain a slim majority, but his party is unlikely to gain enough seats to win a majority on its own. Also, a strong showing by the opposing left-wing coalition means that a 'cohabitation' scenario could happen as Macron is tradition bound to appoint a prime minister from the party that wins the most seats.

A final run-off round takes place next weekend, and the results will likely lead to changes in Macron's cabinet and he will be pressured to name more cabinet members from opposition parties. Irrespective of cabinet changes or any need to rely on coalition partners, the French government will retain a pro-business outlook over the coming years.



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Global

The global nuclear arsenal is expected to grow in the coming years for the first time since the Cold War while the risk of such weapons being used is the greatest in decades, per the Stockholm International Peace Research Institute.

- Commenting on the **Ukraine war**, a senior US defense official assessed Russia is likely to seize control of the entire region of Luhansk within a few weeks. Fighting continues in Severodonetsk and Lysychansk, with Russian forces destroying bridges, cutting off avenues of retreat and supplies for Ukrainian fighters and civilians. Ukraine has issued increasingly urgent calls for more Western weapons to help defend Severodonetsk.
- According to the WHO, as of 8 June, there are 1,285 laboratory confirmed cases of **monkeypox virus** outside African countries where it is endemic.
- The **UN human rights chief** Bachelet indicated on Monday that she would not seek a second term, after a widely criticized trip to China last month.
- Sanofi and GlaxoSmithKline's next generation COVID-19 vaccine could be used as a booster, after new data suggested that it elicits a strong immune response against the Omicron variant.

Markets & Business

Global consumers of commodities are expected to pay raw material producers \$5.2 trillion more this year than they did before the pandemic, with prices soaring due to strong demand and supply shortages, according to new forecasts from Citigroup.

- US President Biden accused the US oil industry, and **Exxon Mobil Corp** in particular, of capitalizing on a supply shortage to fatten profits after a report showed inflation surging to a new 40-year record.
- The Netherlands' antitrust watchdog said **Apple Inc** will allow different payment methods in Dutch dating applications, ending a dispute that resulted in the company being fined 50 million euros (\$52.58 million).
- The UK financial regulator has put **Credit Suisse** on its watchlist of institutions requiring tougher supervision, as the bank struggles under a series of crises.
- Tanzania signed a framework agreement with **Norway's Equinor** and Britain's **Shell** that will bring closer the start of construction of a \$30 billion LNG export terminal.
- Cryptocurrency lending firm **Celsius Network** will pause withdrawals and transfers between accounts due to "*extreme market conditions*," in the latest sign of pressure in the crypto industry.
- South Korean steelmaker **POSCO** becomes the latest company to halt some of its plants in the country due to striking truckers, adding to global supply disruptions.

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Environment, Sustainability & Governance

Britain's competition watchdog has been asked by the government to review the retail fuel market to see whether a cut in duty has been passed onto consumers as prices at the pump hit unprecedented highs.

- Taiwan's state refiner, CPC Corp, has received the country's first crude cargo with **certified carbon offset** from SOCAR Trading, the trading arm of Azerbaijan's state oil company.
- The US Securities and Exchange Commission is looking into Goldman Sachs Group Inc's asset-management division over its funds that look to invest based on **ESG standards**.
- Google has agreed to pay \$118 million to settle a class-action lawsuit alleging the tech giant had systematically **underpaid women** in California, in violation of state law.
- A cloud of hot air from North Africa has sent temperatures soaring in Spain, and the suffocating **heatwave** could last throughout the country until June 15, six days before summer officially starts on June 21.
- Norwegian oil firms and employees have agreed in principle a **new wage deal**, avoiding for now a strike at nine fields that could have hit the country's petroleum output.

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Africa

- Gunmen have released 11 passengers who were abducted during a train attack in northern **Nigeria** at the end of March, a government minister said, though dozens of others are thought to remain in captivity.
- Two **South African** trade unions have signed a three-year wage agreement with miner Sibanye Stillwater, removing the last hurdle to restarting operations at its gold mines in the country.
- M23 rebels in the **Democratic Republic of Congo** have seized the eastern town of Bunagana on the border with **Uganda**, in a setback for Congolese forces who had said over the weekend they had the insurgents on the run.



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How do You Manage Incident Response?

2022 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](#).

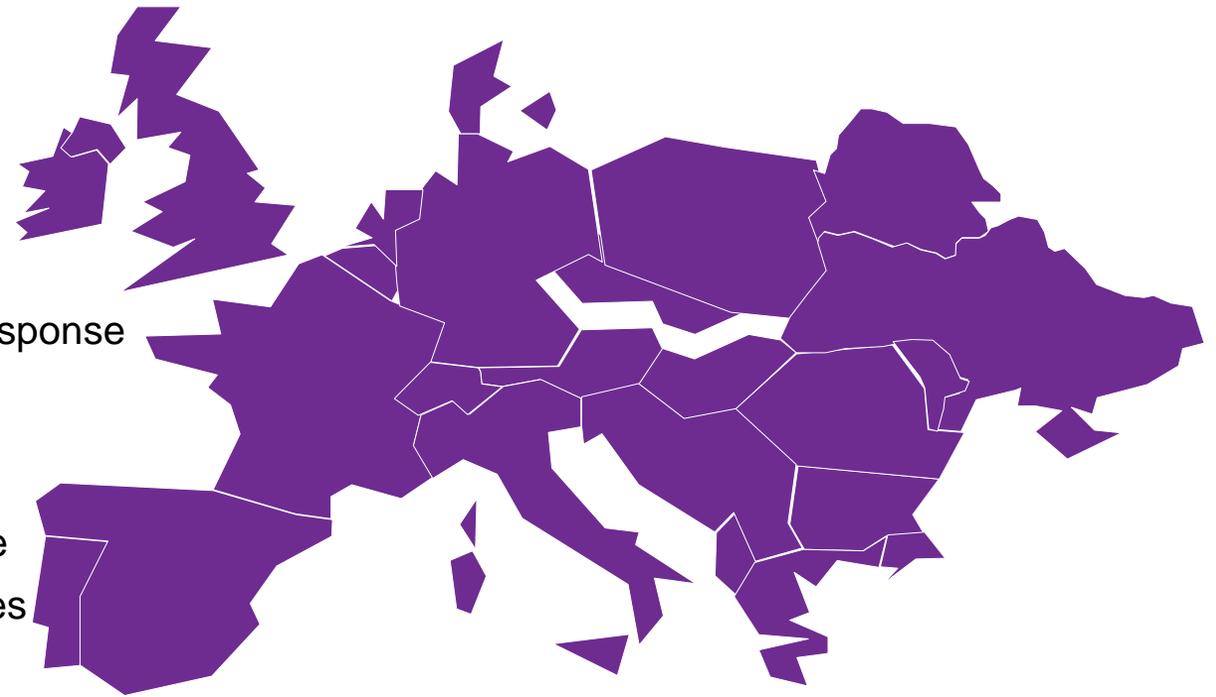
Asia

- At the Shangri-La Dialogue in **Singapore**, **China**, the **US** and its allies traded barbs, especially on **Taiwan**, but the war in **Ukraine** and a remote speech by President Zelensky dominated proceedings.
- Two people were killed on Friday in clashes between Hindus and Muslims in eastern **India** that followed derogatory remarks about the Prophet Mohammad by two ruling party officials. Authorities in India's Uttar Pradesh state have demolished the homes of several people accused of involvement in riots.
- **North Korea** on Sunday fired multiple artillery shots, per **South Korea's** military, in another show of force a day after leader Kim Jong Un vowed to boost the reclusive nation's military power.
- Beijing's Chaoyang district began three-day mass testing campaign by **Chinese** authorities among its roughly 3.5 million residents on Monday, including about 10,000 close contacts of the bar linked to a new cluster of infections, with their residential buildings put under lockdown, and some planned school re-openings in the district have been postponed.

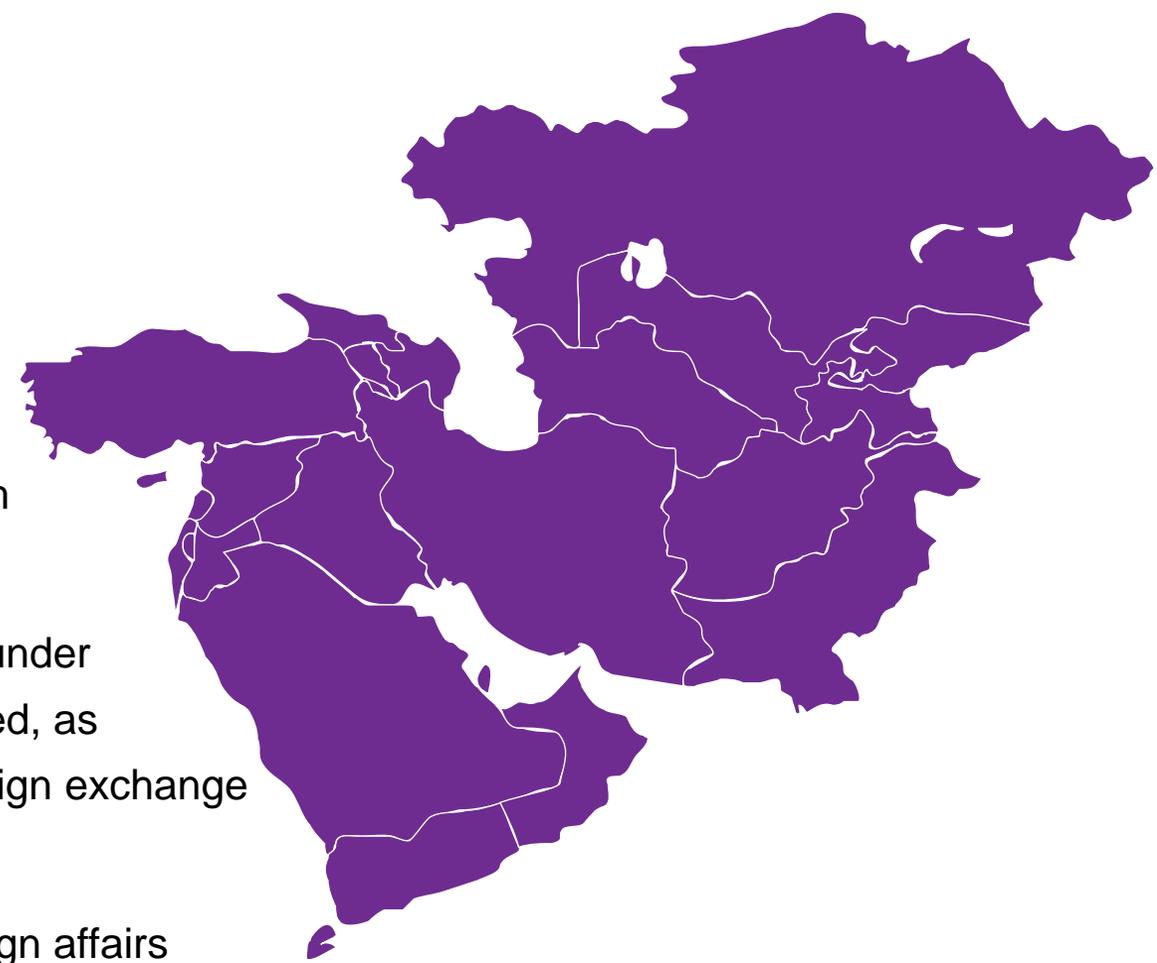


Europe

- **Russia's** foreign ministry said on Saturday that Moscow's response to a build up of NATO forces in **Poland** will be proportionate.
- **German** Chancellor Olaf Scholz called on **Bulgaria** to lift its veto on **EU** accession talks for **North Macedonia**, saying the bloc should avoid dashing the membership hopes of countries in Western Balkans.
- **Britain** will set out plans today to override some of the post-Brexit trade rules for **Northern Ireland**, changes that will inflame tensions with the **EU**.
- The **UK** economy contracted for the second straight month in April, as surging inflation weakened consumer spending, and programs designed to contain the spread of COVID-19 were wound down.
- London courts will hear two last-minute legal challenges to block the **British** government's policy to deport asylum seekers to **Rwanda** before the first removal flight scheduled to leave on Tuesday.



Middle East



- **Iran and Venezuela** signed a 20-year cooperation plan in Tehran on Saturday, with the Islamic Republic's supreme leader saying the allies would continue to resist pressure from Washington.
- **Pakistan** will seek a deferred payment plan for LNG bought under long term deals with **Qatar**, Finance Minister Ismail announced, as Islamabad faces a balance of payments crisis and falling foreign exchange reserves.
- **Algeria** will honor all its gas commitments with **Spain**, a foreign affairs ministry statement, days after Algiers blocked trade over a diplomatic dispute about the status of **Western Sahara**.
- Lawmakers from the Sadrist bloc in **Iraq's** parliament resigned after their leader, Shi'ite Muslim cleric Moqtada al-Sadr, asked them to step down amid a prolonged stalemate over forming a government.

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Americas



- Under **Argentina's** new export curbs, just 10mn tons of the 2022-23 wheat crop can be sent overseas, down from 14.5mn tons in 2021-22.
- A **Bolivian** court found former President Jeanine Anez guilty of orchestrating a coup that brought her to power during a 2019 political crisis. She was sentenced to 10 years in prison.
- At the Summit of the Americas, **US** President Biden and **Central American** leaders rolled out a new set of measures to confront the regional migration crisis. The US and **Canada** committing to take more guest laborers, and other countries agreeing to greater protections for migrants. **Mexico** also will accept more Central American workers.
- Quebec's plans to attract more French-speaking newcomers are unnerving some business owners who say they need immigrants from varied backgrounds to address a tight labor market in the **Canadian** province.
- **Mexican** immigration authorities disbanded a migrant caravan of at least 7,000 people, the government said Saturday, cutting short the group's journey, which coincided with the Summit of the Americas in Los Angeles.

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Americas: US

- The CDC updated its assessment on how the **monkeypox virus** is spread, noting that it is not known to linger in the air and is not transmitted during short periods of shared airspace. Monkeypox spreads through direct contact with body fluids or sores on the body of someone who has monkeypox.
- The US rescinded a 17-month-old requirement that people arriving in the country by air test negative for **COVID-19**.
- Thousands of demonstrators organized by March for Our Lives gun safety group descended on Washington and across the US on Saturday, calling on lawmakers to pass legislation aimed at curbing **gun violence**. In a potential breakthrough, a bipartisan group of senators announced an agreement on a framework for a firearms safety bill with enough Republican support to advance in the narrowly divided Senate.
- The **price of US gasoline** averaged more than \$5 a gallon for the first time on Saturday, per AAA data, amid growing criticism of the economic policies of the Biden Administration during an election year.



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The Future of Work: The 4-Day Workweek

By Matthew Gardell

Thousands of workers across the UK are participating in the world's largest pilot program for a four-day workweek. Although there have been previous trials, this latest experiment will be a major test for businesses. In an era of increasing work flexibility and employee leverage, it remains an open question as to whether companies will officially adopt this major schedule change.

During the COVID-19 pandemic, many companies transitioned to fully remote work and more flexible working arrangements. As we emerge from the pandemic, many business leaders are grappling with how to bring employees back to the office or decide the extent of remote work. It is clear, though, that workers have a degree of new-found leverage in this tight labor market that has forced companies to think critically about new benefits that might entice employees to stay at their jobs. One idea that is gaining traction, at least at a testing phase, is the four-day workweek. While some benefits might include increased productivity, lower worker burnout and lower turnover, one of the key disadvantages for companies is the financial cost of adopting a shortened workweek.

Four-Day Workweek Trials

Trials for a four-day workweek are not necessarily new. Back in 2015, Iceland became one of the first countries to test the feasibility of a four-day workweek. Since then, other countries have begun trials including Spain, where the government is paying companies to test out a shortened workweek. Belgium has a slightly different variation of the four-day workweek in that it allows workers a four-day workweek if employees condense their full working hours into four days. It is not just governments that are experimenting with a shortened workweek, but also businesses, including Fortune 500 companies such as Microsoft. In 2019, Microsoft tested a four-day workweek in its Japan offices. The company discontinued the trial

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The Future of Work: The 4-Day Workweek

after one month and did not publicize next steps, but Microsoft Japan CEO Takuya Hirano reported that workers were more productive and asked for less time off. In the US, crowdfunding company Kickstarter reported that its April trial resulted in higher levels of employee engagement.

Rationale and Possible Benefits

The four-day workweek is not simply a schedule change but speaks to larger issues of changing work culture and managing worker burnout. Surveys show that employees actually worked more hours from home during the pandemic as the line between the office and home blurred. Along with that increase in the workload (and usually productivity) came widespread worker burnout and stress. This has been especially taxing on working mothers, and the pandemic has accelerated the trend of women leaving the workforce at higher rates than men. The four-day workweek could also be used as a recruiting tool for a new generation of workers. Surveys show that Millennials and Generation Z workers value flexibility, work-life balance and their personal time, and a shortened workweek could help attract these in-demand workers as companies struggle to hire in a crunched labor market.

The large UK trial will provide a larger set of empirical data measuring the impact of the four-day workweek. Participating employees can adopt a 32-hour or 35-hour week across four days without a loss of pay, and also have the option of spreading the 32 hours over five days. In previous trials, researchers have reported that the shortened workweek did not lead to a decline in overall output. In the Iceland trial, most workplaces that participated in the trial reported no significant decline in output or productivity. More broadly, proponents argue there are positive effects on the overall economy and not just individual companies. They point to increased productivity levels across the board and positive social and environmental impacts, such as possibly enabling more equality in the workplace through increased female participation and reducing carbon emissions.

Business Risks and Considerations

The increase in the number of four-day workweek trials suggests interest in the concept but does not necessarily signal any near-term widespread adoption. According to research conducted by Sequoia Consulting Group, a survey of 459 companies found that

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The Future of Work: The 4-Day Workweek

90 percent of businesses do not plan to adopt the four-day workweek. One of the practical considerations companies have to consider is that a shortened workweek could lead to increased costs, loss of revenue and decreased productivity especially given that the change is predicated on the idea that workers would not lose a big bulk of their salary. Another potential hard cost for employers is conflicting compensation laws. For example, in California, employees receive overtime compensation for shifts over eight hours, so an employee cramming more hours into four days would be entitled to more overtime pay. In certain industries, the shortened workweek could also lead to poor client and customer satisfaction, potentially affecting a company's bottom line.

Another concern is that this schedule change could serve to exacerbate existing inequalities in the economy. The move to remote or hybrid work favored knowledge workers and certain industries such as the tech sector, and the four-day workweek could follow this dynamic. Business leaders and managers could also run into team management problems, especially if employee days off are scattered. Business leaders should carefully consider the risks and

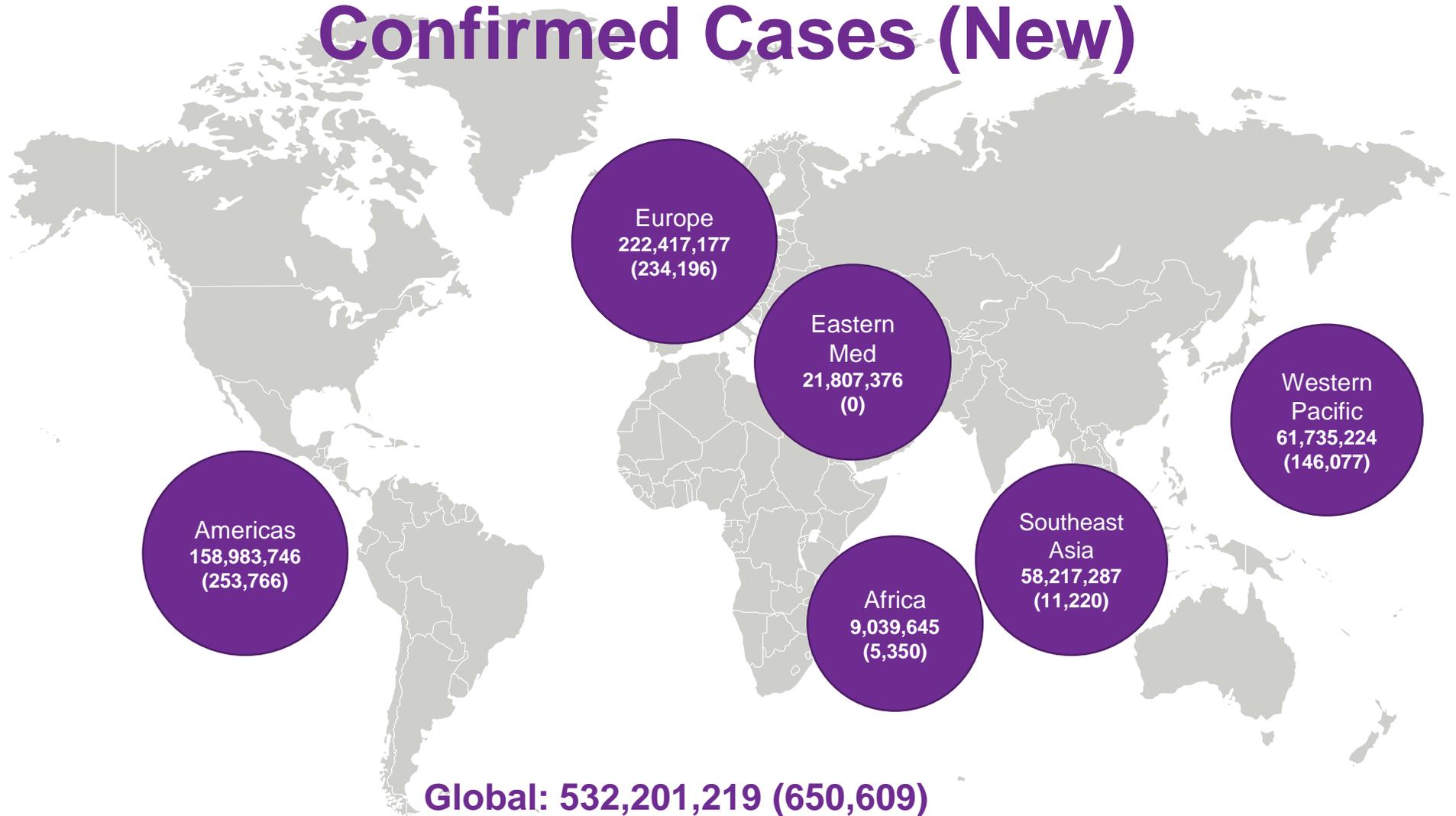
benefits of implementing a four-day workweek and use financial and business modeling before making a decision. It remains to be seen whether there will be widespread adoption of a shortened workweek but is clear that both companies and workers will continue to grapple with the changing nature of work.

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Coronavirus Condition Updates

As of 6:09 pm CEST on June 10, 2022

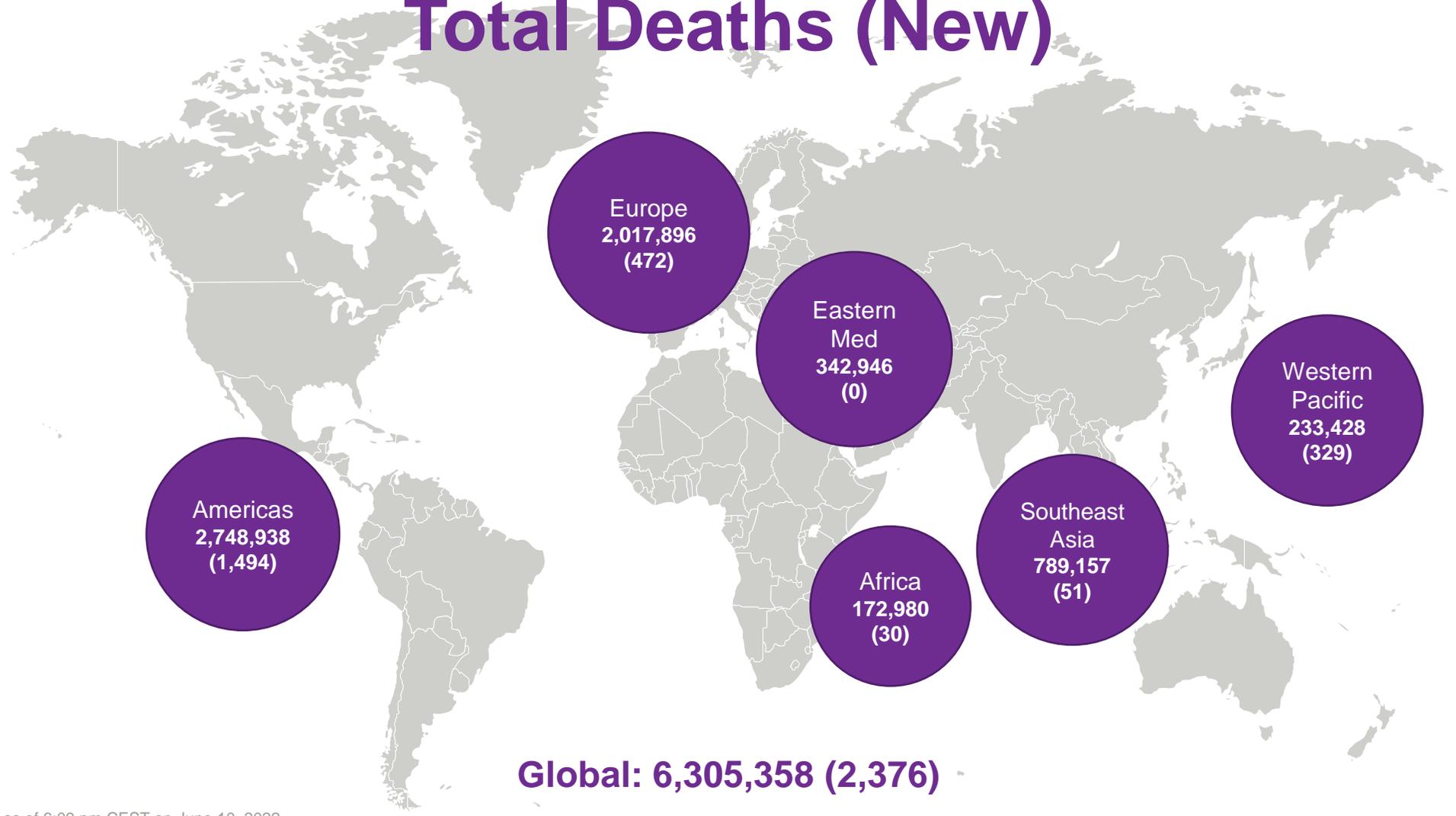
Confirmed Cases (New)



Reflects data as of 6:09 pm CEST on June 10, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Global: 6,305,358 (2,376)

Reflects data as of 6:09 pm CEST on June 10, 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.

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