

Dentons Flashpoint

Daily Global Situation Report

March 11, 2022

Global Situation Update: March 11, 2022

KEY TAKEAWAYS

With international attention on Ukraine, the US signals warning on North Korea.

Chinese companies face approaching deadline for compliance or delisting from US stock markets.

The EU declares western democracy is at stake in the war on Ukraine and will offer temporary protection to “*all war refugees from Ukraine.*”

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WHAT WE'RE WATCHING

On Sunday, legislative elections take place in Colombia with races for 188 members of the House of Representatives (lower house of Congress), and 108 members of the Senate (upper house). The elections will completely renew both houses of Congress and have a major bearing on the next president's governability. Many experts believe the Colombian electorate is gradually shifting toward the political left.

The left-wing Comunes Party, which represents members of the former Revolutionary Armed Forces of Colombia (FARC) guerrilla group, has direct access to ten congressional seats under the terms of the 2016 peace agreement signed with the group (five in Senate and five in the House of Representatives). And, for the first time, victims of the armed conflict will also have direct access to 16 seats in the House of Representatives.



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

Global

Western powers pledge more support to Ukraine, with billions in funding for humanitarian assistance and military equipment, and strip Russia from “most favored-nation” trade status.

- The Kremlin is poised to start **nationalizing assets** of foreign businesses exiting Russia.
- The Russian military offense remained bogged down around Kyiv, while Moscow’s forces struck deeper into Ukraine, in a sign of **widening the scope of the assault**.
- **Mariupol** remains under intense assault, citizens still unable to flee.
- Russia considers mobilizing **volunteer fighters from the Middle East**, risking further internationalization of the conflict.

Markets & Business

Oil prices settled about 2 percent lower on Thursday after a volatile session, a day after its biggest daily dive in two years, as Russia pledged to fulfil contractual obligations.

- Regulators in Europe and the UK have opened an antitrust probe into a deal between **Google and Meta** on online advertising.
- **Chinese technology stocks** are on track for their worst week in a year as concerns over forced delistings from Wall Street.
- **Nokia** is in talks to replace **Huawei** 4G radio equipment from parts of **Vodafone Idea's** telecom network in India. Telecom operators in India have been reducing their dependence on Huawei due to security concerns.
- Investment firm **Carlyle Group** has bought Italian motorcycle equipment company **Dainese** from **Investcorp** in a deal valued at 630 million euros (\$692 million) including debt. Carlyle is seeking to expand the business in China and the US by building up Dainese's distribution network and further deals.

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Environment, Sustainability & Governance

Chinese officials at the annual gathering of parliament this week stated that China will make full use of coal as a vital part of its energy strategy, as it bids to balance economic stability with its longer-term climate goals.

- The chair of the **International Sustainability Standards Board** said that companies in the US and elsewhere will voluntarily use new global climate-related disclosures even if making them a mandatory requirement takes longer. The first set of standards will be released for public consultation this month.
- The U.S. Securities and Exchange Commission will vote on a landmark **climate-risk measure** on March 21. The measure would require US-listed companies to provide investors with detailed disclosures on how climate change could affect their business, among other details.
- Chile's **environmental** regulator said on Thursday it had fined Escondida mine, controlled by company BHP, \$8.2 million for **damage** caused by water extraction in the Salar de Atacama salt flat.
- The Italian government has given the green light to the construction of six **wind farms** with a capacity of 418 megawatts as it steps up efforts to reduce dependence on Russian gas.

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Africa

- The IMF warned that **Africa's** economic outlook is particularly vulnerable to higher food and fuel prices prompted by Russia's invasion of Ukraine, as well as to reduced tourism revenues and diminished access to financial services.
- **Mali** said it would investigate the disappearance of several **Mauritanians** on its territory, which has caused a diplomatic row between the two West African countries.
- At least 19 soldiers were killed in **Nigeria's** Kebbi state as gunmen attacked the deputy governor's convoy,



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Asia

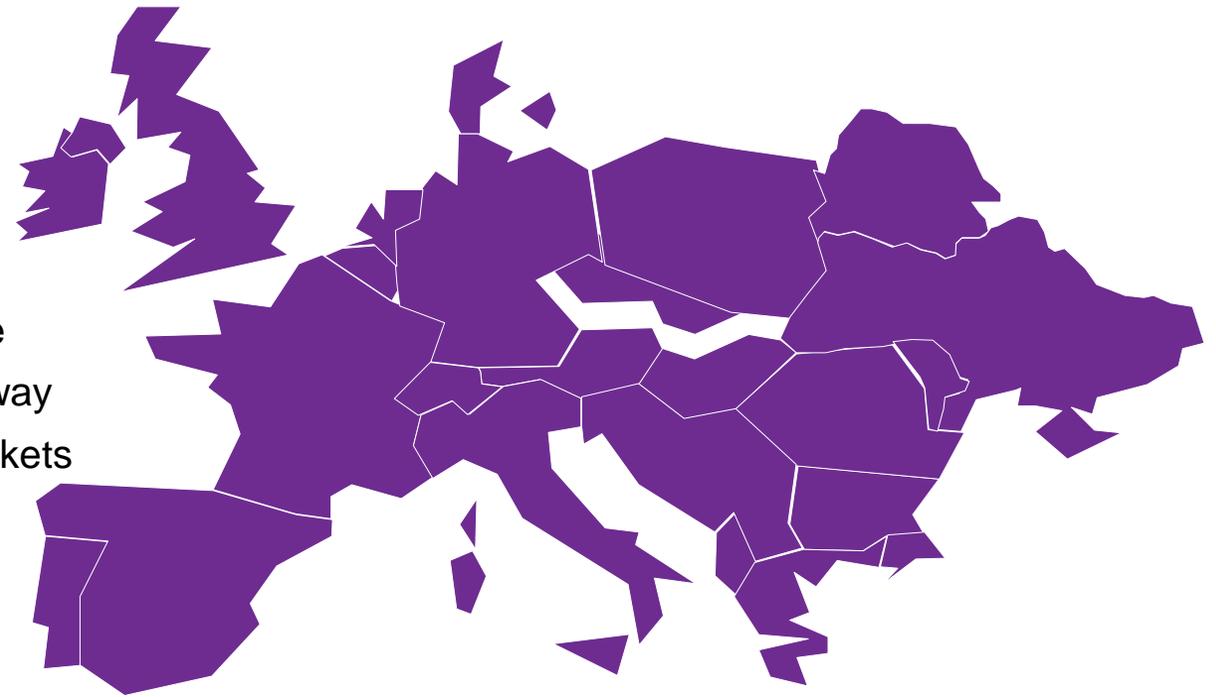
- Per the **Chinese** state news agency, China has experienced continuous cyberattacks since February in which internet addresses in the **US** have been used to seize control of Chinese computers to target **Belarus, Russia and Ukraine**.
- **China's** Premier Li Keqiang confirmed on Friday plans to step down after his current term expires next March. The number 2 in the hierarchy of China's ruling Communist Party, Li has been premier since 2013 and is constitutionally limited to two terms.
- **North Korean** leader Kim Jong Un has called for expanding its site for launching intercontinental ballistic missiles into an "*ultramodern advanced base*" in order to become a space power. North Korea used a new ICBM in its recent two weapons tests, with the possible intention to fire it in disguise of launching a space vehicle. The **US** called the launches a serious escalation requiring a united global response.
- **Hong Kong** daily COVID caseloads peaked in early March, according to health officials, but latest deaths push toll past 3,000. Mainland **China** is struggling to contain its biggest coronavirus outbreak since the pandemic erupted in Wuhan two years ago. **Shanghai** is at risk of being locked down. Changchun, the capital of north-eastern Jilin province with 9 million people, was ordered into lockdown on Friday.
- Prime Minister Modi led his party to a resounding electoral victory in **India's** most populous state, showing his enduring popularity despite protests over a proposed farming overhaul and an economy that has struggled to recover from the pandemic.



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Europe

- The **European** Central Bank said it would phase out its large bond-buying program sooner than expected and paved the way for interest-rate increases later this year, roiling financial markets and underscoring the challenge that Europe faces in managing the potential stagflationary shock caused by **Russia's** war in Ukraine.
- **Italy** annulled the sale of a military drones company to **Chinese** investors, the latest in a series of moves by Prime Minister Draghi to curb Beijing's forays into the euro zone's third-largest economy.
- Twitter has launched a privacy-protected version of its site designed to bypass **Russia's** censorship and surveillance. This comes after the Kremlin announced a restriction of the social media platform in an effort to control the flow of information about the war in **Ukraine**.
- **Poland's** constitutional court ruled once again on Thursday that the European Convention on Human Rights is partly incompatible with the Polish constitution.



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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.

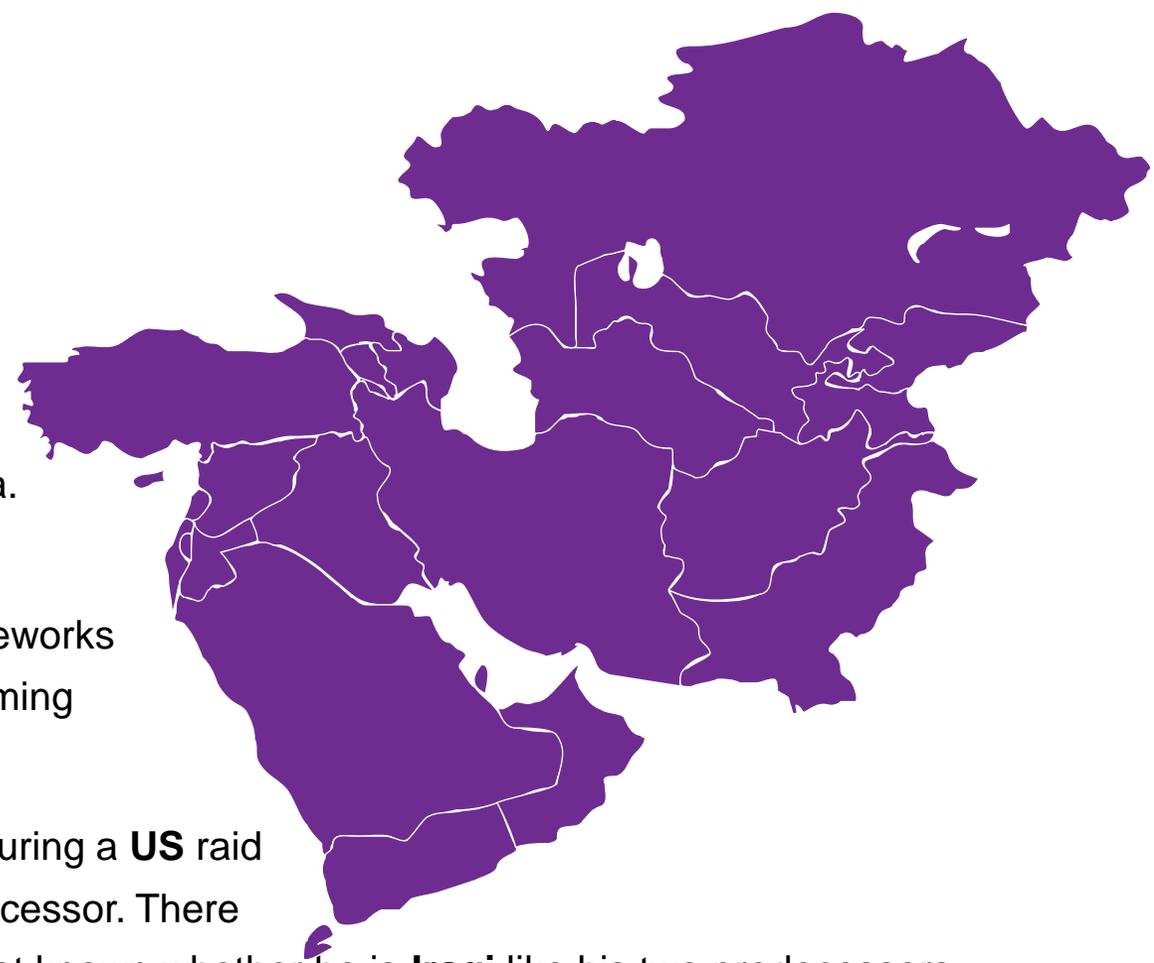
Dentons tabletop sessions are fluid, and designed to enhance preparedness with services, including:

- ❖ 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](#).

Middle East



- **Saudi Arabia** and the **US** mounted a joint operation in January to rescue two young American women who were held captive by the **Iran**-backed Houthi movement in the **Yemeni** capital of Sanaa.
- **Egypt's** President al-Sisi and **Russian** President Putin spoke on Wednesday and discussed enhancing strategic cooperation frameworks between their countries through joint development projects confirming "historic ties" between them.
- Islamic State confirmed its leader was killed in **Syria** last month during a **US** raid and has named Abu al-Hassan al-Hashimi al-Qurayshi as the successor. There was no immediate information about the new leader, and it was not known whether he is **Iraqi** like his two predecessors.
- **EU** foreign policy chief Josep Borrell said that a final text on the revival of the 2015 nuclear accord between **Iran** and world powers is "*essentially ready and on the table*," but a pause is needed in the talks due to "*external factors*," a reference to Russia's demands that sanctions against it will not apply to Russo-Iranian trade.

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Americas

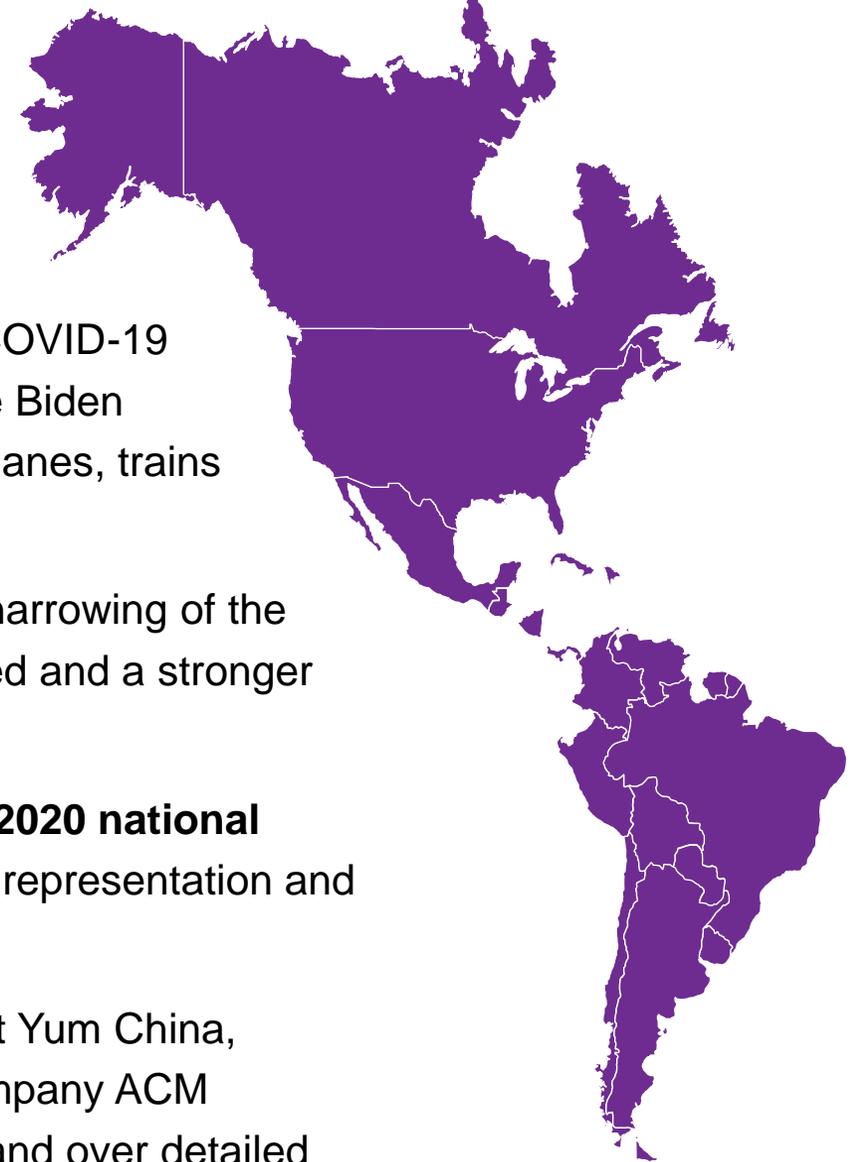
- The **US** plans to designate **Colombia** as a major non-NATO ally, granting the strategic status.
- **Brazil's** Senate approved on Thursday two bills aimed at curbing fuel price hikes with subsidies and tax exemptions.
- **Argentines** protested outside Congress on Thursday against a \$45 billion agreement with the IMF, with most people peacefully holding banners while others hurled stones and smashed windows.
- **Canada** is studying ways to increase pipeline utilization to boost crude exports to the **US**, with the aim of helping **European** countries that phase out imports of **Russian** oil.



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Americas: US

- The CDC said that 98 percent of the US population live in locations where COVID-19 levels are low enough that people do not need to wear **masks indoors**. The Biden Administration will extend requirements for **travelers** to wear masks on airplanes, trains and in transit hubs through April 18.
- The federal government ran a **budget deficit** of \$217 billion in February, a narrowing of the shortfall from the same month last year, as spending on pandemic aid slowed and a stronger economy generated additional tax revenue.
- Black people, Latinos and Native Americans were undercounted during the **2020 national census**, new US Census Bureau data showed, potentially affecting political representation and federal funding for communities with significant minority populations.
- The Securities and Exchange Commission said that **Chinese** fast-food giant Yum China, biotechnology groups BeiGene, Zai Lab and HutchMed, and technology company ACM Research face delisting, the first of as many as 270 groups, if they do not hand over detailed audit documents that back their financial statements.



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How Might the Ukraine War End?

The effects of Ukraine War, launched by Russia's invasion of Ukraine on February 24, are being felt around the globe. The US-led sanctions campaign is disrupting supply chains, millions of refugees are pouring out of Ukraine, business and reputational risks are driving a mass exit from Russia and uncertainty is fueling volatility in markets, escalating prices for basic food items to fuel. As each day sees rising costs from Russia's ill-advised military attack, strategic thinkers are questioning how the war might end and what will be its lasting impacts. We see four possible scenarios.

Ukraine Repels Russia and New Security Arrangements Negotiated

In this scenario, the Ukrainian military leverages its home turf advantage, national survival instincts and military assistance from NATO to break the will of Russia forces to fight on, amid the growing costs of sanctions to the Russian economy, people and leadership. President Putin, facing growing opposition at home and a western alliance growing more, not less, united, is forced to reevaluate his priorities and tactics. Putin sees a tactical retreat as the only option to preserve his power at home. In exchange for security guarantees (that fall well short of his initial demands), the Russian army retreats east and north, while still occupying Crimea.

While the new security arrangements will enable Putin's propaganda machine to declare a victory at home, enduring economic damage from sanctions will have changed Russia and the world. Not all sanctions will be lifted – those on Putin and his support system are likely to remain as a means to weaken an autocrat. The oligarchs will not be able to reclaim assets seized under laws declaring them ill-gotten gains. After having lost billions in investments and assets, it will take years for Western businesses to decide that returning to Russia merits the risks. Russia will not be allowed back into the G7 or G20. Continued isolation from the west, weak at home, Russia under Putin or his successor will drift to the east, falling into China's orbit.

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How Might the Ukraine War End?

Of the four scenarios, this outcome is most favorable for Ukraine and its western alliance but a low-probability outcome as of this writing.

Russia Takes Kyiv but not Ukraine

Russia's military superiority prevails at first in this scenario, with Moscow capturing Kyiv after a prolonged period of brutal urban warfare. After removing "the Nazi" regime of President Zelensky, President Putin installs a puppet government with the intention of bringing Ukraine under the Kremlin's de facto control. However, controlling Kyiv is not the same as controlling Ukraine. The Ukrainian military will regroup into resistance forces, and with covert western assistance wage an insurgency against Russia with support from a sympathetic population. Because Putin will seek to maintain the fiction that there was no war and the Ukrainian people welcome Russian intervention against western imperialists, he will not be able to deploy the numbers of forces necessary to occupy and control all of Ukraine. Instead, the Russian military will use its Chechen playbook of repression, collective punishment and urban destruction to "root out Nazis" who terrorize the local population. The fighting will be brutal, and the Ukrainians will pay high costs in terms of life and livelihood. Despite the carnage, western countries decline to

directly intervene, deterred by the risk of a nuclear confrontation with Russia.

Western sanctions would remain in place, severing Russia from the western economy. Putin will turn more autocratic to maintain control over an increasingly unhappy population whose standard of living has declined dramatically, with less disposable income and personal freedom. Despite being weak at home, or perhaps because, Russia will seek to exert itself as a great power, while the western alliance will seek to contain Russian influence at every opportunity. The world will operate in a pre-détente mode, unstable because of Russian weakness and aggressiveness, with Moscow to fan the flames of conflicts via proxy warfare.

Russia Refits the Iron Curtain

In this scenario, President Putin not only doubles down, but transitions to achieve a grand strategy of restoring the Russia empire. Putin drops self-imposed limitations and deploys the Russian military in fuller force, capturing and establishing a military occupation of Ukraine. Moldova would also be at high-risk for de-facto annexation. Ukraine is absorbed into Russia, its sovereignty

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How Might the Ukraine War End?

erased, and is controlled by an iron-fisted government loyal to Putin. This scenario could be called the “Belarussification” of Ukraine. The western alliance does not intervene, holding misplaced expectations that sanctions will deliver a victory that the battlefield would not.

Putin begins shutting down borders, not just in Ukraine, but along a hardened front through Moscow-aligned nations, retrofitting the Iron Curtain for the 21st century. Rather than having isolation imposed by the West, Russia will shut out its enemies and build a new economy, resilient to western sanctions. The physical barriers will be accompanied by an electronic iron curtain, severing communications between the blocs, allowing Russia to control the media space inside.

Isolation will not bring stability. Borders will be militarized, tense and primed for conflict. Strategic alignment between Russia and China will assist Russia in transitioning its economy to self-reliance (or create a new interdependence between Russia and China). The global stage will be a complicated chessboard for great power rivalry.

NATO Intervention in Ukraine

While scenarios two and three are fraught with danger, they pale in comparison to the risks of a direct confrontation between NATO forces and Russia. The two sides have never met in battle but have spent decades preparing for, and deterring, a conflict between nuclear powers. US intelligence assesses that President Putin is a rational actor, determined, resentful and willing to escalate to win. If NATO is drawn into the war, by accident or design, the leadership too will be rational, determined and fueled by a sense of high moral ground. The stakes would be unthinkable high.

Ukraine War Update: Nationalization, Internal Displacement, International Aid

At the EU summit, European leaders declared that western democracy is at stake in the war on Ukraine and have vowed to strengthen their military defenses and reduce their dependence on imported Russian gas and oil. However, EU leaders rebuffed Kyiv's calls for a fast-tracked accession that would see Ukraine join the bloc in record time.

Political Developments

During her trip to Warsaw, US Vice President Harris announced nearly \$53 million in new humanitarian assistance from the US government. The US Senate voted on Thursday evening to approve \$13.6 billion in funding to support Ukraine. EU leaders will provide a further €500 million to finance military equipment for Ukraine in addition to the €500mn already allocated.

President Vladimir Putin said on Thursday that sanctions imposed against Russia would rebound against the West, including in the form of higher food and energy prices, and Moscow would solve its problems and emerge stronger.

Moscow has requested the UN Security Council meet today to discuss allegations that the US had funded unconventional weapons

research in Ukraine. Washington dismissed the allegations as “preposterous” and warned, along with the UK, that the false claims have been manufactured by Moscow to potentially justify its own use of chemical or biological weapons.

The WHO advised Ukraine to destroy high-threat pathogens housed in the country's public health laboratories to prevent “any potential spills” that would spread disease among the population.

The EU have will offer temporary protection to “all war refugees from Ukraine.” More than 2.5 million Ukrainian civilians have already fled the Russian invasion and crossed the border into Poland and other neighboring states to the west. An estimated 1.9 million people are displaced within Ukraine, according to UN officials.

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Ukraine War Update: Nationalization, Internal Displacement, International Aid

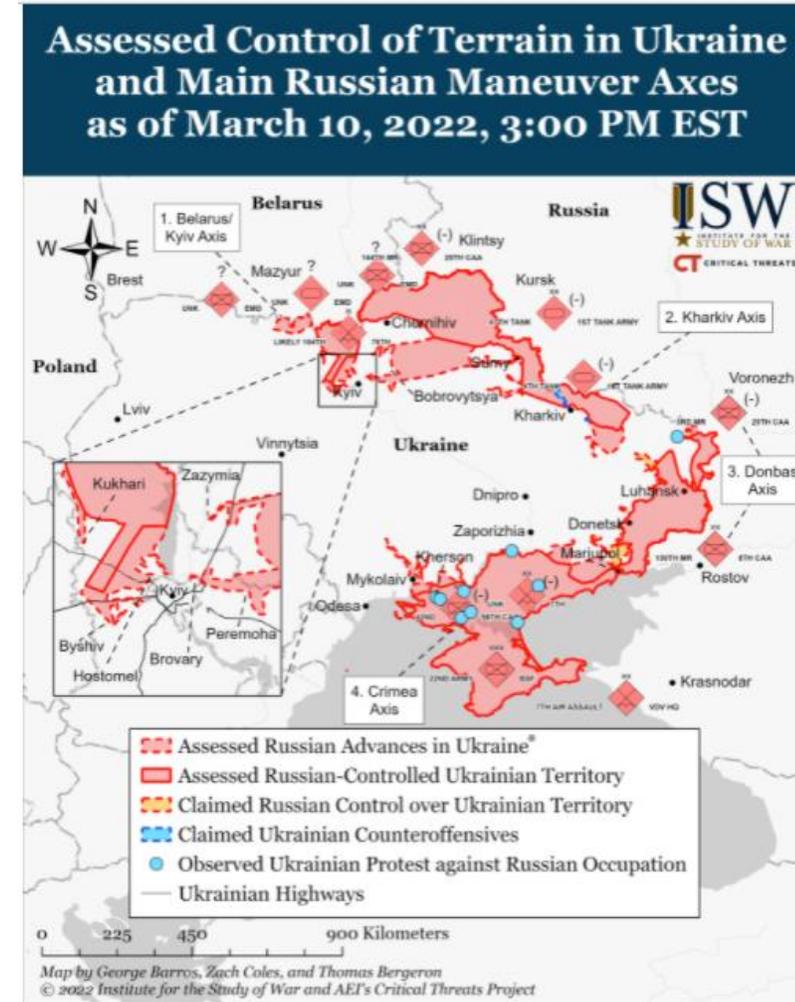
Jailed Kremlin critic Alexei Navalny called for anti-war protests in Moscow and other cities on Sunday. Russian authorities have put Navalny's press secretary Kira Yarmysh on an international wanted list and are seeking that she be sent to jail.

In the continuing media war, Russia announced it will end the activities of Meta Platforms if a Reuters report that it will allow users in some countries to call for violence against Russians and Russian soldiers is true.

Battlefield Developments

Russian forces bearing down on Kyiv are regrouping northwest of the capital. Military analysts assess the long column has spit into two and will make faster progress. Ukrainian forces have been effective at slowing the pace of the advance thus far. Ukrainian forces badly damaged a Russian armored unit east of the capital, likely disrupting Russian efforts to encircle or assault the city from the east.

Britain's defense ministry noted that persistent logistical issues were still hampering Russia's military and that Moscow was likely "to reset and re-posture its forces for renewed offensive activity in coming days." Military analysts at the Institute for the Study of War assess that as yet no indications that the Russian military is reorganizing, reforming, learning



Source: Institute for the Study of War

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Ukraine War Update: Nationalization, Internal Displacement, International Aid

lessons, or taking other measures that would lead to a sudden change in the pace or success of its operations, although the numerical disparities between Russia and Ukraine leave open the possibility that Moscow will be able to restore rapid mobility or effective urban warfare to the battlefield.

Russia launched air strikes deeper into Ukraine. With the war in its third week, Russian jets hit the central Ukrainian city of Dnipro on Friday while rockets pounded Lutsk in the west, in a sign of widening the scope of an assault that has targeted the country's largest population centers.

Moscow launched a fresh assault on the besieged southern Ukrainian city of Mariupol, where residents remain trapped in shelters in dire conditions. The Russian defense ministry announced that Russian forces had taken control of Volnovakha, a besieged town in south-eastern Ukraine. The ministry also announced that its forces had launched rocket attacks that had disabled military airfields in Lutsk and Ivano-Frankivsk in western Ukraine and were advancing on Mariupol.

The Pentagon is exploring ways to shore up Ukraine's air defenses by facilitating the transfer of Soviet-designed anti-aircraft equipment, after declining to provide additional fighter jets.

Indicators are increasingly showing that Russia is scrambling to provide additional forces to fight in Ukraine. President Putin ordered Russia's army to deploy thousands of foreign "volunteers" to fight in Ukraine. Russia's defense minister stated that there were 16,000 "volunteers" from the Middle East prepared to fight on behalf of the separatist held territories.

Economic and Commercial Developments

The US, EU and G7 countries plan to announce today removal of "most favored-nation" trade status with Russia.

Russia has responded to the mass exodus of foreign firms from the country by threatening to seize their assets "in legally viable ways." Despite the Kremlin's threats, businesses continue to announce plans to unwind operations and exit doing business with Russia.

Ukraine War Update: Nationalization, Internal Displacement, International Aid

New companies announcing plans to wind down operations include Lloyd's Register, the first shipping classification society to step back, which will decrease Russia's ability to trade with the west. Ships must have valid classification certificates in order to be insured, carry cargo legally and enter in and out of ports around the world. Classification societies uphold safety standards through the maritime equivalents of compliance tests for the roadworthiness of a car. While the decision has safety implications, Russian shipping companies have the option turn to the Russian Maritime Register of Shipping.

Goldman Sachs plans to wind down its operations in Russia, the first major Wall Street firm to pull out. JPMorgan Chase also announced it was winding down its businesses in Russia.

Walt Disney announced it will halt all business in Russia, including product licensing, local content production and cruise line activities.

Japanese brands Uniqlo and Japan Tobacco will stop doing business in Russia.

Marriott will close its corporate offices in Moscow.

Norwegian state oil company Equinor has stopped trading Russian oil as it winds down operations there.

Turkish discount carrier Pegasus Airlines will suspend flights to and from Russia due to "*operational risks*." Flag carrier Turkish Airlines still flies to 36 Russian cities. Turkey is Russia's biggest international destination, with 4.5 million Russian tourists visiting in 2021. About 40 countries have banned Russian airlines from their airspace, prompting Moscow to introduce reciprocal bans.

Russia has been temporarily kicked out of the central bank for central banks over its decision to wage war in Ukraine.

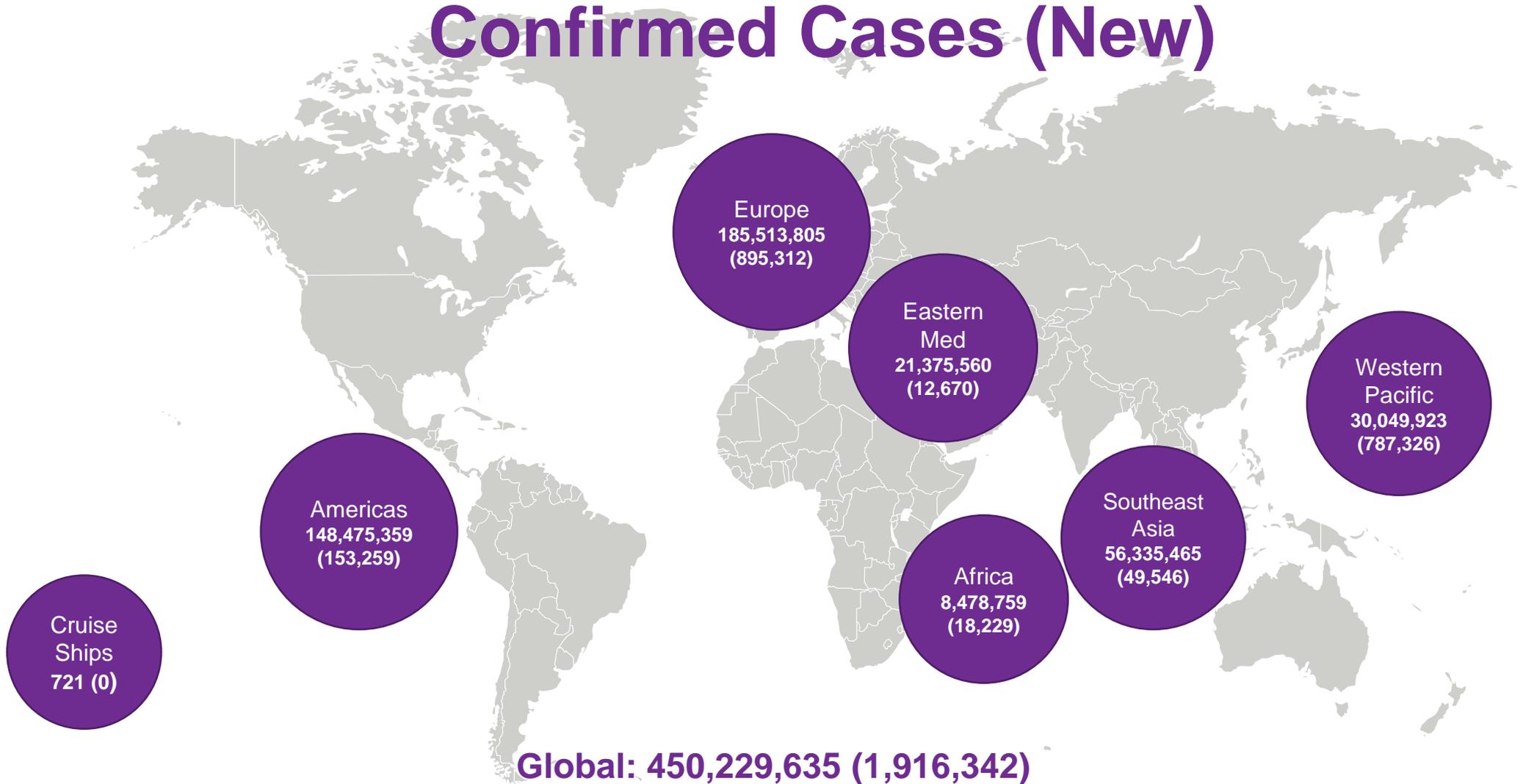
The IMF's office in Moscow is "*not operational*," the head of the international organization confirmed on Thursday.

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Coronavirus Condition Updates

As of 5:08 pm CEST on March 10, 2022

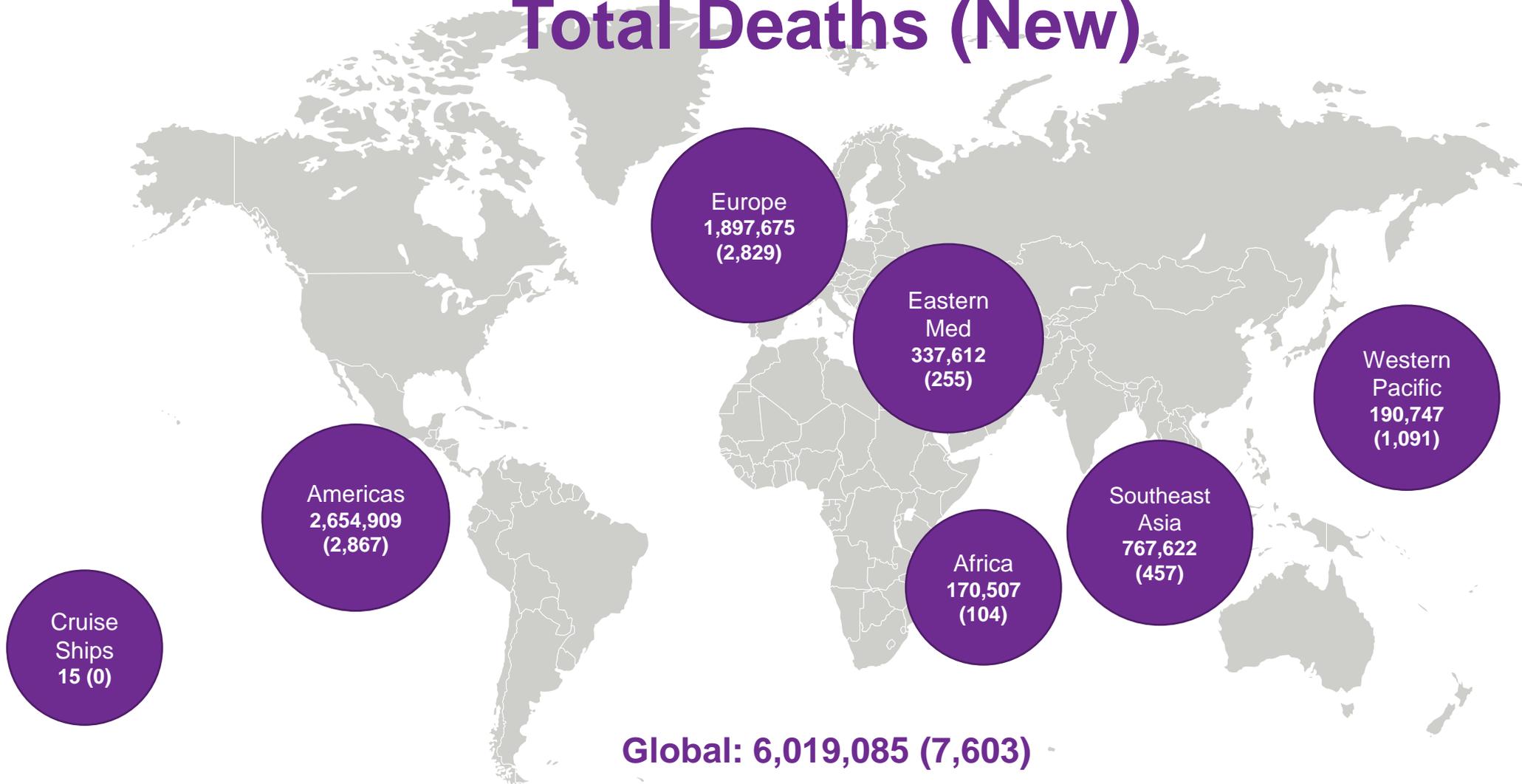
Confirmed Cases (New)



Reflects data as of 5:08 pm CEST on March 10, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 5:08 pm CEST on March 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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