

Dentons Flashpoint

Global Situation Report

November 7, 2022

Global Situation Update: November 7, 2022

KEY TAKEAWAYS

Quiet diplomacy between the US and Russia eases risks of nuclear confrontation.

COP27 begins in Egypt amid new reports warning about growing risks of climate change.

China's exports and imports unexpectedly contracted in October even as Beijing reaffirms Zero-COVID policy.

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WHAT WE'RE WATCHING

In Nigeria, the continuing expansion of the Islamic State West Africa Province (ISWAP) is elevating the threat of terrorist attacks in the capital Abuja. Several embassies have warned of heightened terrorism threats from the Boko Haram splinter group targeting hotels, restaurants, government buildings, educational institutions, markets, transport hubs and places of worship in the capital.

Over the weekend, the Nigerian military arrested a top ISWAP commander and recruiter. Although security forces will continue to carry out counterterrorism operations in and around Abuja, the threat of further attacks will persist in the coming weeks and months. Although attacks are likely to primarily target security forces, ISWAP is also likely to view commercial organizations and places of worship as attractive targets to gain further attention.



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

Global

The past eight years were on track to be the warmest on record, the World Meteorological Organization said in its latest report, as leaders gather for the COP27 climate summit in Egypt.

- US national-security adviser Sullivan has been engaged in recent months in confidential conversations with top aides to Russian President Putin in an effort to reduce the risk of a broader conflict over Ukraine. Russian rhetoric on the **risk of nuclear war** since November 2 has shifted, in a notable de-escalation, according to analysis by the Institute for the Study of War.
- Russia wants the West to ease restrictions on state agriculture lender Rosselkhozbank to facilitate Russian **grain exports**.
- The G7 agreed to create a new coordination group to help prepare, restore and defend **Ukraine's energy grid** which has been under attack by Russian forces in order to punish Ukrainian civilians.
- European Commission President is proposing that the EU give **Ukraine** nearly \$1.5 billion per month, “*which would contribute significantly to cover Ukraine’s financing needs for 2023.*”

Markets & Business

US oil producers have taken more than \$200 billion in profits since Russia's invasion of Ukraine as they benefited from the geopolitical turmoil that has shaken up the global energy market and sent prices soaring.

- **Twitter Inc** launched a subscription service for its social media platform for \$8 a month that includes the blue checkmark "verified" badge, offering an updated version on Apple's App Store. New CEO Elon Musk said the social media platform's mission was to become the most accurate source of information about the world.
- **Apple Inc** expects lower shipments of premium iPhone 14 models than previously anticipated following a significant production cut at its Chinese manufacturing plant due to COVID-19, dampening its sales outlook for the holiday season.
- **Medibank Private Ltd**, Australia's biggest health insurer, said no ransom payment will be made to the criminal responsible for a recent data theft, wherein around 9.7 million current and former customers' data was compromised, concluding that paying a ransom could encourage the hacker to extort customers directly.
- The European Central Bank has clashed with **UniCredit** over the Italian lender's plans to return cash to shareholders and its failure to leave Russia. The clash is a sign of the central bank's tougher stance towards eurozone lenders' capital plans as officials brace for recession.

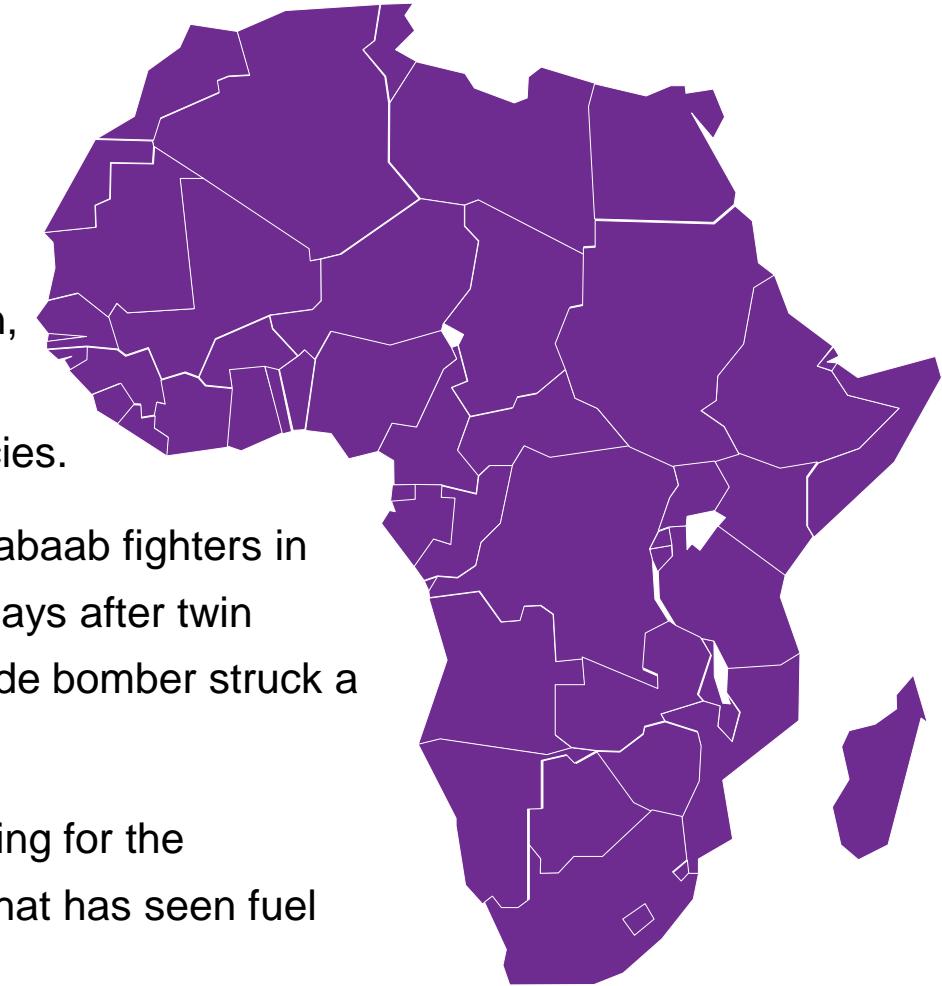
Environment, Sustainability & Governance

The U.N. climate summit, COP27, opened in Sharm El Sheikh, Egypt on Sunday amid growing calls for rich countries to compensate poorer nations most vulnerable to climate change.

- Hundreds of **environmental activists** wearing white overalls stormed an area holding private jets at Amsterdam's Schiphol Airport and stopped aircraft from leaving for hours by sitting in front of their wheels as part of Greenpeace and Extinction Rebellion protest campaign prior to start of COP27 climate talks in Egypt.
- One year after more than 140 countries pledged to halt all **deforestation** by 2030, little has been done to finance protections or pass new conservation laws.
- The UK is expected to announce plans to accelerate the UK's **transition to renewable energy** at the U.N. COP27 summit on climate change today, as well as investments of more than 100 million pounds (\$115 million) to **support developing countries** in their fight against the impact of climate change.
- In India, primary schools will reopen in the capital New Delhi this week and curbs will be lifted on certain construction activities, after **pollution levels** improved to the 'very poor' category from 'severe'.

Africa

- Up to 7.8 million people in **South Sudan**, two thirds of the population, may face severe food shortages during next year's April-to-July lean season due to floods, drought and conflict, per United Nations agencies.
- **Somalia's** army and allied clan militias have killed at least 100 al Shabaab fighters in heavy clashes in the central Hiran region, per the defense ministry, days after twin bombings killed at least 120 people in the capital. Separately, A suicide bomber struck a military training camp in Mogadishu on Saturday, causing casualties.
- Protesters marched through **Ghana's** capital Accra on Saturday, calling for the resignation of President Nana Akufo-Addo amid an economic crisis that has seen fuel and food costs spiral to record levels.
- **Sudan's** military leader General al-Burhan confirmed that talks on a new political framework for the country were being held, but he warned the former ruling party led by Omar al-Bashir to interfere with the military or in politics.



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Asia

- **North Korea** fired four short-range ballistic missiles into the western sea on Saturday, as Seoul and Washington ended a high-profile six-day military exercise. North Korea said on Monday that its recent missile launches were simulated strikes on **South Korea** and the **US**.
- **China's** exports and imports unexpectedly contracted in October, even as it reaffirmed its Zero-COVID policy which includes lockdowns, quarantining and rigorous testing.
- Emergency crews in **Australia's** most populous state New South Wales were evacuating people and livestock and sandbagging towns over the weekend ahead of an expected peak in floodwaters, with one river forecast to hit a 70-year high water mark.
- **Japan** and the **UK** plan to sign a Reciprocal Access Agreement in December that will enable the countries to enhance co-operation with the **US** in the Indo-Pacific and boost deterrence against the rising threat from **China**.



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Europe

- Minority Serbs in the north of **Kosovo** are quitting their jobs in state institutions including the government, police and courts to protest Pristina's order for them to start using Kosovo vehicle license plates.
- **US** National Security Advisor Sullivan visited Kyiv and promised support for **Ukraine** would remain "*unwavering and unflinching*" following next Tuesday's midterm congressional elections. The US announced another \$400 million worth of military aid for Kyiv.
- **Ukrainian** President Zelensky warned that **Russia** is preparing for further strikes on Ukraine's energy infrastructure. More than 4.5 million customers are affected by electricity cuts as the state-owned Ukrrenergo energy operator introduced rolling blackouts to relieve the strain on Ukraine's energy grid,
- The Germany-based Kiel Institute for the World Economy calculated that in June, July and August, **Russia** goods imports were 24 percent lower year-on-year which corresponds to a monthly import gap of \$4.5 billion, an indicator of how sanctions are hitting the Russian economy.

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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](#).

Middle East

- The Football Associations of 10 **European** countries, including **England and Germany**, are pushing FIFA ahead of the World Cup, which starts in two weeks, to take action to improve the rights of migrant workers in **Qatar**.
- Amid escalating tensions, **Pakistan's** information minister accused former Prime Minister Imran Khan of inciting violence after his political party called for a nationwide protest in response to his being shot.
- **Iran's** Revolutionary Guards tested a new satellite-carrying rocket on Saturday, per state media. The **US** fears the same long-range ballistic technology used to put satellites into orbit could also be used to launch nuclear warheads. Hardline Iranian lawmakers urged the judiciary on Sunday to "*deal decisively*" with perpetrators of unrest, as the Islamic Republic struggles to suppress the biggest show of dissent in years.
- Following the election that brings into power what could be the most rightwing government in **Israel's** history, **US** Secretary of State Blinken reaffirmed Washington's commitment to a two-state solution to the Israeli-Palestinian conflict in a phone call with **Palestinian** President Mahmoud Abbas.



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Americas

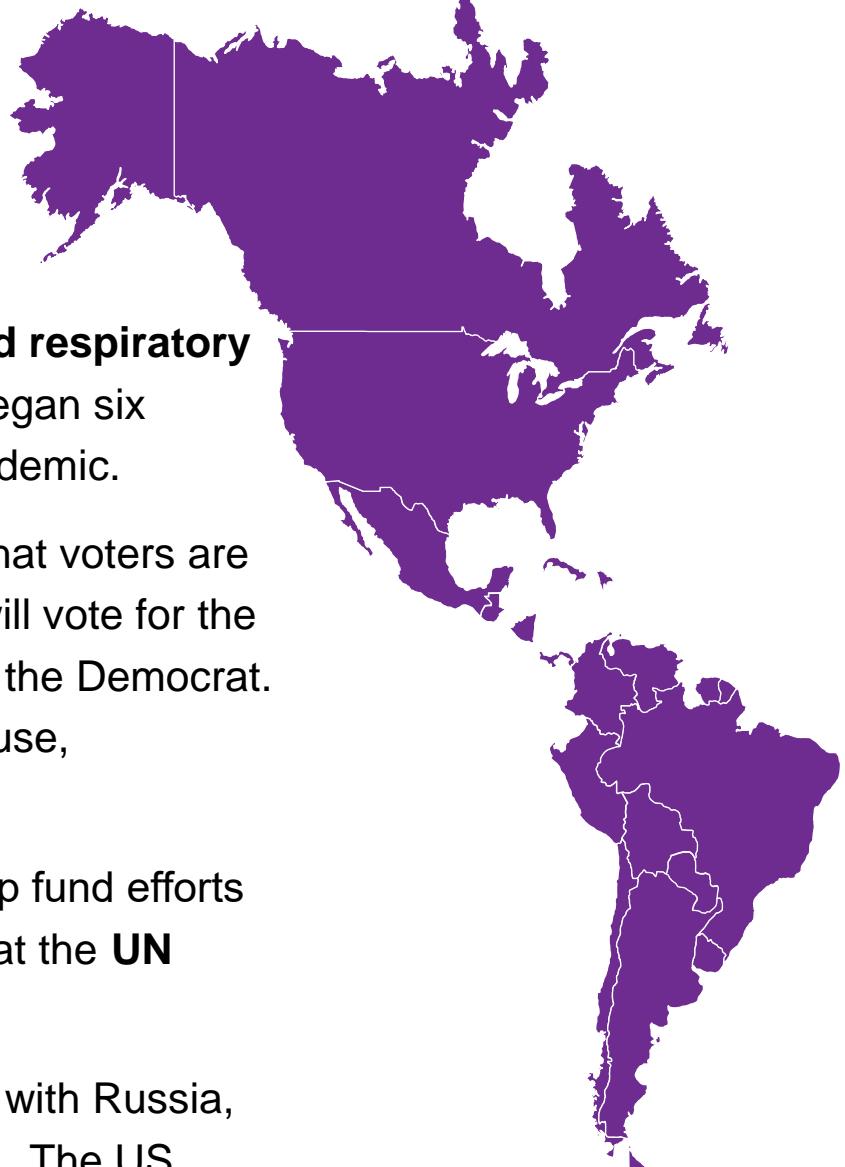
- **Haitians** hope for a quick return of fuel supplies after police broke up a gang blockade that for two months had left the economy without gasoline or diesel and triggered a humanitarian crisis.
- The government of **Trinidad and Tobago** is asking the **US** to authorize **Venezuelan** gas imports to restart an idled liquefaction train in the Caribbean nation.
- Thousands of people protested across **Peru** on Saturday to demand the resignation of embattled President Castillo, a leftist whose government is under investigation for corruption.
- **Venezuela's** government rejected on Saturday a decision by the prosecutor of the International Criminal Court to resume an investigation into alleged human rights violations by Venezuelan officials.



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Americas: US

- The US continues to experience an unusually high and early uptick in **flu and respiratory syncytial virus infections**, straining health-care systems. The flu season began six weeks early this year, at a level not seen since the 2009 H1N1 swine flu pandemic.
- Americas head to the **polls on Tuesday**, with the latest ABC poll reflecting that voters are closely split on the House, with 49 percent of registered voters saying they will vote for the Republican candidate in their district and 48 percent saying they will vote for the Democrat. With Republicans needing to win a net of five seats to take control of the House, Democrats face overwhelming odds to prevent that from happening.
- The US is working on a plan to mobilize the world's largest companies to help fund efforts by developing countries cut their use of fossil fuels, an idea it aims to unveil at the **UN climate summit** this week.
- The US is privately encouraging **Ukraine** to signal an openness to negotiate with Russia, in a calculated attempt to ensure Kyiv maintains the support of other nations. The US does not believe that Russia will engage in good faith negotiations.



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South America's Pink Tide: Implications for Security and Business

Last week, former Brazilian President Luiz Inácio Lula da Silva, known as Lula, secured victory in runoff presidential elections, shifting the country to leftist leadership after the four-year tenure of far-right President Jair Bolsonaro. Brazil became the latest South American country to join a potential second “pink tide,” with socialist leaning leaders now governing all of the region’s major countries.

Over the last several years, leftist parties have taken power in Chile, Bolivia, Argentina, Colombia, Mexico, and now Brazil, placing much of the continent’s population and its six largest economies under socialist control. While experts and scholars disagree on whether the ascension of several leftist leaders will prompt regional economic and security policy changes significant enough to constitute a bona fide “pink tide,” left-leaning politics throughout the region will nonetheless impact business operations and calculations.

Lula’s Campaign Promises & Regional Trends

Lula’s rise to power has followed the arc of several recent leftist success. Driven by heightened anti-incumbent sentiment throughout the region over stubborn economic inequality, exacerbated by first pandemic-era disruptions and then the Russian invasion of Ukraine,

leftists gained power throughout the region mostly on promises of increased social spending to address the needs of the poor and disenfranchised, which include many indigenous communities.

Mexican President Andrés Manuel López Obrador, commonly known by his initials AMLO, kicked off the trend with his election in 2018; he was followed by Alberto Fernández in Argentina in 2019, Peruvian President Pedro Castillo in 2021, and in 2022, Chile’s Gabriel Boric, Colombia’s Gustavo Petro, and Lula. In addition to these countries, which represent the region’s six largest economies and most of its population, leftists lead Bolivia (Luis Arce) and Guyana (Irfan Ali). However, the leaders, despite being of similar political persuasions, are not monolith: where Boric, Petro and Lula, for example, are pushing for increased social spending, AMLO is focused on austerity.

South America's Pink Tide: Implications for Security and Business

Some analysts warn, however, that it is too early to call recent trends a full-blown pink tide. Leftist leaders of today are different than those of the last generation, with most of them being far more socially progressive than their predecessors and more interested in sustainability. They are also more constrained than leftists of yore, facing extreme global headwinds in the form of rising interest rates and continued European conflict, as well as international debt obligations that prevent them acting too broadly.

Implications for Politics and Businesses

Left-leaning leaders have already caused wariness in the international business community, and many have faced domestic pushback. While such leaders have often emphasized on the campaign trail and in power that they will seek not to disrupt the business community, that pledge has often been met with distrust from business. Rampant crime has hampered copper extraction from Chile, the world's top producer, and indigenous blockades have shuttered mines in Peru for weeks on end. Colombia rattled markets this week when it proposed an increase on taxes on wealthy individuals and extractive industries to pay for antipoverty and rural development initiatives. While these issues have transcended party, business leaders worry that they may take a more conciliatory stance to rebel or indigenous groups, forcing businesses to make

Countries with Leftist Leaders



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South America's Pink Tide: Implications for Security and Business

more concessions. Increased social spending could increase debt burdens in Latin America as well, creating a more precarious fiscal environment.

Politically, the new leftist leaders also face severe headwinds. The region is far more politically polarized today than it was during the last leftist sweep, and most of the new class face divided electorates and opposition-ruled parliaments, hampering their ability to enact agendas or gain legitimacy. Peru's President Castro is already the subject of impeachment articles over corruption concerns and protests in the streets of Lima are gathering steam. Another obstacle will be the difficult global economic landscape, which will make it hard for leftist leaders to address the underlying concerns that led voters to toss out their conservative governments – potentially leading to more electoral churn, continued dissatisfaction, and unrest. Latin America's previous pink tide led to severe democratic erosion in the region, a fear some have expressed that the current political shift could produce similar results. While possible, it is also important to note that democracy is on a backslide almost

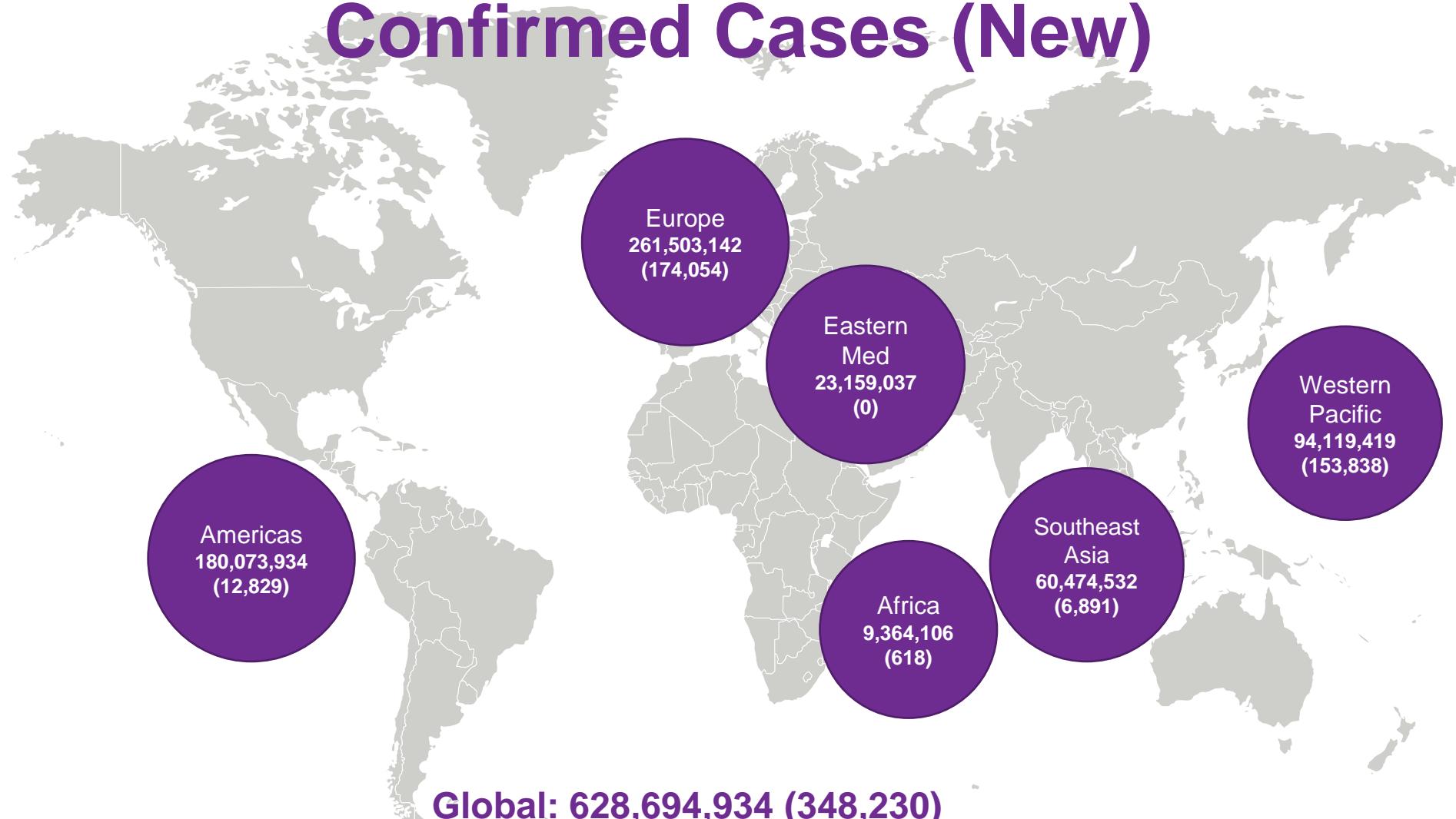
universally, regardless of party affiliation.

Interestingly, the global fight against climate change may benefit from a pink tide in South America. Lula's election has been hailed as a godsend for the Amazon, the natural resources of which President Bolsonaro was much quicker to exploit. Lula has promised to slow extractive projects there and protect the forest, which is critical to global greenhouse gas absorption, a move that could slow further warming in the long term. Left-wing government leaders in South America, in general, will aim to embrace modern industrial strategies that are oriented around climate and diversity and inclusion goals.

Coronavirus Condition Updates

As of 4:36 pm CEST on November 4, 2022

Confirmed Cases (New)



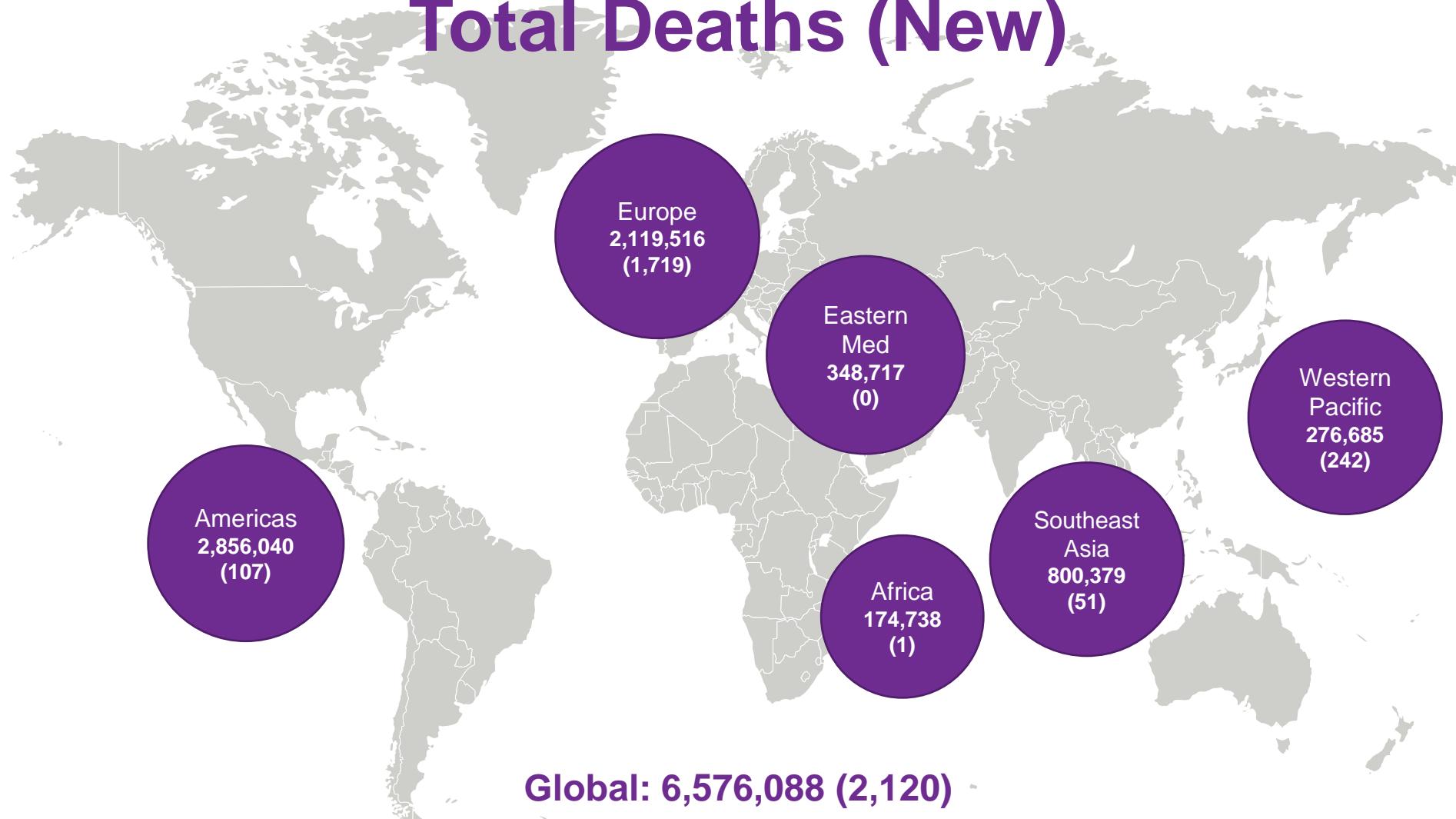
Reflects data as of 4:36pm CEST on November 4, 2022.

Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 4:36pm CEST on November 4, 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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