

Dentons Flashpoint

Global Situation Report

January 25, 2023

Global Situation Update: January 25, 2023

KEY TAKEAWAYS

In a significant breakthrough in the war supply effort, US and Germany near diplomatic agreement to send battle tanks to Ukraine.

Japan cut its view on the overall economy for the first time in 11 months in January, citing sagging exports.

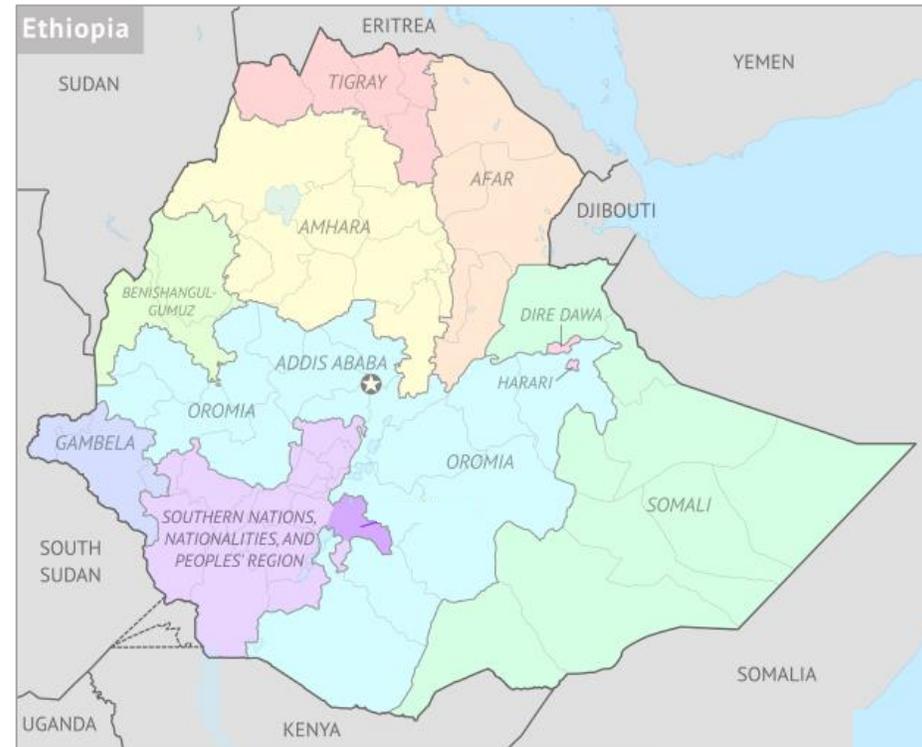
Strikes over pay at Germany's BER airport in the capital Berlin shut down air traffic today.

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WHAT WE'RE WATCHING

While Eritrean troops continue to withdraw from Ethiopia's war-torn Tigray province this week in accordance with an African Union-led peace plan, a long-running insurgency in the west is heating up. Anti-government sentiment in Oromia province is rising after Ethiopia's army launched a renewed military operation there that includes the use of drones which have killed several hundred members of the armed opposition Oromo Liberation Army (OLA).

The Oromo are the most populous ethnic group in Ethiopia and Prime Minister Abiy will need to appease and include their elites or run the risk of the OLA insurgency spreading as more Oromos grow frustrated with perceived marginalization by the federal government in Addis Ababa.



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Global

NATO Secretary General Stoltenberg expects the alliance's member states to raise their current spending target on defense of 2 percent of national output when they meet for a summit in Vilnius in July, noting the 2 percent target was for 2024 and needs updating.

- In a significant breakthrough in western efforts to bolster **Ukraine's** fight against the Russian army, the US is considering sending a significant number of Abrams M1 tanks as part of a broader diplomatic understanding with Germany in which Berlin would agree to send Leopard 2 tanks and also approve the delivery of more of the German-made tanks by Poland and other nations.
- Weaker international demand for Chinese goods has led to a rise in **shipping cancellations** at the China's biggest ports, putting a damper on the expected economic boost from its emergence from zero-Covid policies. The cancellation rate for ships travelling east from Asia across the Pacific or to Europe will reach 31 percent over the coming weeks, compared with 23 percent over the same period last year.

Markets & Business

Rupert Murdoch has called off the proposal to combine Fox and News Corp after his attempt to bring together the two halves of his media empire faced stiff resistance from shareholders.

- The US Justice Department filed an antitrust lawsuit alleging that **Google** abuses its role brokering digital advertising across much of the internet.
- **Walmart Inc.** is raising wages for its US hourly workers, from a starting wage of \$12 to at least \$14, as the country's largest private employer fights to attract staff in a tight labor market for front-line workers.
- **Polymetal**, the Anglo-Russian gold miner may relocate its listing from London to Kazakhstan as part of a legal process in the wake of sanctions and war. Moscow has banned asset sales for gold miners domiciled in “*unfriendly*” places such as the Channel Islands, where Polymetal is domiciled.
- The latest US company to exit Russia, **International Paper Co.** reached a deal to divest from its Russian pulp business, selling its 50 percent stake in **Ilim Group** to its Russian partners in the joint venture for \$484 million.

Environment, Sustainability & Governance

EU will give clearance in February for work on new EU funding for the green tech industry to counterbalance subsidies in the US and China.

- Shareholder resolutions filed by New York City's top pension official will ask top Wall Street banks including JPMorgan Chase & Co and Bank of America to set stricter **2030 greenhouse gas emissions reduction targets for portfolio companies**.
- France is falling behind in its plans to boost **onshore wind and solar power**, the country's annual renewable electricity report showed.
- Imports of **renewable hydrogen** into the EU by 2030 will be competitively priced compared with domestically produced clean hydrogen, per a new study.
- All flights were cancelled at Germany's BER airport in the capital Berlin today, the operator said, as staff went on **strike** for the day to press **pay demands**.

Africa

- **Uganda** launched the drilling of its first oil well; the country is aiming for oil output in 2025.
- **Nigerian** President Buhari marked the opening of a \$1.5 billion, **Chinese**-funded deep seaport in the commercial hub of Lagos, which officials hope will boost the economy.
- **South African** President Ramaphosa appealed to the board of electricity utility Eskom to suspend its biggest electricity price increase in more than a decade.
- **Burkina Faso** announced that it has decided to end a military accord that allowed French troops to fight insurgents on its territory because the government wants the country to defend itself, clarifying and expanding an earlier request for **French** troops to leave.
- **Cameroon's** government denied reports that it had asked **Canada** to mediate in its conflict with Anglophone separatists.



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Asia

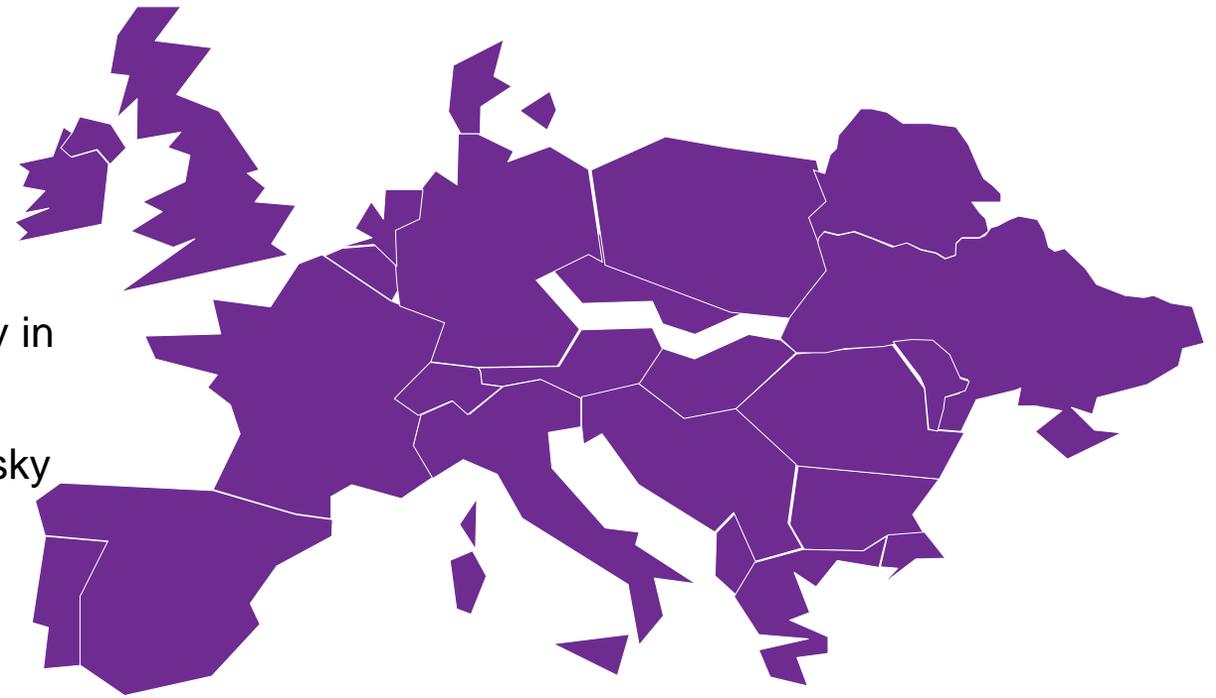
- **Japan** cut its view on the overall economy for the first time in 11 months in January, as **China's** COVID-19 infections and a slowdown in global demand for tech and semiconductors hurt exports, especially to Asia.
- The Export-Import Bank of **China** has offered **Sri Lanka** a two-year moratorium on its debt and said it would support a \$2.9 billion loan from the IMF. In total, Sri Lanka owes Chinese lenders \$7.4 billion.
- **US** law enforcement issued a statement saying a **North Korean** hacking group, Lazarus Group, was responsible for the theft last June of \$100 million from US crypto firm Harmony's Horizon Bridge, and that North Korea uses crypto currency theft and laundering to fund its ballistic missile and WMD programs.
- In 2021, **China** filed 1.59 million patent applications, more than double the number of the US, per the World Intellectual Property Organization. The country, however, has produced few original innovations in areas like artificial intelligence and semiconductors, compared to the US and **Europe**.



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Europe

- **Ukraine's** ruling party drafted a bill to boost transparency in defense procurement after a corruption scandal linked to procurement of war-time supplies led to President Zelensky to fire a number of senior government officials.
- **Turkey** cancelled a trilateral mechanism meeting with **Sweden and Finland** meant to discuss the latter two countries joining NATO, in retaliation to a protest held in Stockholm where an anti-immigrant politician from the far-right fringe burned a copy of the Koran near the Turkish Embassy.
- **British** business confidence hit a two-year low, amplifying fears that the economy is sliding into recession. The business confidence survey added to other indicators that the economy is contracting despite prices slowing to the lowest rate in almost a year in December.
- Under a surge of new migrant flows, the **European** Commission presented "*a new operation strategy*" yesterday to increase the return of irregular migrants. Only 21 percent of migrants who irregularly enter the EU go back to their countries of origin, even if they receive a negative decision on their asylum request by a member state.



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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

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

Middle East



- **Israeli** Prime Minister Netanyahu made a surprise visit to **Jordan** to visit King Abdullah. The visit signals a thaw in the relationship after years of tensions over the status of Jerusalem.
- **Kuwait's** government resigned after weeks of tension with the National Assembly over the approval of a financial aid package that lawmakers want in exchange for waiving the demand to buy loans.
- **Iran** strongly condemned fresh sanctions imposed by the **EU and Britain** and said it would retaliate.
- The judge probing the 2020 Beirut blast has charged **Lebanon's** top public prosecutor, the then-premier and other senior current and former officials in connection with the devastating explosion. The prosecutor argued that the case remains suspended.

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Americas

- The **US** is proposing further targets in **Haiti** for UN sanctions on anyone who threatens its peace or stability amid widespread violence.
- Countries from **Latin America and the Caribbean** yesterday called for more international funding in the region. The 111-point "Declaration of Buenos Aires" from the Community of Latin American and Caribbean States' (CELAC) seventh summit described how effects of COVID-19, climate change and the war in Ukraine had rippled across the region.
- **Venezuela** has decided to call off a previously arranged meeting between President Nicolas Maduro and his **Brazilian** counterpart Luiz Inacio Lula da Silva on Monday, Lula's press office said.
- **Venezuela's** National Assembly passed a first reading of a bill to regulate and inspect NGOs in the South American country, which has caused uproar among activists.



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Americas: US

- California is stunned by two back-to-back **mass shootings** within three days. President Biden called on Congress to reintroduce a federal assault weapons ban. There have already been 39 mass shootings in 2023 in the US, according to the Gun Violence Archive.
- In the last five months of 2022, US employers cut 110,800 **temporary workers**, including 35,000 in December, the largest monthly drop since early 2021, a potential early indicator of future labor-market shifts.
- Sen. Joe Manchin (D-WV.) will introduce legislation today that delays implementation of new tax credits for electric vehicles amid disagreements with the Treasury Department over how to implement the program, which is part of the **Inflation Reduction Act**.
- Former US Vice-President Pence turned over **documents with classified markings** to the Department of Justice last week, as federal authorities continue to probe how sensitive government files ended up at the private residences of President Biden and former President Trump.



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State of the Virus: Annual Shots and Endemic COVID

By Anni Coonan

Almost three years after the first cases of COVID-19 were identified in the US, the character of the pandemic and the public mood has changed drastically. While new variants proliferate and the virus remains a public health challenge, most signs point toward the coronavirus quickly becoming endemic, with an expected winter surge mostly failing to materialize.

Recently, the FDA proposed making COVID-19 booster shots an annual, rather than as-need, requirement, which could further normalize COVID-19 as just part of the public health furniture. Despite these moves, however, COVID-19 remains a threat, with public health risks such as RSV and the flu posing continued risks.

Missing Winter Surge

In January of 2022, as the infectious Omicron variant took hold in the US, daily hospitalizations throughout the country spiked to an unprecedented 160,000 per day. The year before, when Delta was emerging, daily hospitalizations rose to a similarly-concerning 137,000 per day. This year, despite holiday travel topping pre-pandemic levels and the regular worries around more time spent indoors, January hospitalizations peaked at just 45,600 new patients per day. The surge is mostly driven by rising case rates in the South and Northeast, with some Western states reporting among their lowest hospitalization rates since the pandemic began.

The vanishing surge is primarily attributable to climbing levels of immunity in the country. Whether by vaccination or prior infection, much of the American populace has some level of immunity against the coronavirus and its variants. Anecdotally, epidemiologists note that the lack of hospitalizations could also be occurring because newer variants have traded severity for transmissibility. It is possible

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State of the Virus: Annual Shots and Endemic COVID

that infection is near 2022 levels, but the less-severe current variant mix has resulted in far fewer hospitalizations relative to inflections. Many of us are seeing a lot of illness in our communities, but because case rates are increasingly difficult to ascertain (most people are testing with at-home rapid tests, if they are testing at all), hospitalization data is the most solid indicator available to us. The lack of a winter spike, despite the messiness of the data, is a win for vaccines and boosters, and demonstrates that the US may be closer to coping with endemic COVID-19.

Annual Shots

Just this week, the FDA suggested that it may soon recommend that Americans receive COVID-19 booster shots on an annual schedule, rather than the ad hoc, as-needed rollout that has been the strategy thus far. The plan would align COVID-19 strategy with that of the common flu, with scientists identifying the variants most likely to dominate the next year in the spring and rolling out updated boosters that fall. Most Americans would receive a single booster dose, while high-risk people would be eligible for two. The plan could reduce much of the confusion and fatigue that has beleaguered vaccination campaigns for the past several years. Getting a COVID-19 vaccine

at the same time as an annual flu vaccine could make the process smoother and more automatic for Americans already accustomed to seeking out the jabs, with less confusion over booster timing and eligibility. The shift also sends a psychological message about the severity of the coronavirus: rather than a global emergency, COVID-19 is becoming a routine part of the public health landscape.

The strategy has its critics, of course. Many take issue with the 12-month schedule given that most evidence shows that protection from COVID-19 boosters wanes within 4-6 months. Even proponents of the annual schedule caution that the plan will not necessarily lead to increased vaccine uptake; only 16 percent of eligible adults received the most recent bivalent booster this fall, and only 46 percent received a flu shot. The FDA's vaccine advisory committee will host its regular meeting tomorrow, and ultimately provide its nonbinding recommendation to the FDA – although even the committee has indicated that it is split.

The “Tripledemic” and the Return of Mask Mandates

Contrary to other trendlines, some developments this winter point to the fact that COVID-19 and its attendant restrictions are not quite

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done with us yet. This winter's combination of COVID-19 cases (even at their relatively low level), flu, and the common-in-children respiratory syncytial virus (RSV) created a perfect storm of seasonal illnesses that threatened to put further stress on already beleaguered hospital and school systems. In reaction, several school systems reinstated mask mandates or testing requirements following the winter break in an effort to curb student and teacher absences and disruptions. While precautions have dropped off as the "triple-demic" threat has waned, with emergency room visits for all three viruses combined peaking in early December. The three-headed virus surge, however, demonstrated again that we remain vulnerable to disruptions from illness, and that managing public health risks will be an ongoing challenge – not one that ends with the COVID-19 pandemic.

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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. 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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