

Dentons Flashpoint

Global Situation Report

January 6, 2023

Global Situation Update: January 6, 2023

KEY TAKEAWAYS

Unilateral Orthodox Christmas truce ignored by Russian fighters in Ukraine.

Western central banks are likely to continue rate hikes to tame inflation.

Chinese researchers claim breakthrough in using quantum computers to break existing online encryption algorithms.

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WHAT WE'RE WATCHING

An important legislative election in Benin this weekend kicks off Africa's Year of Elections, which will see sixteen African states hold parliamentary and general elections. Benin, considered one of West Africa's most stable democracies, has in recent election cycles seen opposition boycotts, charges of ballot stuffing and political violence.

The Beninese opposition will participate in this parliamentary election and aims to make gains, especially amid a restructuring of the political landscape and as all political parties position themselves ahead of the 2026 presidential poll. This National Assembly election takes place as an Islamic insurgency is taking root in northern Benin.



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

Global

Chinese researchers that they have found a way to break the most common form of online encryption using the current generation of quantum computers, years before the technology was expected to pose a threat.

- In a qualitative escalation, the US, France and Germany announced plans to supply **Ukraine** with armored combat vehicles, a boost for Ukrainian President Zelensky who has called for additional armor and heavy weapons for months. The new armed and armored capability will enable Ukrainian forces to roll mechanized infantry troops into the fight and give them a higher level of maneuverability and firepower against occupying Russian forces.
- Russia is sending more **crude oil** produced in the Arctic region to China and India, and at steeper discounts, after Europe imposed a ban on Russian supplies last month, per trade data.
- **Inflation** in the US has not “*turned the corner yet*” and it is too early for the Federal Reserve to declare victory in its fight against soaring prices, a top IMF official warned. In Europe, lower energy costs due to a mild start to winter have helped slow the eurozone’s annual rate of inflation to single digits, but consumer prices continue to rise, increasing likelihood that the European Central Bank will raise a **key interest rate** again in the near future.

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Markets & Business

WhatsApp announced that users of the messaging app will now be able to use proxy servers to access the service in countries where the app is blocked.

- Hackers stole the email addresses of more than 200 million **Twitter** users and posted them on an online hacking forum, per an Israeli cybersecurity-monitoring.
- **Qualcomm Inc** has partnered with Iridium Communications Inc to provide a satellite-based messaging service on premium smartphones running Google's Android operating system.
- In the latest signs of turmoil in the crypto sector, crypto lender **Genesis Global Trading Inc.** laid off 30 percent of its staff and is considering filing for bankruptcy. Crypto exchange **Huobi** plans to lay off about 20 percent of its staff.
- **TikTok** has stopped a hiring process for consultants that would help it implement a potential security agreement with the US, as opposition to such a deal among US officials grows.

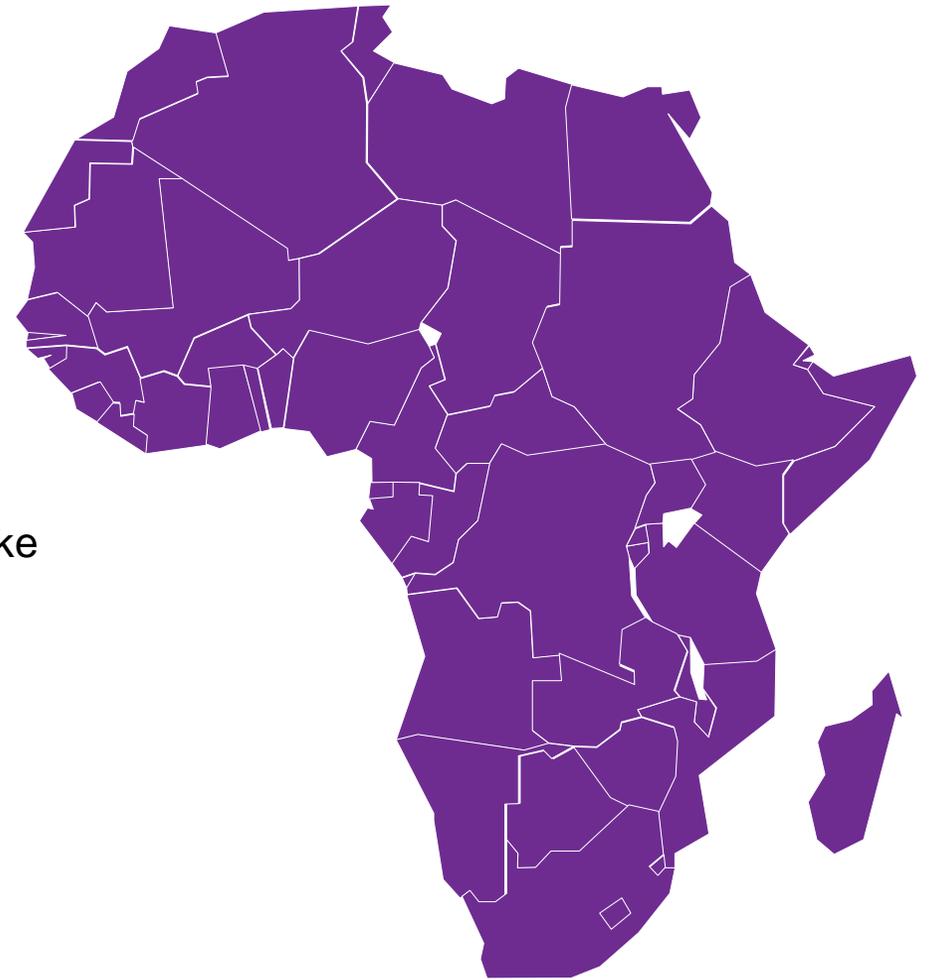
Environment, Sustainability & Governance

Britain experienced its hottest year on record in 2022, with the national weather service assessing human-induced climate change has made what would normally be a once-in-500-year event likely to happen every three or four years.

- Surging firings by technology companies last year are disproportionately affecting women and mid-career talent which may make it more difficult to improve **diversity** in one of the most sought-after industries, according to data from a research firm.
- The US Federal Trade Commission proposed a rule that would ban companies from requiring workers to sign **noncompete provisions** as well as some training repayment agreements.
- Global sales of corporate bonds with environmental, social and governance **(ESG) targets** will rebound this year and top \$460 billion, Barclays said, after the asset class had its first setback in 2022.
- International investors with \$2.2 trillion in assets will ask commodity giant Glencore to show how its development of **thermal coal mines** meets the goals of the Paris climate accord to keep **global warming** to 1.5 degrees.

Africa

- Al-Qaida claimed responsibility for two attacks that killed at least two firefighters and three civilians Monday near Bamako, **Mali**.
- ECOWAS reiterated that it will not impose sanctions on **Mali** for their detention of 46 **Ivorian** soldiers, in order to let **Togolese** mediation take its course.
- The **Senegalese** authorities banned a demonstration planned by the opposition over unaccounted-for COVID-19 funds.
- **Sudanese** protesters returned to the street in Khartoum to call for a democratic transition.
- **France** continues to back its envoy in **Burkina Faso** despite a request by the Burkinabe government to replace him amid growing anti-French sentiment.



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Asia

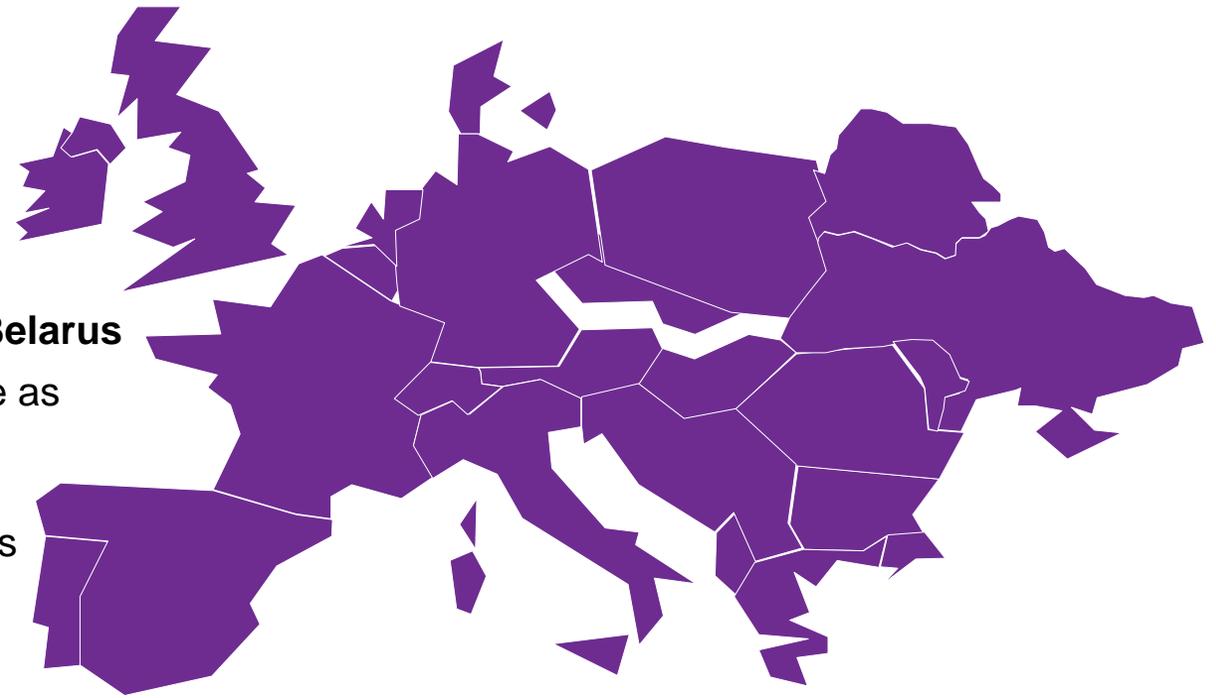
- **China** will reopen the border with **Hong Kong** on Sunday for the first time in three years, as it accelerates the unwinding of stringent COVID rules.
- **China and the Philippines** have agreed to set up a direct communications channel between their foreign ministries on the South China Sea to handle disputes peacefully.
- **North Korean** leader Kim Jong Un has purged a former foreign minister who played an instrumental role in his summits with former US President Donald Trump in 2018-19. He may have been executed along with other diplomats who had worked at the North Korean Embassy in Britain.
- A **US** warship sailed through the sensitive **Taiwan** Strait yesterday which riled China. The US announced a delegation of trade and economic officials to Taiwan next week, as President Joe Biden's administration seeks to bolster the commercial relationship with the country. Last month, the US sent a military delegation to assess army, navy and air force and explore what the country's armed services could gain from closer co-operation with Washington.



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Europe

- Nobel Peace Prize laureate Ales Byalyatski went on trial in **Belarus** yesterday, facing up to 12 years in jail in a case his allies see as political retribution for his rights work.
- **Britain** is introducing legislation to ensure key public services maintain minimum safety levels during industrial action, as the government seeks to limit disruption from strikes now involving tens of thousands of workers.
- **Russia and Ukraine** attacked each other's positions in eastern Ukraine today with no sign they would observe a 36-hour ceasefire unilaterally ordered by Russian President Putin at short notice to mark Orthodox Christmas in the region. Ukraine rejected Putin's call for a Christmas truce calling it a trick.
- **Russia and Belarus** have increased joint military grouping in Belarus with weapons, soldiers and specialized equipment, and plan to hold joint aviation drills. Ukraine has repeatedly warned that Russia may try to use Belarus to launch a new ground invasion of **Ukraine** from the north, opening a major new front in the war.



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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:

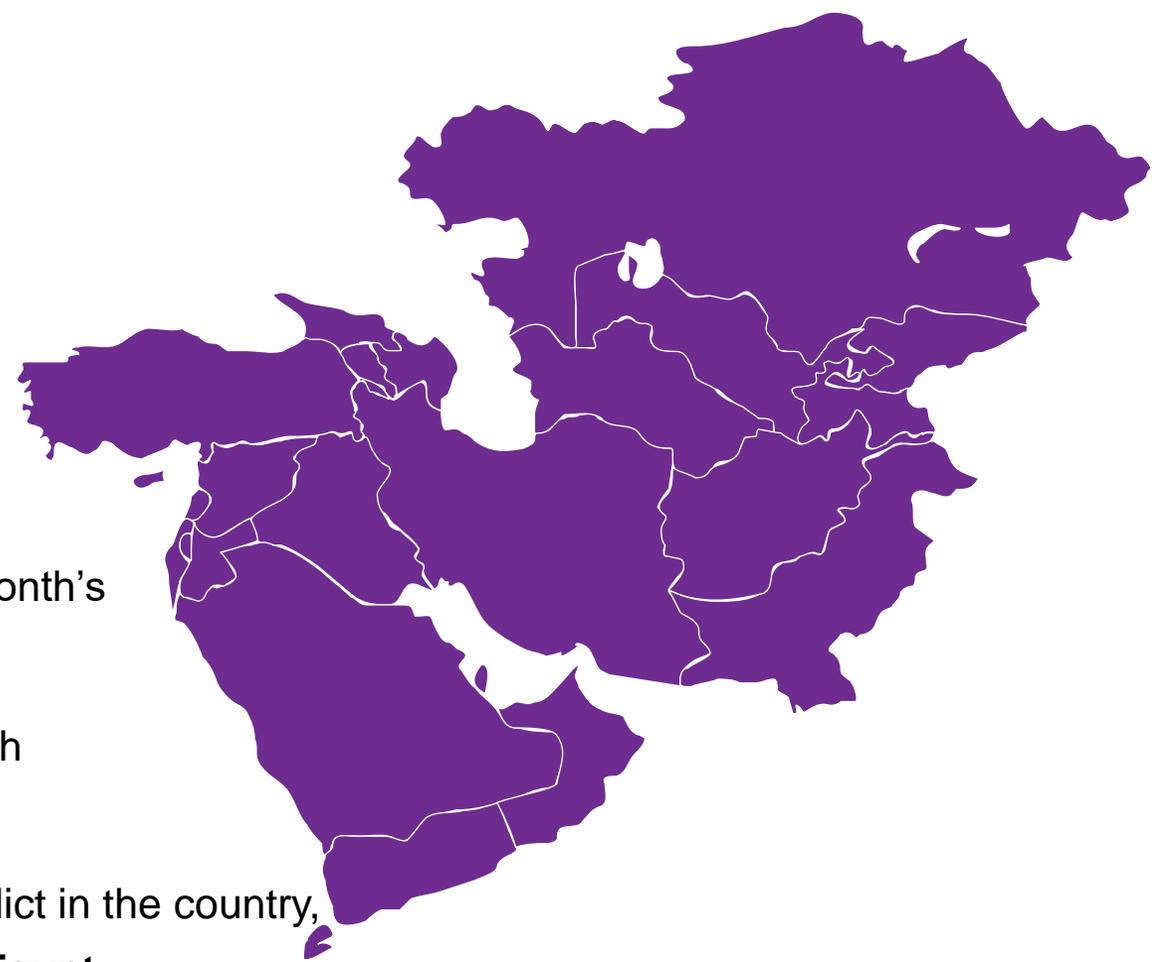
- ❖ Ransomware tabletop exercises
- ❖ Post-tabletop action reports
- ❖ Maturity assessments for preparedness
- ❖ Supply-chain attack simulation
- ❖ Comprehensive incident response plan
- ❖ Threat analysis and monitoring

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

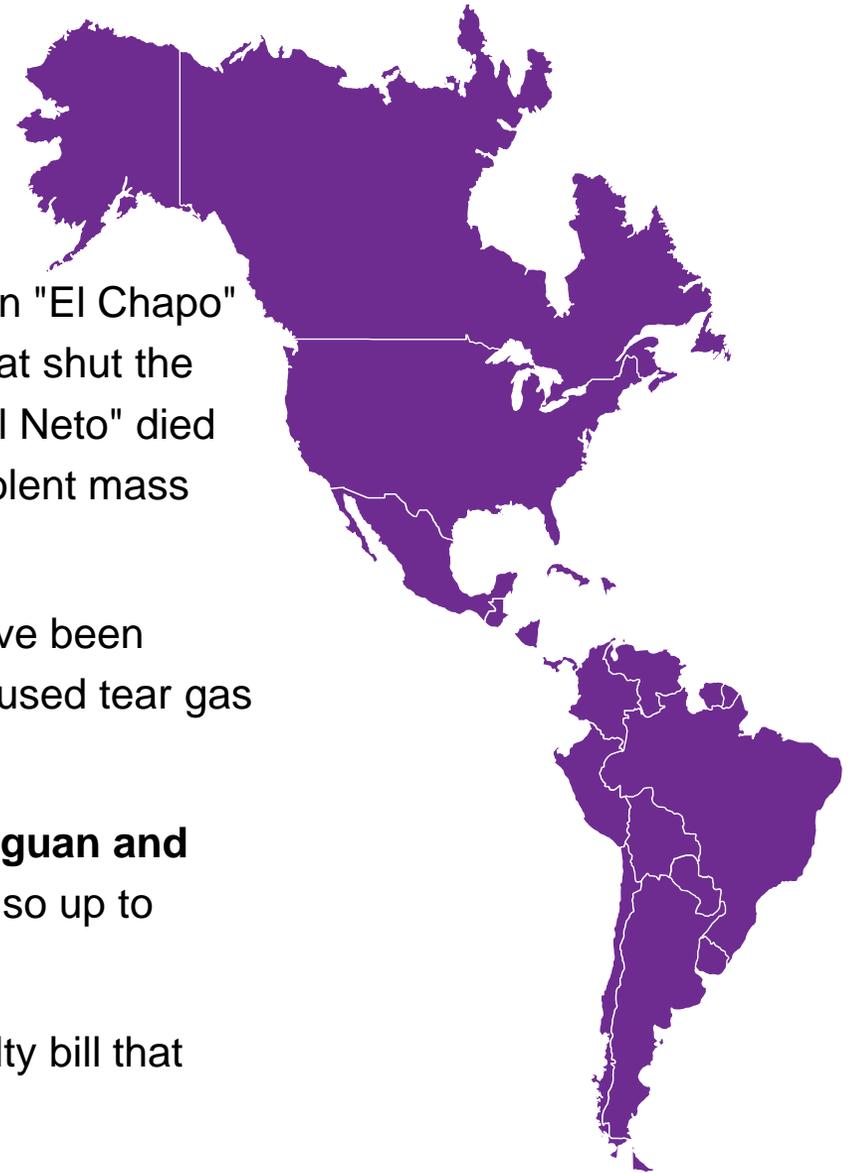
- The **UAE's** top diplomat met with **Syrian** President Assad in Damascus, a sign of further thawing relations; the US reiterated its condemnations of normalization with Assad.
- **Lebanon's** military tribunal charged seven suspects in last month's attack that killed an Irish UNIFIL peacekeeper.
- **US** forces accused **Iranian** factions of targeting US forces with Wednesday missile attacks in **Syria**.
- **Libya's** Presidential Council, one of two governments at conflict in the country, joined its rival in condemning maritime borders proposed by **Egypt**.



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Americas

- **Mexican** drug cartel leader Ovidio Guzman, a son of jailed kingpin Joaquin "El Chapo" Guzman, was arrested, unleashing a violent backlash by gang gunmen that shut the airport in the city of Culiacan. Another Mexican cartel kingpin known as "El Neto" died after a shootout early yesterday, four days after he escaped prison in a violent mass break-out,
- Up to 60 percent of travel bookings to **Peru** for the first half of the year have been canceled, illustrating the economic impact of the ongoing protests. Police used tear gas to disperse protesters trying to approach Peru's Congress headquarters.
- The **US** will expand Trump-era restrictions to rapidly expel **Cuban, Nicaraguan and Haitian** migrants caught illegally crossing the US-Mexico border but will also up to 30,000 migrants per month from those countries.
- A **Chilean** congressional committee approved a controversial mining royalty bill that would increase Chile's take.



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Americas: US

- The US **trade deficit** narrowed by more than a fifth in November, as commerce with the rest of the world declined significantly, adding to signs of a global economic slowdown through the holiday season.
- US **jobless claims** fell in the final week in 2022, signaling a continued tight labor market.
- Drought-stricken California was pummeled for a second day by a **massive Pacific storm**, which unleashed high winds, torrential rains and heavy snow across the state, knocking out power to tens of thousands of homes and disrupting road travel with flash floods, rock slides and toppled trees.
- After three days and ten failed attempts, hardline Republicans continue to block election of Kevin McCarthy's **leadership bid for the Speaker of the House**, sending the chamber deeper into paralysis and raising questions about the party's ability to wield power.



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Wiper Malware Attacks to Threaten Private Sector More in 2023

By Emilio Iasiello, Global Cyber Threat Intelligence Manager, Scott Muir, Senior Analyst, and Courtney Barnard, Global Cyber Threat Intelligence Coordinator

In the New Year, organizations must be cognizant of the threat from wiper malware, which destroys data making it irrecoverable, disrupts business operations and can result in long periods of downtime to remediate and recover. Advanced persistent threats (APT) backed by nation-states are increasingly targeting geopolitical adversaries with wiper malware, while cybercriminals are more and more leveraging it to pressure victims into paying ransoms.

Cybersecurity leaders should assess the extent to which their organization is at risk, evaluate their capabilities and develop incident response and contingency plans for wiper malware, which could destroy critical assets and applications and cost millions.

Recent Attacks

Russia's war in Ukraine is a key driver of the increasing usage and online availability of wiper malware. In 2022, as many as 10 different wiper strains were deployed against Ukrainian targets with many disrupting Kyiv's operational capability as infected machines were rendered inoperable and data resident on them and wider networks was destroyed. Prior to then, wiper malware was primarily used by nation-state APTs as a retaliatory measure or means of registering discontent against an adversarial government. The world's costliest

ever cyberattack, NotPetya in 2017, was wiper malware disguised as ransomware, while the Iran-linked Shamoon wiper malware deployed against Saudi Arabian oil companies in 2012 is among the most damaging cyberattacks of all time.

Future Threats

The private sector should be concerned with the rising use of wiper malware by cyber criminals. For bad actors like ransomware groups that rely on extortion to coerce victim payment, wiper malware enables them to threaten to completely destroy sensitive information and make it irretrievable. Business leaders are familiar with long-standing extortion threats such as the encryption of files and leakage of data, but the permanent loss of information may cause them to consider lucrative ransom demands.

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Wiper Malware Attacks to Threaten Private Sector More in 2023

Many groups gain access to the latest wiper malware tactics, tools, and procedures used by sophisticated, APTs because they work with them to advance the interests of nation-states. Also, powerful wiper malware tools once reserved for the most tech savvy nations are nowadays for sale on dark web forums, making attack attribution increasingly complex. The addition of wiper malware to the arsenals of prolific ransomware groups, for example, is particularly worrying because it gives them another tool to extort and coerce a victim payment. The encryption of files and leakage of data are long-standing threats, but threats to completely destroy sensitive information and make it unretrievable may cause some business leaders to give into demands.

What to Do

In 2023, armed conflict and simmering geopolitical rivalries will be catalysts for more wiper malware usage by cyber criminals. They will take advantage of heightened tensions to threaten companies and industries and masquerade as dangerous state-linked APTs to intimidate victims into paying up. Companies and industries that have allegiance and links to certain nations and causes will find

themselves in the cross hairs of hostile states and criminals actors using wiper malware.

Dentons offers business leaders a full complement of counseling and advice for cyber risk management for threats like wiper malware and also offers regulatory and litigation services. Analysis and intelligence products from Dentons can help to better understand fast-changing complex operating environments like what we will see in 2023 and, importantly, all interaction is attorney-client privileged. To learn more about the bespoke cyber intelligence and risk services from Dentons please contact us today.

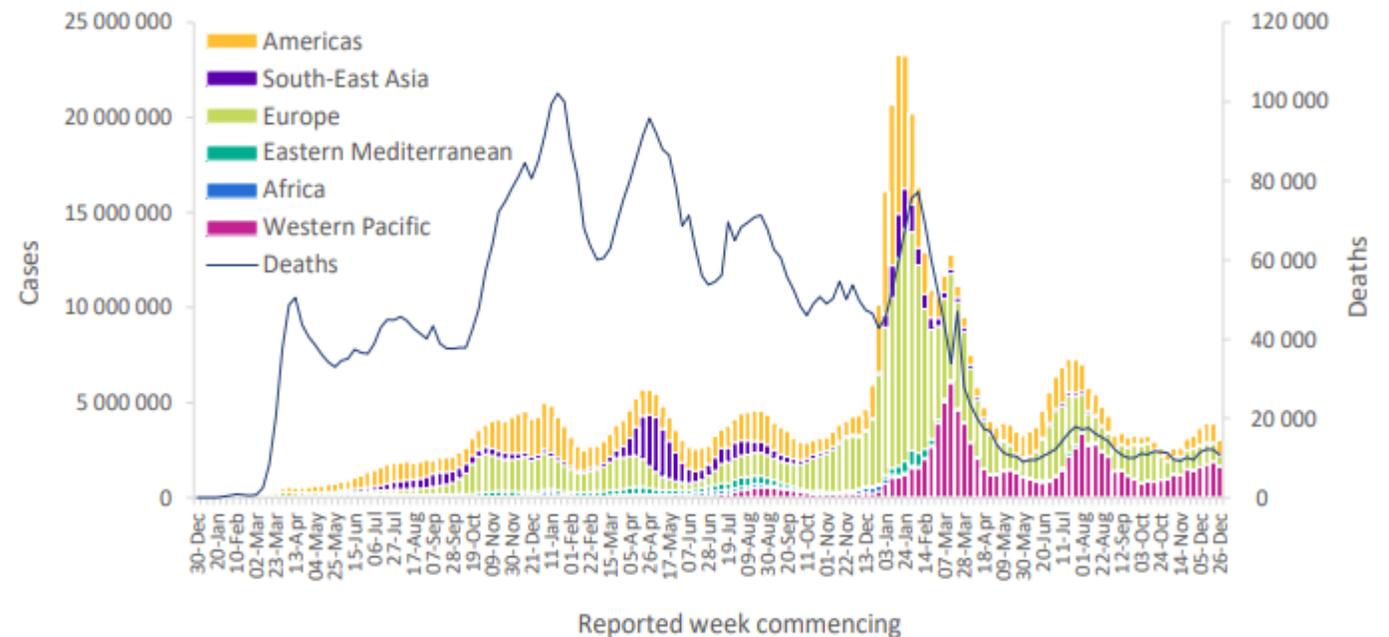
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Coronavirus Snapshot

As of 1 January 2023, over 656 million confirmed cases and over 6.6 million deaths have been reported globally

- Globally, more than 3 million new cases and 10,000 deaths have been reported in the week of 26 December 2022 to 1 January 2023. This represents a reduction in weekly cases and deaths of 22 percent and 12 percent, respectively.
- From 5 December 2022 to 1 January 2023, over 14.5 million cases and over 46,000 new fatalities were reported globally – an increase of 25 percent and 21 percent, respectively, compared to the previous 28 days.

Figure 1. COVID-19 cases reported weekly by WHO Region, and global deaths, as of 1 January 2023**



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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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