

# Dentons Flashpoint

## Daily Global Situation Report

September 1, 2021

# Global Situation Update: September 1, 2021

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## KEY TAKEAWAYS

US consumer confidence in August dipped to its lowest levels since February.

New COVID-19 variants of interests are emerging, prompting renewed public health concerns.

The Taliban celebrate victory while vulnerable Afghanis rush to land borders seeking refuge.

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

# Global Situation Update: September 1, 2021

## WHAT WE'RE WATCHING

A new mutation of the highly contagious Delta variant of the coronavirus has been confirmed in Japan. This follows news of at least a dozen sub-mutations of the Delta variant confirmed so far in countries such as India, Israel, and South Africa. For Japan, the confirmation of a Delta variant mutation comes as Tokyo hosts the 2020 Paralympic Games.

Japanese researchers told media yesterday that based on genome analysis, "it is highly likely the latest case mutated domestically." They added that the first patient discovered with the mutation in the country had no history of traveling abroad. Only eight other cases of this Delta mutation (N501S) have been reported outside Japan thus far.



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# Global

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**Globally, confirmed coronavirus cases topped 216.8 million with 4.5 million deaths; more than 5.0 billion vaccine doses have been administered.**

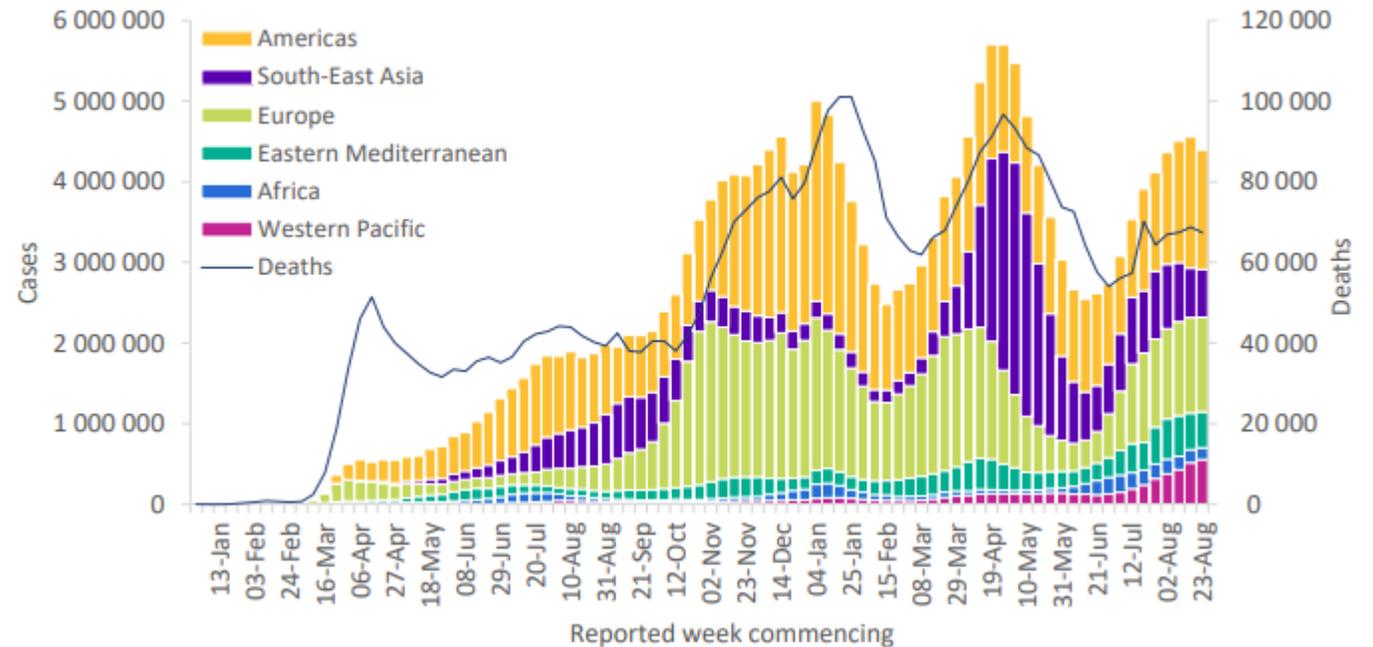
- A new study from US and European institutions highlighted the lack of research on the effectiveness of “**non-pharmaceutical interventions**” to prevent the spread of COVID-19, including test and trace systems, PPE, and education programs.
- The number of disasters, such as floods and heatwaves, driven by **climate change** have increased fivefold over the past 50 years, killing more than 2 million people and costing \$3.64 trillion in total losses, per a new UN World Meteorological Organization report.
- OPEC+, which convenes today for talks, will likely stick to their existing policy of gradual **oil output** increases despite revising up the 2022 demand outlook.
- The WHO announced it was monitoring a **new coronavirus “variant of interest”** called Mu or B.1.621. The variant was first detected in Colombia and has since been found in South America and Europe.

# Global

With just under 4.4 million new cases reported this week, the number of new cases reported globally remains similar to the previous week after increasing for nearly two months (since mid-June). In the past week, only the Western Pacific Region reported an increase (7% increase).

The number of deaths reported globally this week were also similar to last week, with just over 67,000 new deaths reported.

Figure 1. COVID-19 cases reported weekly by WHO Region, and global deaths, as of 29 August 2021\*\*



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# Markets & Business

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**Swedish steelmaker SSAB is partnering with Daimler's Mercedes-Benz to introduce fossil fuel-free steel into vehicle production, with prototype parts for body shells planned for next year.**

- **European stocks** have logged their longest winning streak in 13 years, rising 2 percent in August.
- Sales of **securities backed by risky corporate loans** hit a new monthly record in the US last month, as investors seek higher yields.
- China's **Evergrande Group** warned that it may default on its borrowings if it cannot resolve liquidity problems.
- **Google and Apple** will need to open their app stores to alternative payment systems in South Korea, following the passage of a new law preventing app-market operators from requiring use of their in-app payment systems.
- **Google** delayed its return to office to January 2021 amid renewed Delta variant concerns.

# Africa

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- **South African** life insurer Old Mutual increased its provision for COVID-19 claims, as the country's vaccine rollout proceeds slowly, and health experts raise concerns about a coming summer wave.
- **Tanzania's** main opposition leader appeared in court on terrorism charges that his party describes as politically motivated.
- Sudanese military patrolled the **South Sudan** capital of Juba to preempt anti-government protests on the occasion of the inauguration of a new national parliament. Over the weekend, South Sudanese internet watchdogs reported blackouts of social media sites including Facebook and Whatsapp; the government denied accusations of a blackout, pledging to rectify the glitches.
- **Kenya's** black rhinos, sable antelope and three other species are critically endangered, while nine more species including lions, elephants and cheetahs are endangered, per a new government report, citing the threat from an expanding human population.

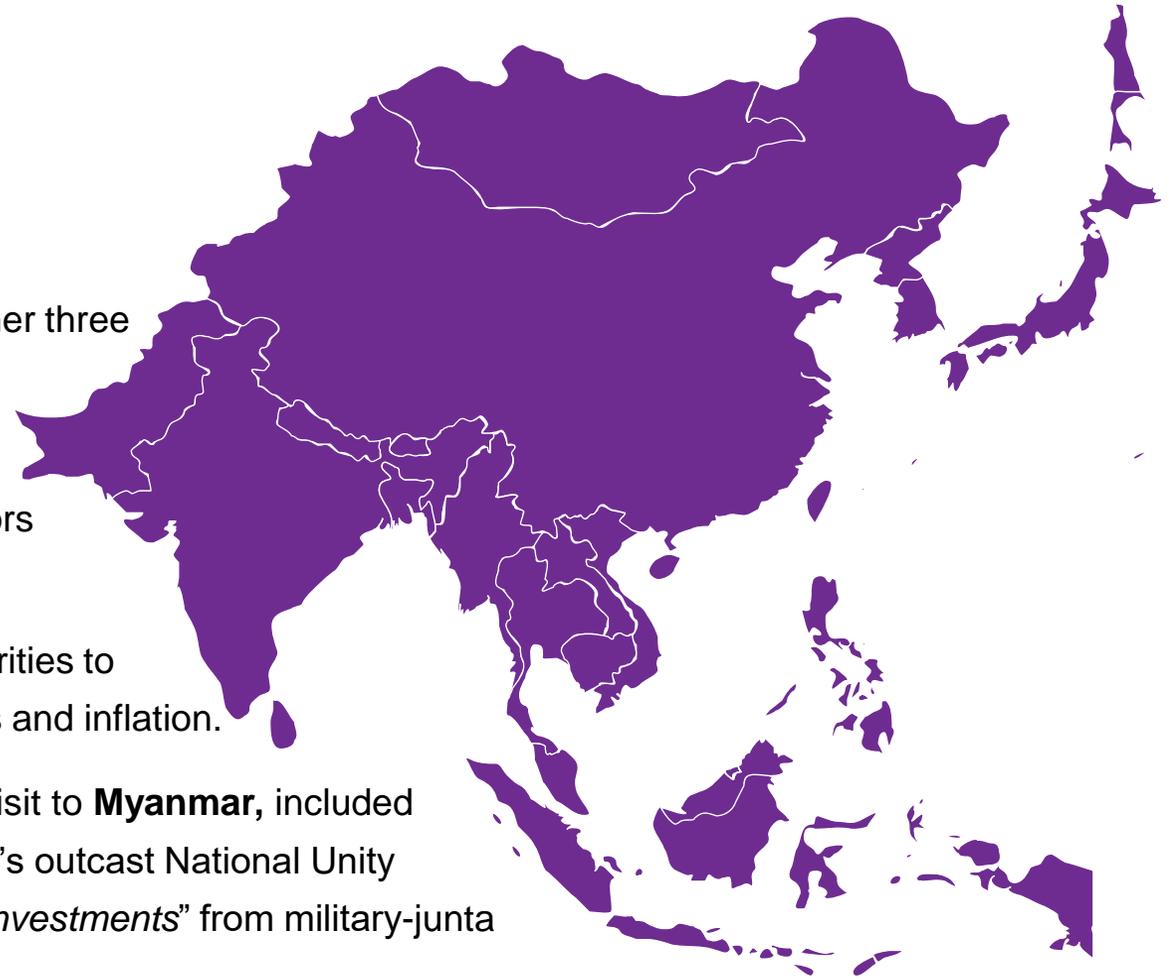


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# Asia

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- **Australian** authorities extended the lockdown in Melbourne for another three weeks, as they shift their focus to rapid vaccination drives and move away from a suppression strategy.
- **Hong Kong** will further relax a contentious plan to let non-local doctors practice in the city to battle a local doctor shortage.
- **Sri Lanka** declared an economic state of emergency, enabling authorities to seize stocks of staple goods and set their prices to combat shortages and inflation.
- **China's** special envoy for Asian affairs concluded an unannounced visit to **Myanmar**, included talks with the military junta on the country's political future. Myanmar's outcast National Unity Government (NUG) named eight companies for "*undertaking illegal investments*" from military-junta controlled entities.
- **Japanese** Prime Minister Suga reportedly intends to dissolve the Japanese parliament in mid-September for general elections and delay party elections until October, following several days of intraparty negotiations. Japan's defense ministry requested an all-time high budget of 5.48 trillion yen in a sign of the country's growing concern about regional security threats.

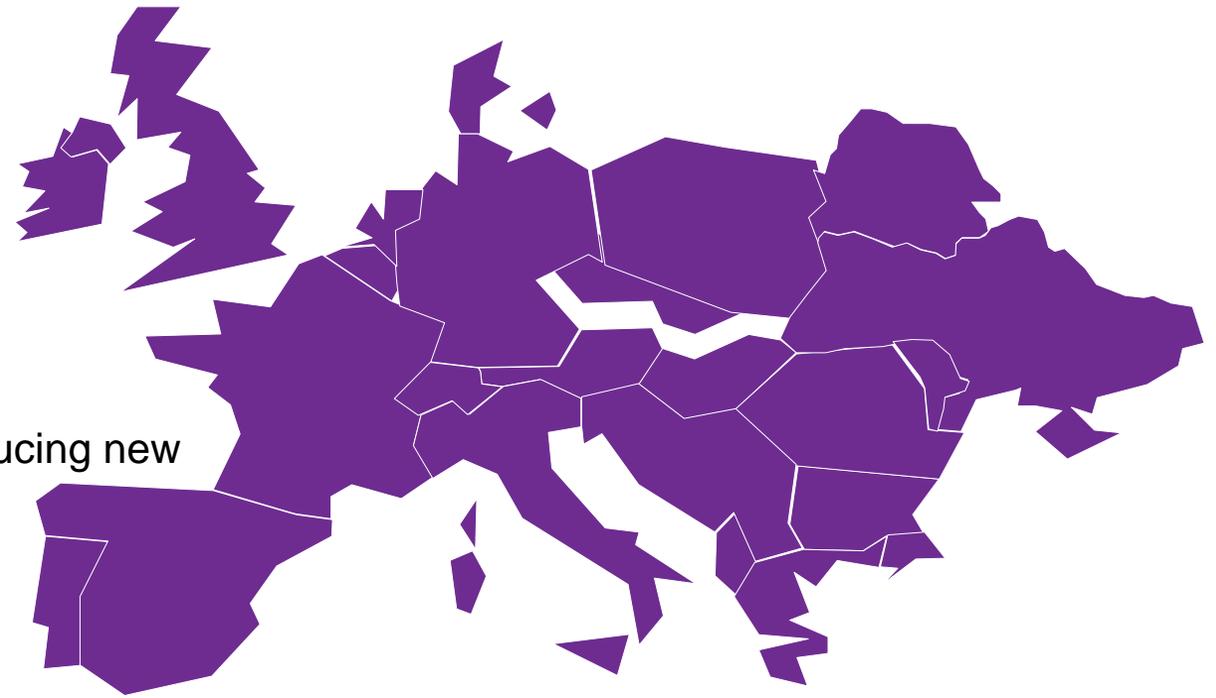


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# Europe

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- Seventy percent of **EU** adults are now fully vaccinated.
- A number of countries in the western **Balkans** are introducing new COVID-19 restrictions in the face of rising infections.
- **Eurozone** inflation has risen to a decade high of 3 percent, increasing pressure on the European Central Bank to taper its bond-buying program; the Bank's governors will meet next week.
- The **EU** is drafting proposals for a €600 million package to give **Afghanistan's** neighboring countries in an effort to prevent refugee flows into Europe.
- **Poland's** constitutional court again delayed a planned ruling on whether **EU** treaties take precedence over Polish law. Poland's government requested a state of emergency over increased migration levels on its border with Belarus.

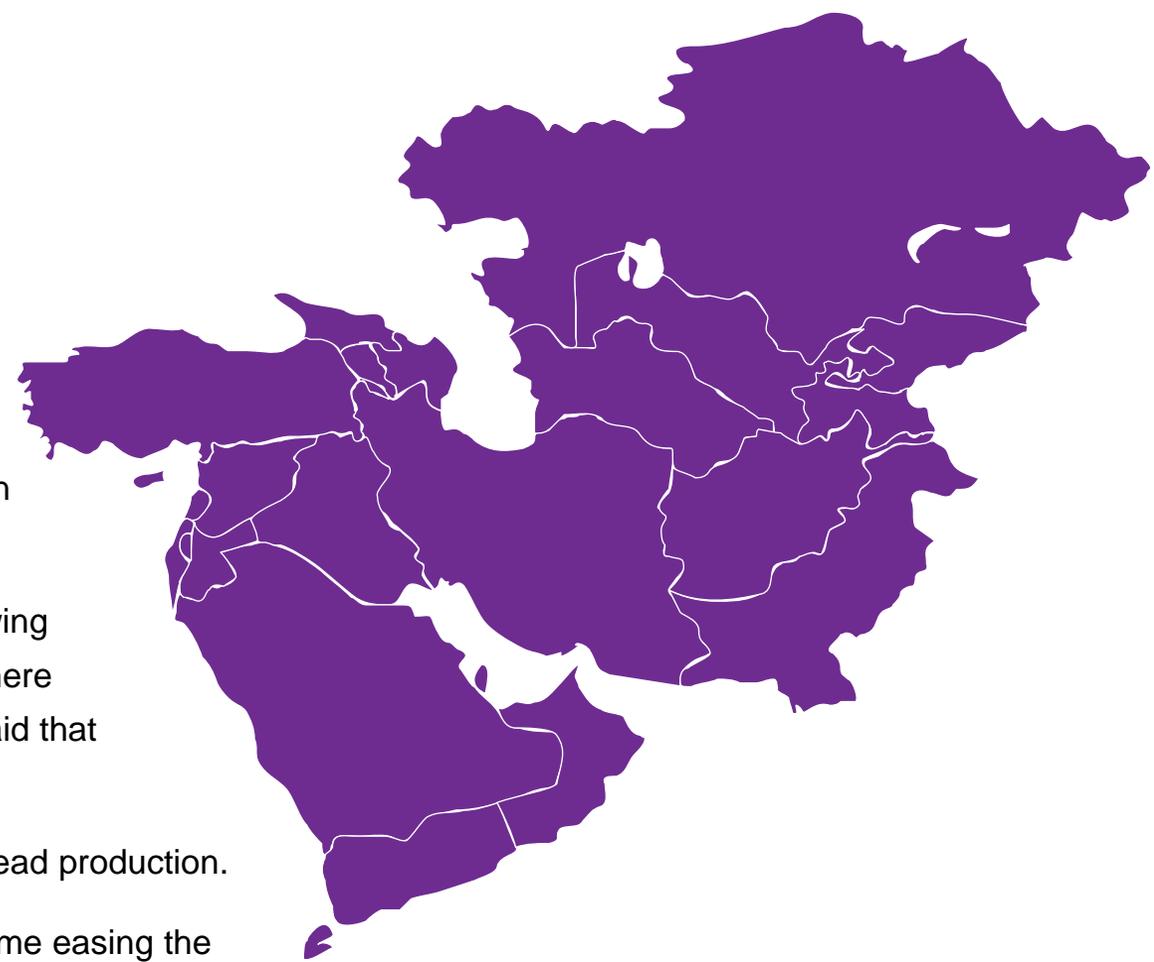


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# Middle East

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- **Tunisian** President Saied requested extradition of former presidential candidate Nabil Karoui, who has been arrested in Algeria for illegal entry. Activists accused **Algeria** of arresting Karoui in exchange for the extradition of Algerian activists living in Tunis.
- **Iran** said that it is planning a fourth round of talks with **Saudi Arabia**, following a weekend regional summit in Baghdad which both countries attend but where they reportedly did not hold meetings. New Foreign Minister Abdollahian said that President Macron had invited him to **France**.
- **Lebanese** flour millers warned that fuel shortages will soon put a halt to bread production.
- **Israel** allowed several truckloads of building materials into **Gaza**, the first time easing the blockade since the destruction during May hostilities.
- In **Afghanistan**, the Taliban held a mock funeral for the **US, UK and NATO** following the US' final departure from Kabul. US defense officials admit to having made a deal with the Taliban to establish a secret entry to the Kabul airport to streamline the evacuation of Americans. **Qatar** said that recognizing the Taliban is "*not a priority*," but warned that isolating the Taliban could further destabilize Afghanistan. **India** announced that its ambassador to Qatar had held the country's first formal meeting with the Taliban. Fearful Afghans are now rushing to land borders in search of refuge.



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# How do You Manage Political Risk?

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*Today, the economic and political changes affecting international business are more complex than ever. Conflicts, coups and the coronavirus pandemic continue to impact governments and people worldwide and shape the business landscape in 2021.*

*Dentons offers business leaders routine and one-off political risk assessments on specific interests. Many clients also retain our team of attorneys and former intelligence and military professionals, equipped with the latest big data analytics tools, deep substantive knowledge and extensive networks of contacts, to provide services, including:*

- ❖ Political and country risk forecasts and analysis
- ❖ Comprehensive project analysis
- ❖ Market-entry assessments
- ❖ Coronavirus vaccine tracker and return-to-work monitoring
- ❖ Legislative and government action forecast
- ❖ Investment risk analysis

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# Americas

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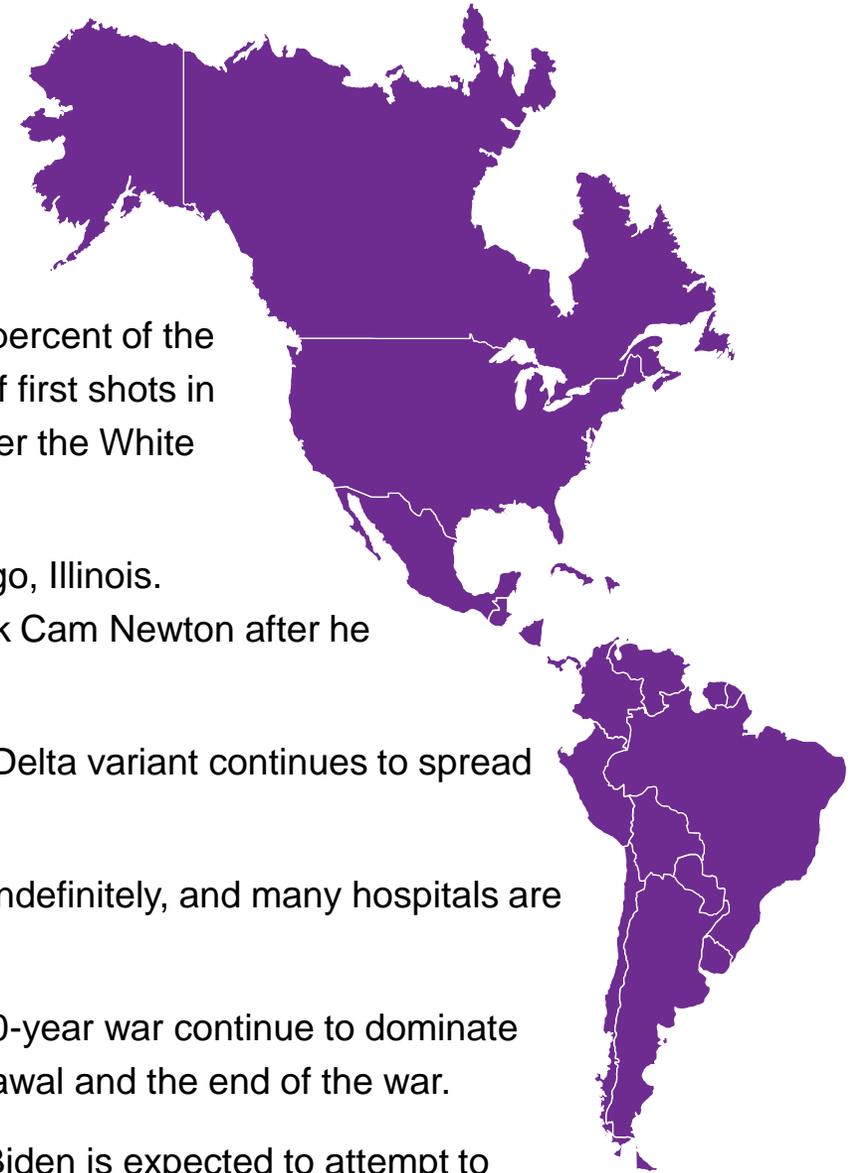
- **Canada's** GDP unexpectedly shrank in the second quarter, dampening prospects for third quarter growth despite summer reopenings.
- **Venezuelan** opposition leader Freddie Guevara, who recently spent two months in prison, called for “coexistence” with President Maduro. Venezuela's main opposition parties announced they will participate in November regional and local elections, in a strategy reversal.
- **El Salvador's** congress approved a \$150 million fund to ease to adoption of bitcoin as legal tender.
- **Argentina** extended beef export limits until the end of October, a bid by incumbent President Fernandez to avoid a price hike ahead of midterm elections.



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# Americas: US

- Across the nation, 205 million have received at least one dose of the **vaccine**, or 61.8 percent of the total population. The pace of coronavirus vaccinations is picking up, with the number of first shots in particular on the rise, with 14 million first doses in August, 4 million more than in July, per the White House.
- Every state except for Vermont is now on the COVID-19 **travel advisory list** for Chicago, Illinois. Pennsylvania issued a **mask mandate for schools**. The Patriots released quarterback Cam Newton after he missed practice while following **NFL protocols** for unvaccinated players.
- **US consumer confidence** in August dipped to its lowest levels since February as the Delta variant continues to spread across the country. **Home prices** rose at a record rate in June.
- **Hurricane Ida** continues to leave thousands without power in Louisiana; school is out indefinitely, and many hospitals are running on generators.
- The stories of left behind Americans and Afghanis who once aided the US during the 20-year war continue to dominate national media. President Biden delivered a speech defending the **Afghanistan** withdrawal and the end of the war.
- The White House will host **Ukrainian** President Volodymyr Zelensky today; President Biden is expected to attempt to reassure Zelensky of US commitment following his decision to allow Nord Stream II to proceed.



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# Corporate Action and Trends in Irregular Migration

By Briana Boland

***After over a year of COVID-19 exacerbating political instability, economic distress, and social unrest, many of the underlying conditions that drive migration are worse than before the pandemic. For destination countries, the aftermath of COVID-19 could include major migration inflows – and accompanying political backlash.***

In 2020, border controls aimed at stopping the spread of COVID-19 hindered the international movement of people, slowing many international flows of refugees and migrants. This year, irregular migration is rebounding sharply, despite persistent pandemic-related border restrictions. Both the US and EU have reported a significant increase in illegal border crossings over the summer, while the Taliban takeover of Afghanistan has refocused international public attention on the

responsibility of refugee resettlement. For the private sector, trends in migration not only have an important impact on the labor market and political environment but may also become an area of changing expectations around corporate responsibility.

## ***Afghanistan Refocuses Attention on Responsibility to Refugees***

The chaotic US withdrawal from Afghanistan and rapid advance of the Taliban have returned international attention to the issue of refugee resettlement, particularly in the US and Europe. While migration never faded as a driver of politics in the west, the tumultuous news cycles of the past two years were rarely focused on refugees. Now, as the US aims to resettle tens of thousands of refugees and dozens of countries volunteer to host Afghans, the issue of responsibility to refugees is back in the public spotlight.

Afghanistan is also drawing attention to the private sector's role in refugee resettlement, namely through Airbnb's landmark

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# Corporate Action and Trends in Irregular Migration

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decision to host 20,000 Afghan refugees. Airbnb's offer of accommodation for refugees represents a further example of political activism from major corporations, joining a trend of private sector entities taking on traditionally public sector roles – from companies suspending funding for politicians that voted against confirming 2020 election results to WhatsApp's recent dilemma over cutting service for Taliban hotlines. With refugee resettlement likely to only become a more pressing issue around the world, the responsibility of corporations and employers may become an increasingly salient issue. In Afghanistan, people who worked with or aided the US government qualified for special immigrant visas. For international companies with employees and contractors in countries at risk of violence, natural disaster, or civil unrest, expectations for employers' role in aiding workers could grow. More broadly, companies like Airbnb that provide services which are directly useful for refugees may be increasingly called upon to play a role in facilitating resettlement. Already, private companies unintentionally provide infrastructure for

irregular migration; many migrant smugglers, for example, rely on WhatsApp and Facebook groups. In the future, private companies may be forced to more actively reckon with their role in facilitating irregular migration.

## *The “Commodification” of Refugee Flows*

This summer, Lithuanian officials accused Belarus of “weaponizing” irregular migration by sending large numbers of migrants across their shared border in retaliation against EU sanctions and Lithuania's decision to offer humanitarian visas to Belarusians fleeing political repression. The thousands of migrants attempting to cross Lithuania's border represent not only a further grievance in EU-Belarusian relations, but also an example of a broader trend in irregular migration: government use of refugees and migrants as geopolitical leverage. As rich countries in Europe and North America remain resistant to accepting migrants, many governments are effectively subcontracting border security and refugee resettlement to developing nations on their borders and beyond. Using

# Corporate Action and Trends in Irregular Migration

refugees and migrants in coercive diplomacy is not new; Libya's former leader Gaddafi used the threat of refugee flows to gain concessions from the EU throughout the 2000s, and more recently, EU countries (particularly Greece) have frequently accused Turkey of using its control over migrant routes into Europe as a means to gain bargaining power. Some academics have described such situations as part of a broader trend of the "commodification" of refugee flows, in which certain host country governments use the hosting of refugees as a means to extract economic or political concessions from destination countries. So long as groups of people seek safer countries – and rich nations in Europe and North America resist large migrant inflows – the "commodification" of refugees has room to grow and to influence the geopolitical and economic power of hosting countries.

## *Climate Refugees Still Lack an International Framework*

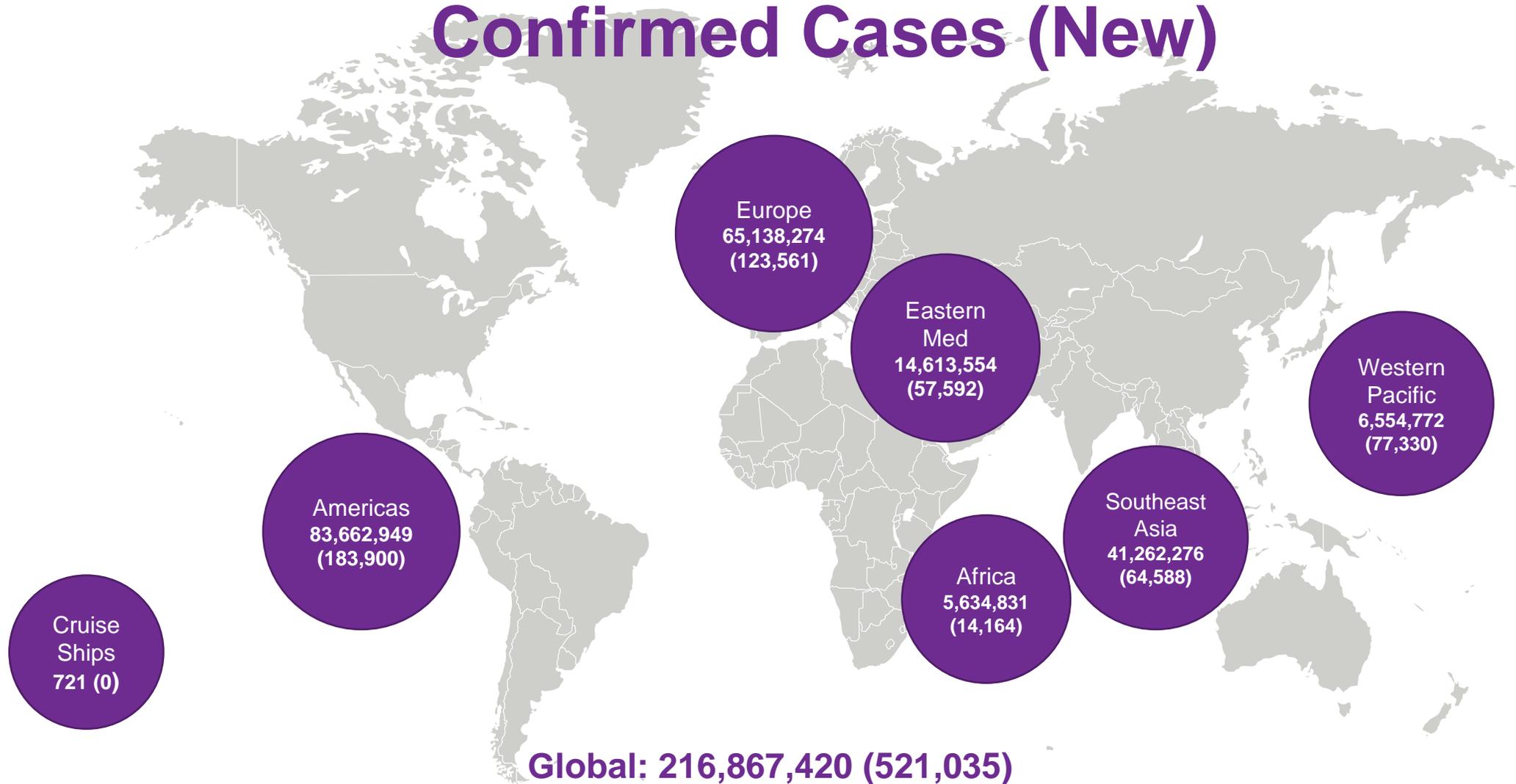
International legal frameworks on who qualifies as a refugee, asylum seeker, or economic migrant are already difficult to navigate and politically controversial in many countries. As

global warming and extreme climate events threaten to make many countries and localities increasingly inhospitable, the number of "climate refugees" is already expanding, often in the form of internal displacement. While analysts and governments alike have expressed concerns about the impact of climate change on migration, there is no international framework for climate refugees, nor laws that accommodate climate refugees in many top destination countries. The United Nations High Commissioner for Refugees has made moves towards adopting a climate strategy, and the Biden Administration signaled interest in climate impact on migration when it first entered office, but the issue has yet to gain momentum in most Capitols. With the COP26 climate summit coming up in November, advocates will have an opportunity to push for more attention to the issue of climate refugees. However, a probable lack of decisive international action means that climate refugees are likely to remain in limbo, simultaneously unable to legally claim refugee status in most countries and unable to continue living in their current homes.

# Coronavirus Condition Updates

As of 5:11 pm CEST on August 31, 2021

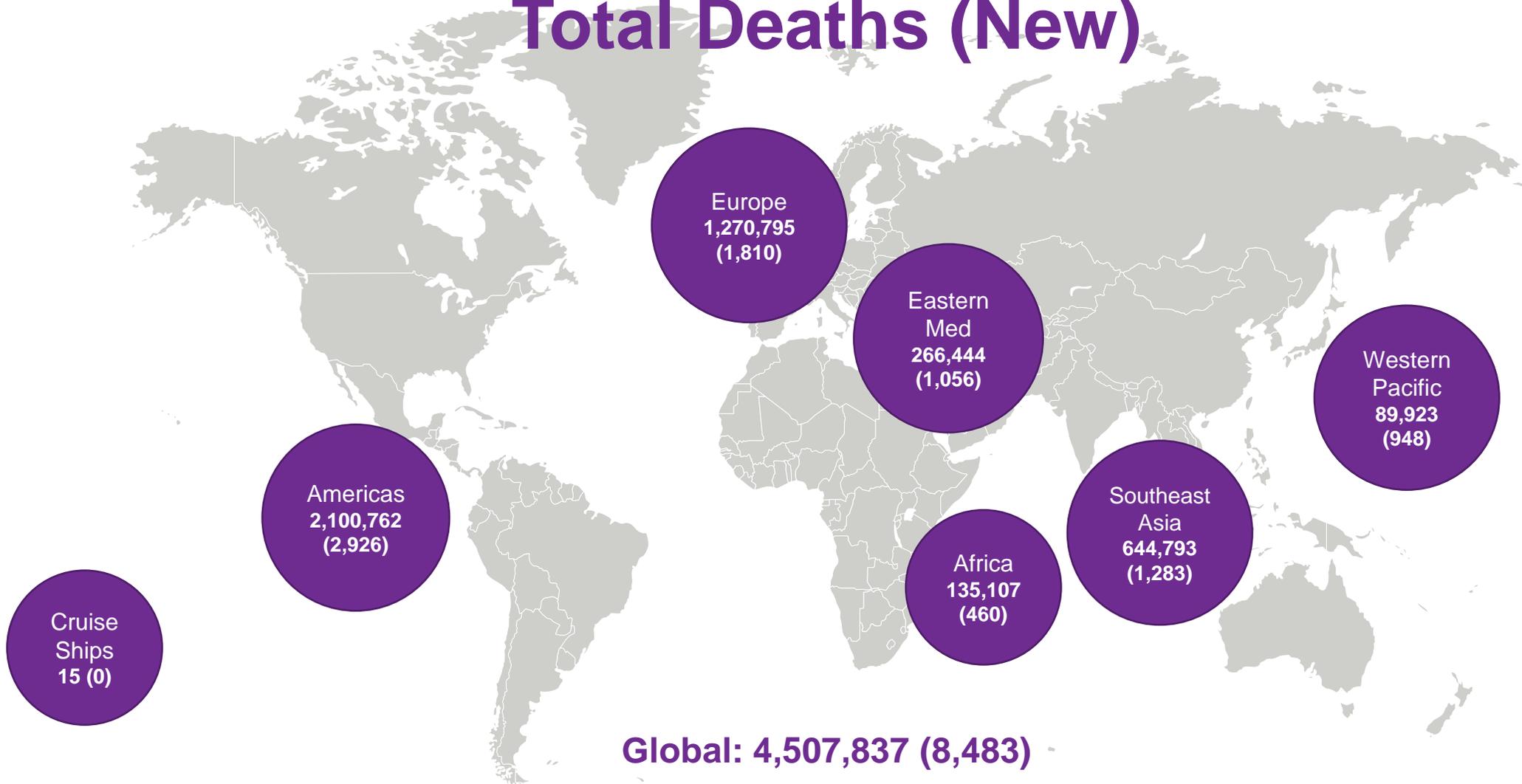
# Confirmed Cases (New)



Reflects data as of 5:11 pm CEST on August 31, 2021.  
Data Source: World Health Organization

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# Total Deaths (New)



Reflects data as of 5:11 pm CEST on August 31, 2021  
Data Source: World Health Organization

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# Contacts

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*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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