

# Dentons Flashpoint

## Daily Global Situation Report

April 29, 2022

# Global Situation Update: April 29, 2022

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## KEY TAKEAWAYS

The Central African Republic adopted bitcoin as an official currency.

The premier of the British Virgin Islands was arrested by US agents on drug trafficking and money laundering charges.

South Africa reports a fifth wave of COVID-19 infections.

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

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## WHAT WE'RE WATCHING

Bitcoin became official currency in Central African Republic this week, making the poor, war-torn country the second in the world to do so after El Salvador. President Touadéra says the exchange rate between the cryptocurrency and the Central African franc will be freely determined by the market. Many officials and civil society groups complain that, as a result, the country has sacrificed what is left of its national sovereignty.

Touadéra is increasingly dependent on Russian support for his political survival and will remain vulnerable to coup attempts or rebel advances. Central Africa Republic will likely remain isolated from Western donors, harming the national economy and budget support from Western nations is unlikely to resume in the next 6-12 months.



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# Global

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**The EU has warned European buyers of Russian gas that they will be in breach of sanctions against Moscow if they accept Kremlin demands for payment to be completed in roubles.**

- More than two months into the **Ukraine war**, the geopolitical landscape has already altered significantly. The fears that a rapid capture and decapitation of the government in Kyiv has been replaced by a growing consensus that the war will be protracted.
- The UK assessed that Russia was trying to “*broaden*” the conflict in Ukraine after a series of explosions rocked **Transnistria** in Moldova.
- Authorities in Ukraine are currently looking into around 8,600 claims of **potential war crimes**, with the number expected to go up.

# Markets & Business

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**Multinational consumer goods company Unilever raised its prices more than 8 percent in the first quarter.**

- Nearly one-quarter more **UK businesses closed** during Q1 of 2022 compared with the same period last year, raising concerns about the impact of ending government support, surging costs and a slowing economy.
- **Twitter** admitted to overstating its audience figures by almost 2 million users for around three years.
- Hedge fund **Elliott Management** launched an activist campaign against Canadian oil producer **Suncor Energy**, calling for an overhaul of company leadership in a bet on the future of the country's controversial oil sands.
- **McDonald's** took a \$127 million charge related to the conflict in Ukraine, as it still pays the workers in Russia and Ukraine even though it halted operations in both countries in March.

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# Environment, Sustainability & Governance

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**Britain's biggest listed companies are routinely under-reporting workplace injuries and fatalities to investors, a report by corporate governance advisory firm PIRC.**

- Sixteen states, four environmental groups and the United Auto Workers union filed suits seeking to block a USPS plan to buy mostly **gas-powered next-generation delivery vehicles**.
- About 24 percent of investors voted against Glencore's climate progress report at the miner and trader's annual general meeting, after some cited slow progress in scaling back **coal production**.
- **Jellyfish** have filled the port of the northern Italian city of Trieste, an **invasion** scientists say could be due to wind effects and rising sea temperature.
- The Securities and Exchange Commission has charged Brazilian iron ore producer Vale with making **false claims about safety** before one of the worst disasters in the history of the mining industry.

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# Africa

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- The **Somalian** parliament elected a speaker at long last, concluding a drawn-out political process that lays the groundwork for new presidential elections but does not solve the political fragility in the country.
- The **Ethiopian** government disputed a claim by the Tigrayan rebels that they had withdrawn from the neighboring Afar region.
- The African continent is seeing a mild increase in COVID-19 cases, per the WHO, driven mostly by rising cases in **South Africa**.
- The **Central African Republic** adopted bitcoin as an official currency, becoming the first African country and the second country in the world to do so, following El Salvador.



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# Asia

- **North Korean** leader Kim Jong Un called on the country's military to "bolster up their strength in every way to annihilate the enemy," as new satellite imagery showed increased preparations for a possible nuclear test.
- **South Korea** will lift an outdoor face mask mandate next week in the country's latest step to ease COVID-19 restrictions.
- **China** will increase policy support to stabilize the economy, including its embattled internet platforms, as domestic COVID-19 outbreaks and the **Ukraine** war raise risks, per a top decision-making body of the ruling Communist Party.
- **Chinese** authorities in Beijing closed more businesses and residential compounds today, with authorities ramping up contact tracing to contain a COVID-19 outbreak. In Shanghai, authorities are easing restrictions, permitting about half the city's population to leave their homes after a month-long lockdown.

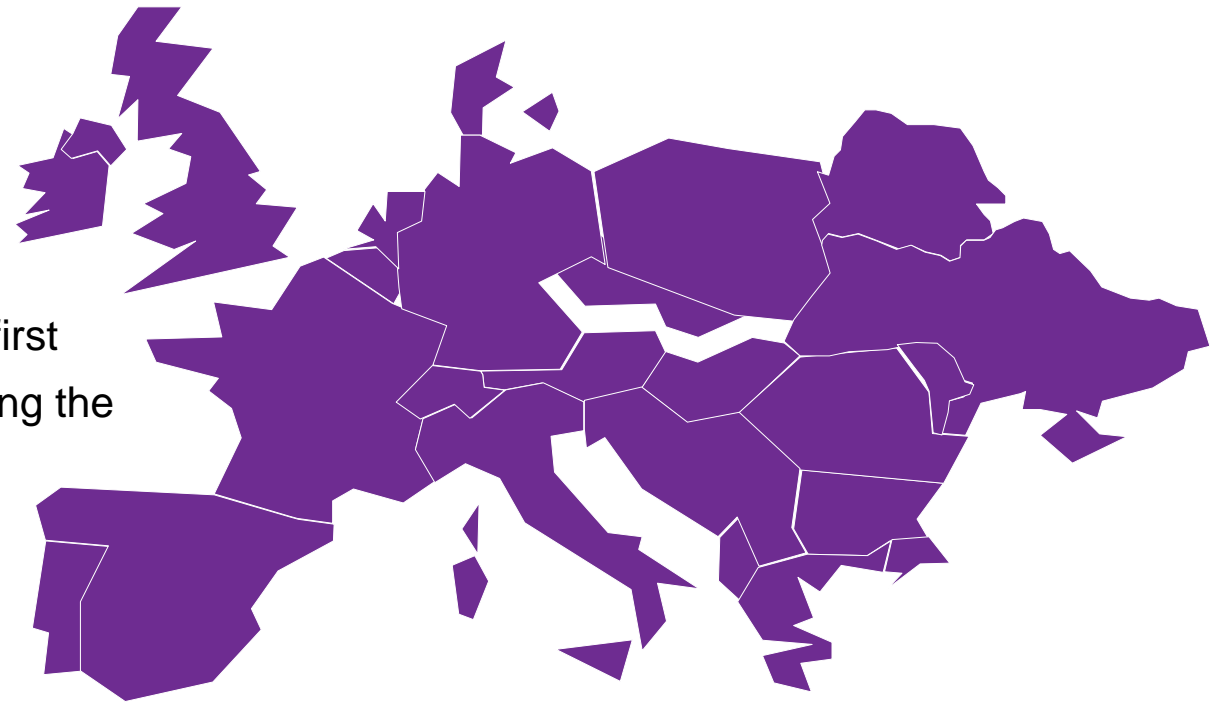


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# Europe

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- Growth in the **eurozone** economy weakened during the first quarter while inflation touched a new record in April, raising the risk of stagflation.
- If **Finland and Sweden** apply to join NATO, the alliance will welcome them "*with open arms*," per NATO chief Stoltenberg.
- **Sweden's** government does not plan to hold a referendum if its parliament decides to proceed with an application for NATO membership, per Prime Minister Andersson.
- **Britain** will delay for a fourth time full post-Brexit border checks on imports from the **EU**, after ministers concluded they would drive up costs and worsen the cost-of-living crisis.
- **Turkey's** President Erdogan claimed that a ruling by Europe's top court for the release of philanthropist Osman Kavala no longer applied after he was convicted and jailed for life this week over anti-government protests held in 2013.



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# How do You Manage Incident Response?

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*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

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- The **US** released a report estimating the **Syrian** al-Assad family's personal wealth at \$1-2 billion, the first time it has publicly released estimates.
- The **Saudi**-led coalition in **Yemen** announced that it will release over 160 Houthi prisoners, a hopeful sign amid the current nationwide ceasefire.
- The IAEA reported that **Iran** had moved key centrifuge infrastructure at its central Natanz refinery underground, likely a strategy to prevent it from being attacked.
- Violence again broke out in **Jerusalem** at the al-Aqsa mosque, with **Israeli** police firing rubber bullets at Palestinians throwing stones.

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# Americas

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- **Panama's** National Assembly approved a major bill to regulate the use and commercialization of crypto assets in the Central American country, opening the door for public and private use of the funds and allowing citizens to pay taxes in crypto.
- The UN human rights committee found that **Brazil** graft investigators violated due process in bringing a case against former President Lula that led to his imprisonment and barred him from running for office in 2018; the charges were annulled last year.
- **Mexican** President Obrador officially sent his controversial electoral reform plan to the legislature; the plan allows the public to elect electoral officials out of candidates put forward by different branches of the government, and critics argue that it is a bid to concentrate power.
- The premier of the **British Virgin Islands** was arrested by **US** agents on drug trafficking and money laundering charges at an airport in Miami yesterday. **UK** foreign secretary Truss said she was “*appalled by these serious allegations*,” saying that the cabinet of the British overseas territory would hold an emergency meeting.



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# Americas: US

- Moderna has asked the US to authorize its **COVID-19 vaccine for children** under the age of six. If approved, the vaccine will be the first COVID-19 vaccine available to children younger than five. BioNTech/Pfizer's child vaccine is cleared for use by children aged five and older.
- The New York City Council voted to delay its new pay **transparency law** by six months to November 1, when employers will be required to include salary ranges in job advertisements. The law is intended to close wage gaps in which women and non-white employees are paid less than white men.
- New applicants for **unemployment** edged down last week, as a tight labor market continued to limit job losses. There were 180,000 initial jobless claims on a seasonally adjusted basis in the week ending April 23.
- The **US economy** contracted unexpectedly in the first quarter, with GDP dropping 1.4 percent on an annualized basis, reflecting growing trade imbalances and weaker inventory growth. Underlying strength in American consumer and business spending makes it unlikely the Federal Reserve will alter its course.

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# Ukraine War Update: Kyiv Strikes, Mariupol Evacuation, War Funding

***In a press conference with Ukrainian President Zelensky, UN Secretary-General Guterres said the UN Security Council failed in its efforts to prevent Russia's war on Ukraine. "Let me be very clear: the Security Council failed to do everything in its power to prevent and end this war. And this is the source of great disappointment, frustration and anger."***

## **Assessment**

More than two months into the Ukraine war, the geopolitical landscape has already altered significantly. The fears that a rapid capture Kyiv and decapitation of the government has been replaced by a growing consensus that the war will be protracted. The Russian offensive in the Donbas is grinding, with heavy costs and slow gains. Western governments are gearing up with long term planning to support Ukraine's military requirements and economy.

The economic costs to Russia continue to mount, trickling down through the economy with the departure of foreign businesses and associated jobs, and growing scarcity caused by supply chain disruptions. Russia's limited means under sanctions to receive payment for exports in hard currency will drive the Kremlin to seek ways to evade sanctions, pressuring countries within its sphere of influence to come to its aid. In the months to come, sanctions

enforcement action will increase political and economic risk for countries and entities falling sway to Russian promises of financial and political benefits.

With the exception of a few high-profile defectors, the Russian political elite and general population appear to remain solidly in support of President Putin. Russian state control over the media ensures that Russians hear only the Kremlin's narrative. Over time, the controlled narrative will erode, as Russians feel the economic impact of sanctions and the deaths of Russian soldiers become more difficult to hide. In the meanwhile, Putin has a free hand to pursue his strategic objectives in Ukraine: Russian annexation of the Crimea and Donbas (at a minimum), Kyiv's commitment to become a "*neutral*" state by giving up on NATO and EU membership aspirations and agreeing to accommodate Russian security and political interests (i.e., falling within the Russian sphere of influence). The

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desired outcome for Putin is to have Ukraine mirror Belarus, independent in name, but not in practice.

Putin believes he has the capabilities and resolve to achieve his strategic objectives through gains on the battlefield. Ukraine and its supporters have demonstrated far more resolve than Putin anticipated. As in any protracted conflict, reduced willingness to bear the costs over time will be inflection point. With Russia, Ukraine and NATO countries all in escalatory modes, the prospects for fruitful political negotiations remain limited.

## **Political Developments**

US President Biden called on Congress to approve \$33 billion (€31.3 billion) in funds for Ukraine. Over \$20 billion will be used for weapons and military aid, with \$8.5 billion in direct economic aid allocated to Ukraine's government. Another \$3 billion would be used for humanitarian and food security needs.

Bulgarian Prime Minister Petkov met with Ukrainian President Zelensky in Kyiv yesterday and the two agreed upon closer military ties, with Ukrainian military equipment to be repaired in Bulgaria and

allowing Ukraine to use the Bulgarian port of Varna for the export of agricultural products.

In a pivotal vote marking a change in defense policy, lawmakers in Germany voted in favor of providing Ukraine with heavy weapon and deploying more soldiers to boost NATO presence in eastern Europe.

Authorities in Ukraine are currently looking into around 8,600 claims of potential war crimes, with the number expected to go up. The claims include killing civilians, torture, sexual crimes, as well as bombing civilian infrastructure and the use of prohibited weapons.

Russia's Foreign Ministry has published an extended list of 592 Canadian citizens who are banned from entering Russia in response to the actions of the Canadian government.

## **Battlefield Developments**

Russian forces continued ground attacks and shelling along the entire line of contact in eastern Ukraine but did not secure any major advances.

# Ukraine War Update: Kyiv Strikes, Mariupol Evacuation, War Funding

British Ministry of Defense reported heavy fighting around Lysychansk and Severodonetsk, with Russian forces attempting to advance south from Izium towards Slovyansk. UK intelligence assessed Russian territorial gains have been limited and achieved at significant cost.

Russia fired two missiles at the Ukrainian capital, Kyiv, on Thursday evening, hitting the Shevchenko district. Ukrainian officials reported a strike on a residential building. Russia claimed that its forces had destroyed the production facilities of a space-rocket plant with high precision long-range missiles.

The UK defense secretary said Russia was trying to “*broaden*” the conflict in Ukraine after a series of explosions rocked Transnistria in Moldova. NATO General Secretary Stoltenberg said NATO needs to be prepared for the possibility that war will drag on and last for months and years,

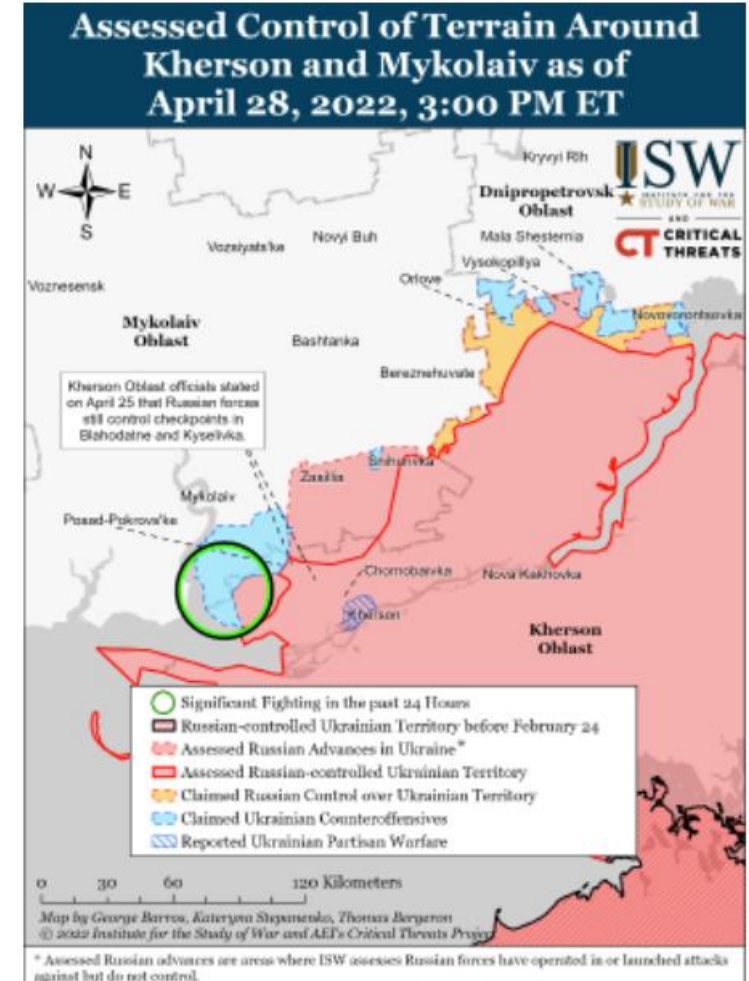
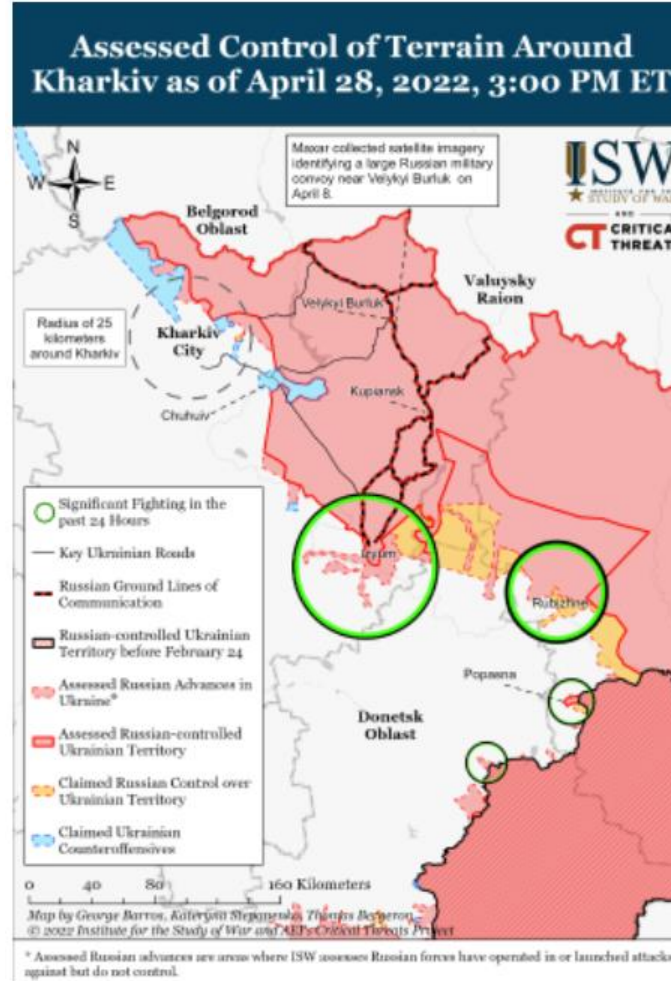
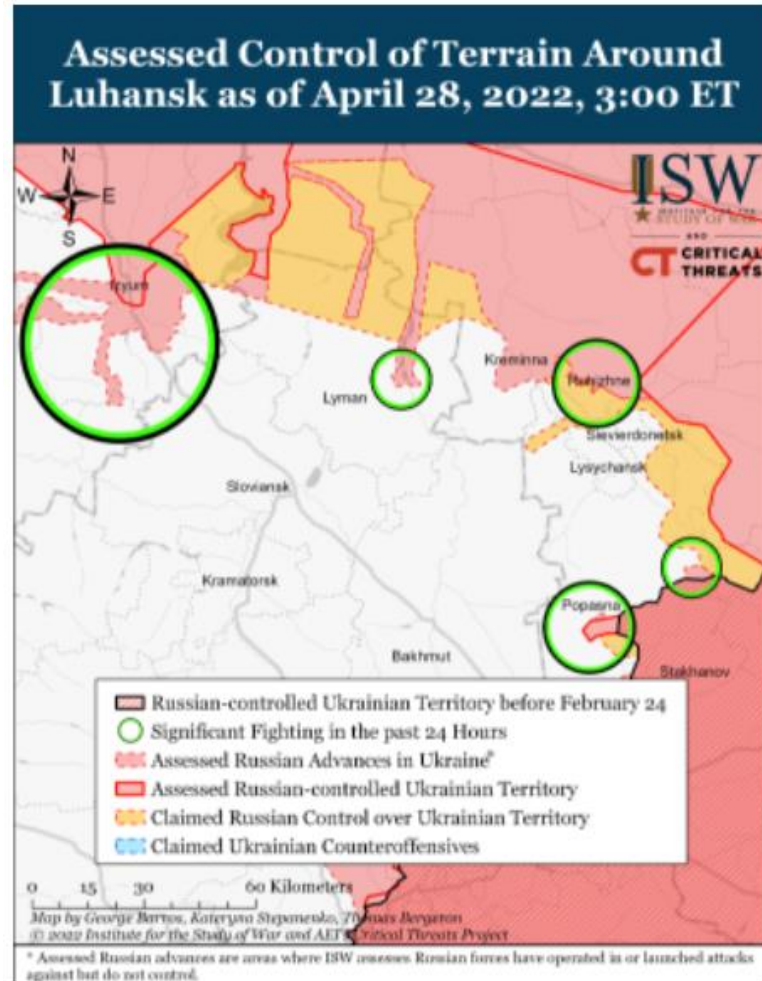
## Humanitarian Developments

Ukraine hopes today to evacuate civilians who are holed up in the steel plant with the last fighters defending the southern city of Mariupol. This announcement comes a day after UN Secretary-General Guterres said the world body was “doing everything” to enable civilians to be rescued from the port city.



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# Ukraine War Update: Kyiv Strikes, Mariupol Evacuation, War Funding



Source: [Institute for the Study of War](https://www.instituteforthe study of war.org/)

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# Ukraine War Update: Kyiv Strikes, Mariupol Evacuation, War Funding

## *Economic Developments*

The EU has warned European buyers of Russian gas that they will be in breach of sanctions against Moscow if they accept Kremlin demands for payment to be completed in roubles. The warning, which is clearer than previous guidance by Brussels, comes after several European companies indicated they would comply with a March 31 decree for a two-tiered system for gas payments. Gas distributors in Germany, Austria, Hungary and Slovakia reportedly had been planning to comply with the Russian demands.

Germany and Greece have agreed to send more gas to Poland and Bulgaria after Russia cut their supplies, according to market and port data.

The US is proposing to use assets confiscated from Russian oligarchs to compensate Ukraine for damage caused by Russia's invasion of the country. Canada is also pushing a new law to seize and repurpose frozen Russian assets.

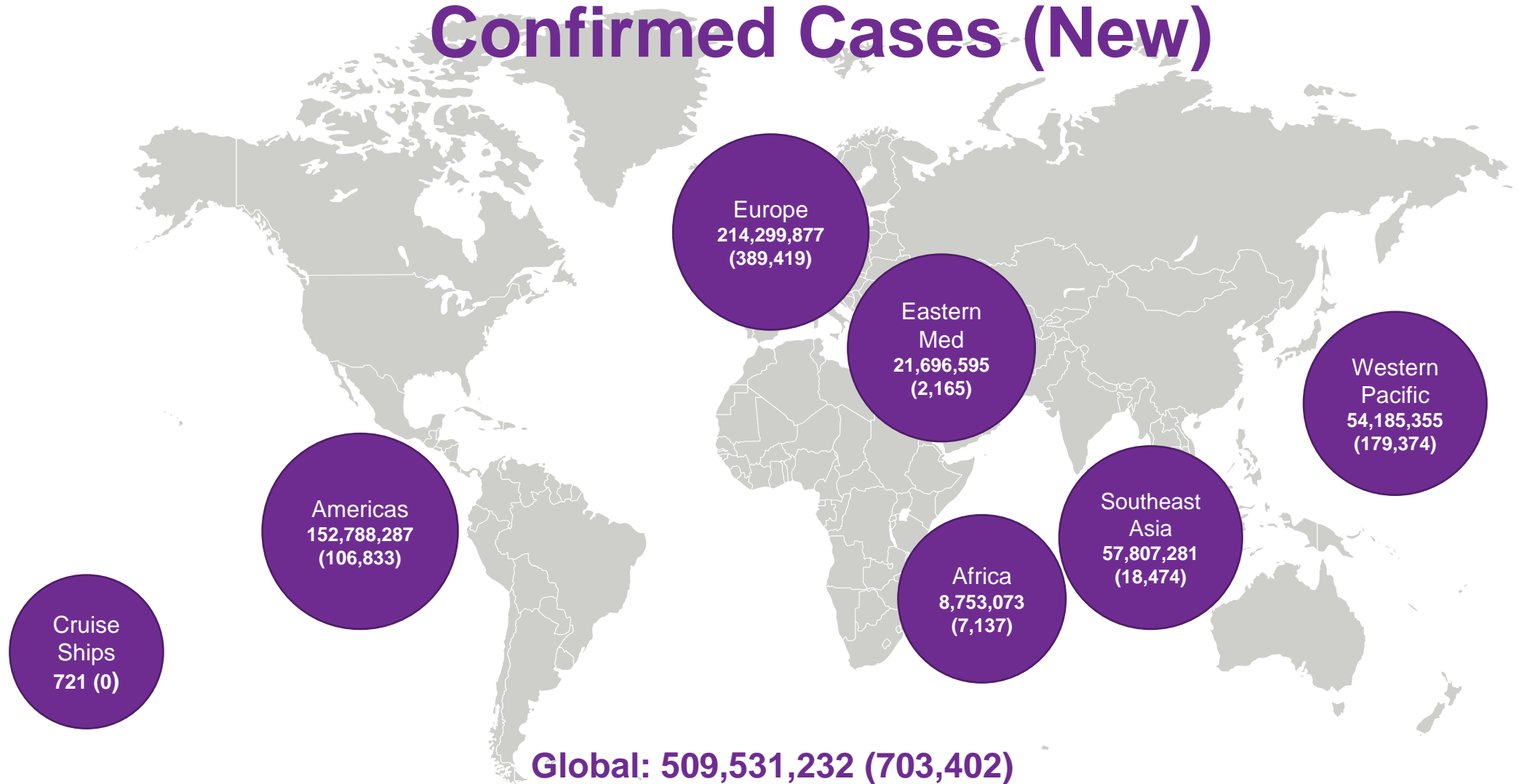
A cargo carrying over 71,000 tons of Ukrainian corn finished loading in the Romanian Black Sea port of Constanta yesterday, the first since Russia invaded Ukraine on February 24, per the port operator.

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# Coronavirus Condition Updates

As of 4:37 pm CEST, 28 April 2022

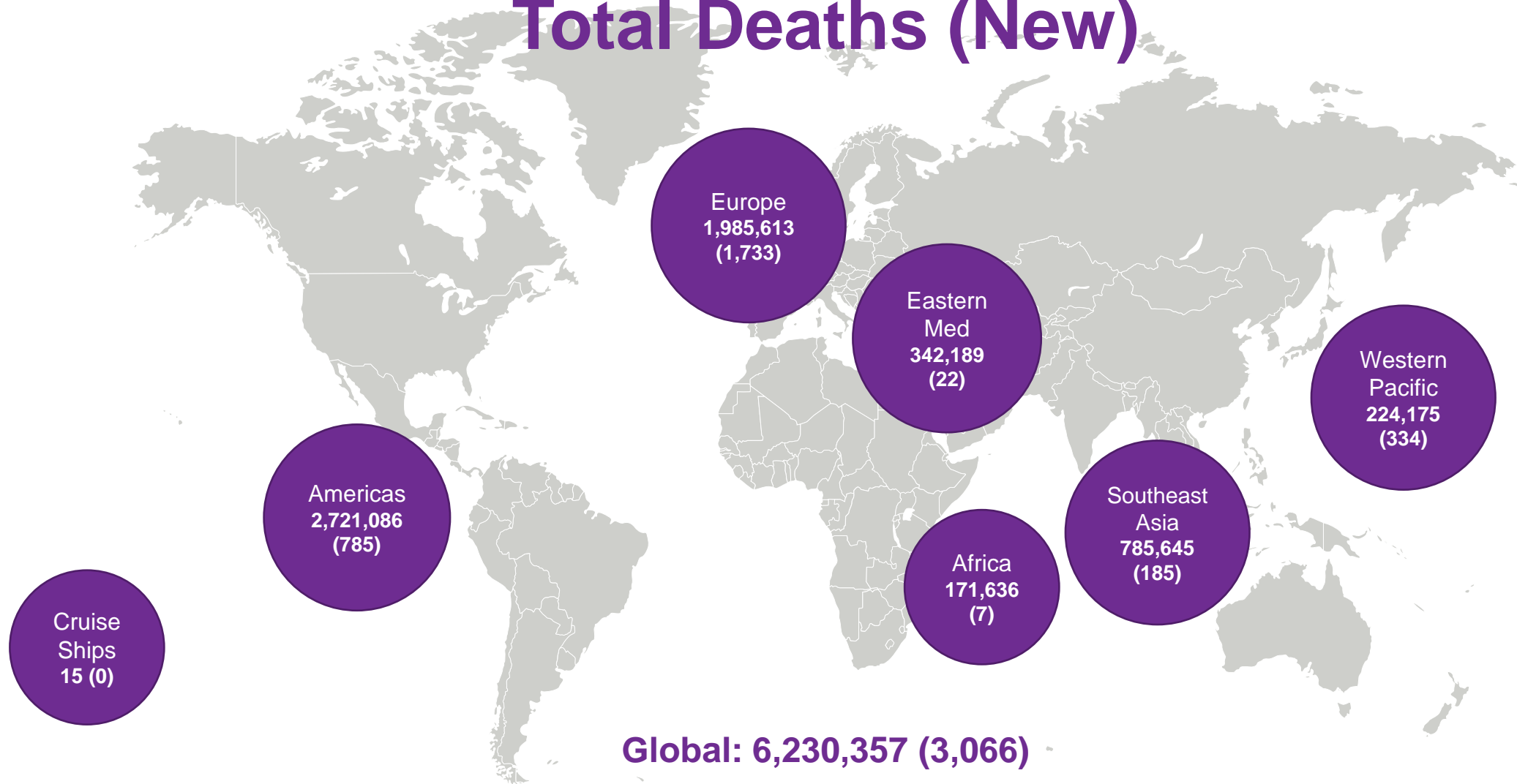
# Confirmed Cases (New)



Reflects data as of 4:37 pm CEST on April 28, 2022.  
Data Source: World Health Organization

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# Total Deaths (New)



Reflects data as of 4:37 pm CEST on April 28, 2022.  
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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