

# Dentons Flashpoint

## Daily Global Situation Report

April 7, 2022

# Global Situation Update: April 7, 2022

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## KEY TAKEAWAYS

The International Energy Agency announced another release of 120 million barrels of oil from emergency stockpiles.

Global trade fell 2.8 percent between February and March due to the Ukraine war.

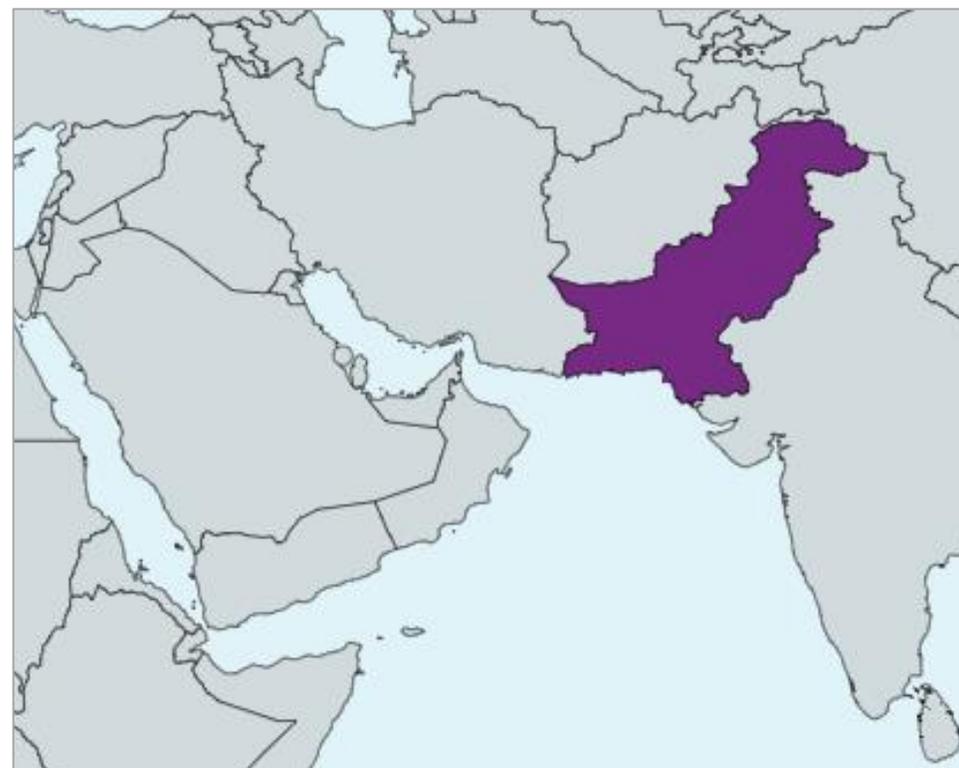
The COVID-19 outbreak in Shanghai hits record highs with lockdowns putting severe pressure on transport and logistics across the country.

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## WHAT WE'RE WATCHING

Pakistan, the world's fifth most populous country and a nuclear-armed nation, remains in the midst of a political crisis. Prime Minister Imran Khan has made repeated claims that a US conspiracy aims to topple his government with the help of local collaborators. Khan cited a warning from US National Security Advisor Jake Sullivan last month that he should not visit Russian President Putin in Moscow on the day of the Ukraine invasion.

Pakistan's parliament is now dissolved after Khan survived an attempt to oust him via a no-confidence vote led by political opposition and snap elections will take place in 90 days. While conspiracy claims are dubious, it is certain that inflation in Pakistan is soaring (over 10 percent this year) and Khan's handling of the economy is under attack by political opponents.



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

# Global

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**Global trade fell 2.8 percent between February and March as Russia's invasion of Ukraine led to a sharp drop in container ship traffic from the two countries, according to the Kiel Institute of the World Economy.**

- In anticipation of a new Russian offensive in the Donbas, NATO leaders consider **expanding type of weapons to be provided to Ukraine**, while Ukrainian leaders uncover more atrocities against civilians in areas formerly under Russian occupation.
- UK foreign secretary Truss told her NATO counterparts the *"age of engagement"* with Russia has now ended owing to the conflict in Ukraine and called for a **new approach to security in Europe** based on resilience, defense and deterrence.
- **Peace talks** between Ukraine and Russia have stalled, with Ukraine unwilling to meet with Russian counterparts following the discovery of atrocities against civilians. Turkish mediators are continuing to press for a resumption, but do not expect the parties will reconvene immediately. Even should talks resume at this point, a breakthrough remains unlikely, given that the parties are still focused on establishing new facts on the ground.

# Markets & Business

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**Suspected state-sponsored Chinese hackers have targeted the power sector in India in recent months as part of an apparent cyber-espionage campaign.**

- **Afreximbank** said on Wednesday it had set up a \$4 billion trade finance program to cushion economies and businesses on the continent against shocks arising from the war in Ukraine.
- The **International Energy Agency** said its 31 members were moving ahead with a “*collective oil stock release*” of 120 million barrels of oil from emergency stockpiles to counter supply concerns following Russia’s invasion of Ukraine.
- **Shell** expects to take a hit of up to \$5 billion in the first quarter of 2022 following its decision to exit Russia.
- Two of the world’s biggest operators of crude oil tankers, **Frontline and Euronav**, have agreed to merge in an all-share deal that they said would create a “leading tanker company” with 126 of the largest classes of vessels.

# Environment, Sustainability & Governance

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**Shell reported that the volume of crude oil spills caused by sabotage in Nigeria's oil-rich Delta more than doubled to 3,300 tons last year, a level last seen in 2016.**

- Almost 2,000 **climate change-related lawsuits** have been launched around the world to date, the bulk in the last seven years, according to a study by London's Grantham Research Institute on Climate Change and the Environment.
- Abu Dhabi will ban **single use plastics** from June.
- Greek Prime Minister Mitsotakis inaugurated a 204-megawatt solar park and promised to speed up permits for **renewable energy projects**.
- Greenpeace called for Total Energies to be excluded as a sponsor of the 2023 Rugby World Cup because it did **not exit Russia** following Moscow's invasion of Ukraine.

# Africa

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- Local sources say fighting between M23 rebels and the national army have resumed in eastern **Democratic Republic of Congo**.
- The **Sudanese** military and its allies have reportedly drawn up a draft government deal that cements the authority of the military to rule and bypasses demands of the former civilian government and protest groups, maintaining plans for an election in 2023.
- Former **Guinean** Prime Minister Fofana, who governed until the military coup last year, was convicted of embezzlement and jailed in Conkary; his charges say that the charges are an attempt by the military junta to discredit him.
- Amnesty International and Human Rights Watch determined that the Tigray region of **Ethiopia** has been subject to a “*relentless campaign of ethnic cleansing*” since the onset of the civil war between Tigray and the central government in 2020.
- Former president of **Burkina Faso** Compaoré was sentenced in absentia to life in prison for his involvement in the 1987 assassination of his predecessor, Thomas Sankara; he is believed to be in hiding in the **Ivory Coast**.



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# Asia

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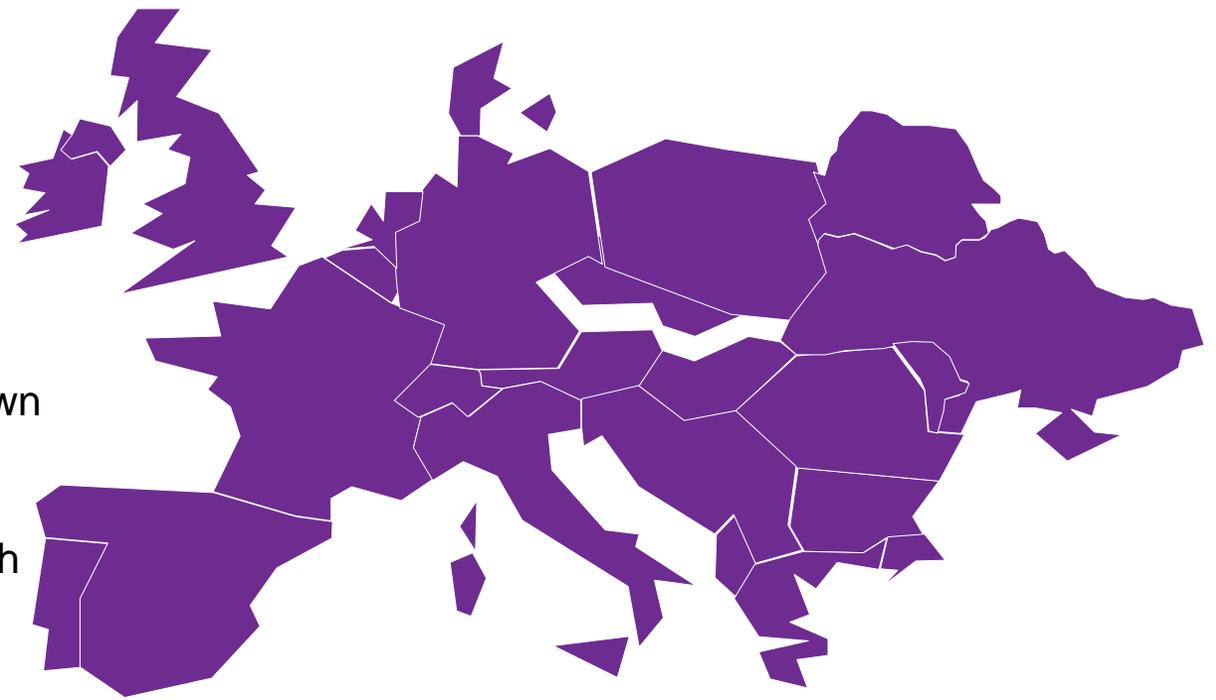
- The **US** warned **India** it would face a “*significant and long-term*” hit if it moved into a “*strategic alignment*” with **Russia**.
- Shanghai reported a record high of nearly 20,000 new cases of COVID-19 yesterday, as residents grow increasingly frustrated with the strict lockdown measures. Lockdowns in Shanghai and other **Chinese** cities is putting severe pressure on transport and logistics across the country, exacerbating the economic fallout of the government’s zero-COVID policies.
- **Japan** will lift an entry ban on non-resident foreign nationals from 106 countries, including **Britain, France and the US**, as it eases COVID-19 restrictions.
- **China** warned it would take strong measures if **US** House of Representatives Speaker Nancy Pelosi visited **Taiwan** and said such a visit would severely impact Chinese-US relations.



# Europe

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- **Poland's** central bank increased its benchmark rate to 4.5 percent in a bigger-than-expected move to clamp down on a surge in inflation.
- The **UK** released its new energy strategy yesterday which sets out plans for more nuclear power plants to meet 25 percent of forecast electricity demand by 2050 and to increase offshore wind capacity to 50 gigawatts by 2030, up from just over 10GW now.
- Defense ministers from **Black Sea coastal countries** held a video call yesterday to discuss the war in **Ukraine**, mines floating in the sea and regional security. Since the start of the Ukraine war, the **Turkish** military has so far detonated three separate floating naval mines in the Black Sea, while **Romania** has also defused a stray mine in its waters.
- A **Turkish** court decided yesterday to halt the trial of Saudi suspects over the killing of journalist Jamal Khashoggi and transfer it to **Saudi Arabia**, as Ankara seeks to improve relations with Riyadh.



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# How do You Manage Incident Response?

*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:*

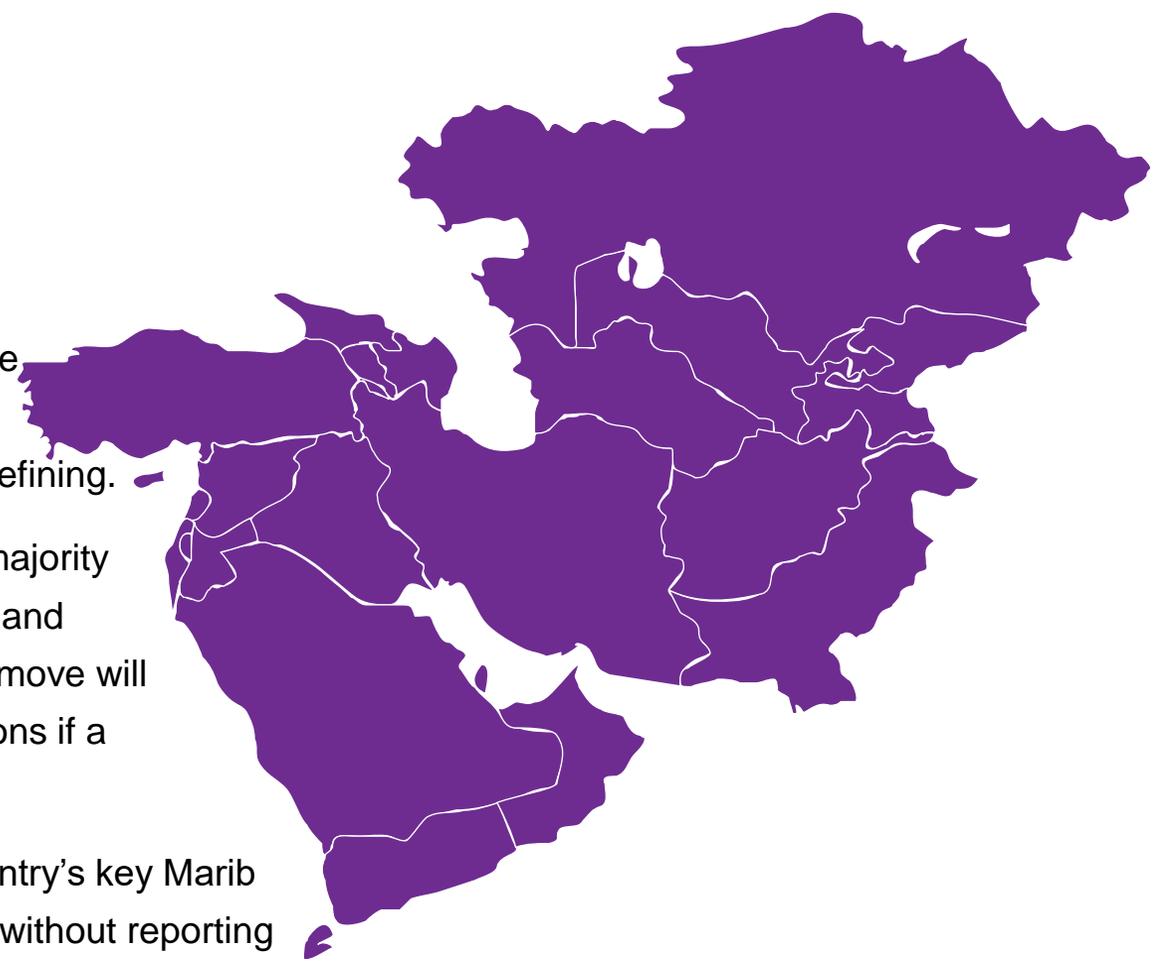
- ❖ Ransomware tabletop exercises
- ❖ Post-tabletop action reports
- ❖ Maturity assessments for preparedness
- ❖ Supply-chain attack simulation
- ❖ Comprehensive incident response plan
- ❖ Threat analysis and monitoring

*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 IAEA reported that **Iran** has moved machines for making centrifuge parts from a storage facility for parts decommissioned under the previous nuclear deal to its key Natanz refinery, signaling progress in refining.
- In a surprise upset, **Israeli** Prime Minister Bennett lost his patchwork majority after a center-left member of Bennett's conservative Yamina party quit and joined the opposition over disagreements on religious regulations; the move will force Bennett to form a new coalition and potentially trigger new elections if a governing majority cannot be formed.
- The UN's envoy to **Yemen** relayed reports of some violence in the country's key Marib province, violating the ceasefire, and called for adherence to the truce without reporting which parties had instigated the violence. Yemen's President Abd-Rabbu Mansour Hadi ceded his powers to a presidential council yesterday, viewed as a step towards ending the civil war.
- **Tunisia's** President Saied announced that candidates for parliament will run individually, rather than on lists, in a move that will likely degrade the power of existing political parties; Saied dissolved parliament after an attempt to revoke his decree power and triggered new elections last week.

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# Americas

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- **Mexican** President Obrador said his government would channel a quarter of its publicity budget into paying for health insurance and pensions for poorer journalists, following criticism over Obrador's lack of support for the media.
- **Peruvian** authorities reported that a fifth person had died in clashes with police amid antigovernment protests stoked by rising fuel prices.
- **Colombia's** Supreme Court of Justice on Wednesday approved the extradition to the United States of accused drug kingpin and Clan del Golfo crime gang leader Dairo Antonio Usaga, known as Otoniel.
- Nissan Motor Co announced it will invest 1.3 billion reais (\$276.12 million) in its plant in Resende in the **Brazilian** state of Rio de Janeiro and in launching new products between this year and 2025.

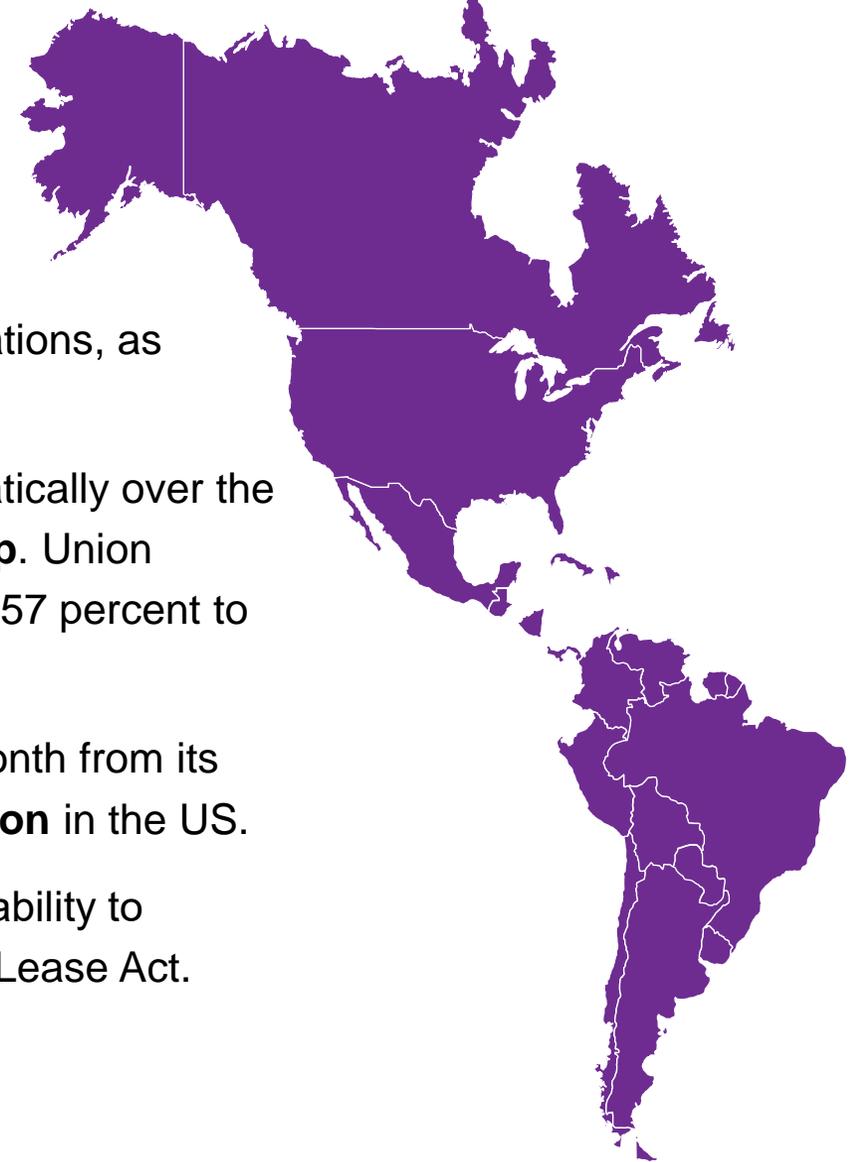


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# Americas: US

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- The CDC lowered **travel warnings** for Canada and two dozen other destinations, as global conditions for COVID-19 continue to improve.
- The number of workplaces with employees trying to form unions rose dramatically over the past six months, partially reversing decades of declining **union membership**. Union representation petitions filed to the National Labor Relations Board, jumped 57 percent to 1,174 between October and the end of March.
- The Federal Reserve is set to start shedding up to \$95 billion of assets a month from its swollen \$9 trillion balance sheet as it steps up efforts to curb **soaring inflation** in the US.
- The Senate yesterday moved unanimously to streamline President Biden's ability to provide military assistance to **Ukraine**, mirroring the World War II-era Lend-Lease Act.



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# Emerging & Existing Hotspots: European Strategy after Russia's War

By Alexander Lucaci

***Russia's military offensive against Ukraine continues to drag on in the face of well-organized resistance, raising questions about Moscow's long-term military strategy and the political future of eastern Europe more broadly.***

Russian forces have fully withdrawn from Kyiv and several other major cities surrounding the capital, with military analysts assessing that President Putin may be repositioning military assets for a broader assault in the country's east and south. That Ukraine has won the battle for Kyiv represents a major moral and tactical victory, although it remains too early to know how Moscow will react in the short to medium term. The Russian military is estimated to have lost between 7,000 and 15,000 troops and is depleted of active, deployable reserves, further limiting Moscow's ability to expand the conflict outside of Kyiv and press its qualitative advantage. President Putin may still decide to escalate indiscriminate shelling and aerial assaults across Ukraine's east and south in order to consolidate territorial gains and denigrate Ukrainian morale. The Pentagon has not yet publicly assessed with any certainty whether Putin has decided to renew its country-wide assault or accept more limited

strategic outcomes.

Both Europe and the US have responded decisively to Moscow's aggression and are continuing to coordinate on an unprecedented sanctions campaign targeting the Russian economy, individuals, and institutions. Washington and Brussels have left plenty of room to increase and tighten sanctions against Russia, primarily around energy exports to Europe and the enforcement of secondary sanctions against countries such as India and China that may look to evade restrictions. The European Union continues to bear the brunt of the secondary economic fallout of the sanctions – nevertheless, the continent remains unanimous in its opposition to the war and its subsequent response over the last month. The only minor exception is Hungary, whose president, Victor Orban, won reelection last week despite pro-Russian leanings and a neutral stance on Moscow's invasion of Ukraine.

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# Emerging & Existing Hotspots: European Strategy after Russia's War

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Over the past several months, international institutions such as the United Nations, European Union, and NATO have found a renewed sense of purpose. Contrary to perceptions in Moscow and Beijing, the EU and NATO in particular have shown that Europe is able to act swiftly and decisively in the face of external threats, with the fault lines within each organization proven to be cosmetic at worst. In the short-term, the EU will likely expand its sanctions regime against Moscow at its own economic expense as long as the war continues and will continue to diversify away from the Russian market in terms of energy and other commodity imports. Brussels and London understand that this new economic iron curtain cannot be lifted overnight, and that Moscow's new pariah status is permanent as long as President Putin remains in power. The reputational and political risks of doing business with or in Russia are too high for the vast majority of Western businesses and governments, as is the looming threat of secondary sanctions enforcement by Washington. The crisis in eastern Europe has also awoken Europe to the dangers of reliance on authoritarian petrostates, as well as the laundering of oligarchic assets and finances.

From a security perspective, membership in NATO is now seen as a strategic imperative, rather than being part of a Cold War relic. It is likely that Finland, Sweden, and Moldova will seek both EU and NATO accession in the short to medium term as threat perceptions across Europe change dramatically in the wake of Moscow's aggression. Washington has already announced its intention to increase troop levels across Europe from 60,000 to 100,000 – an important statement of intent and commitment to the security of NATO allies. The efforts to rebuild Ukraine in the aftermath of this war will be another test of European and American coordination and will depend on the details of the eventual agreement between Moscow and Kyiv. In the short-term, Ukraine will continue to rely on American and European support to reestablish territorial integrity and repel Russian aggression. In the long-term, Moscow has likely achieved the opposite of what it originally intended – a EU-aligned Ukraine hostile towards Russia with more explicit ambitions of NATO membership.

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# Ukraine War Update: NATO Weapons, Russian War Crimes, Global Economic Spillover

***In anticipation of a new Russian offensive in the Donbas, NATO leaders consider expanding type of weapons to be provided to Ukraine, while Ukrainian leaders uncover more atrocities against civilians in areas formerly under Russian occupation.***

## ***Political Developments***

Foreign ministers from the G7 will meet today in Brussels to discuss the war in Ukraine and soaring energy prices. NATO foreign ministers will meet for a second day today. Ukrainian President Zelensky is pleading for with more weapons and tighter sanctions on Russia as Moscow prepares for an offensive in the eastern Donbas region. NATO General Secretary Stoltenberg said it was highly likely the alliance would provide more weapons for Ukraine, including heavier weapons and not just defensive anti-tank and anti-craft arms. Ukraine is asking for planes, air defense systems, missiles, and military vehicles from NATO allies.

In a speech to the Irish parliament, Ukrainian President Zelensky criticized political and business leaders for not cutting off oil purchases from Russia, saying some *“still think that war and war crimes [are] not as horrific as financial losses.”* Today, Zelensky will give a virtual address to the Greek parliament.

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UK foreign secretary Truss told her NATO counterparts the *“age of engagement”* with Russia has now ended owing to the conflict in Ukraine and called for a new approach to security in Europe based on resilience, defense and deterrence.

Czech officials said the country had been providing a range of military equipment, including Soviet-designed T-72 tanks, to Ukraine for several weeks

The UN General Assembly is due to vote today on whether to suspend Russia from its Human Rights Council.

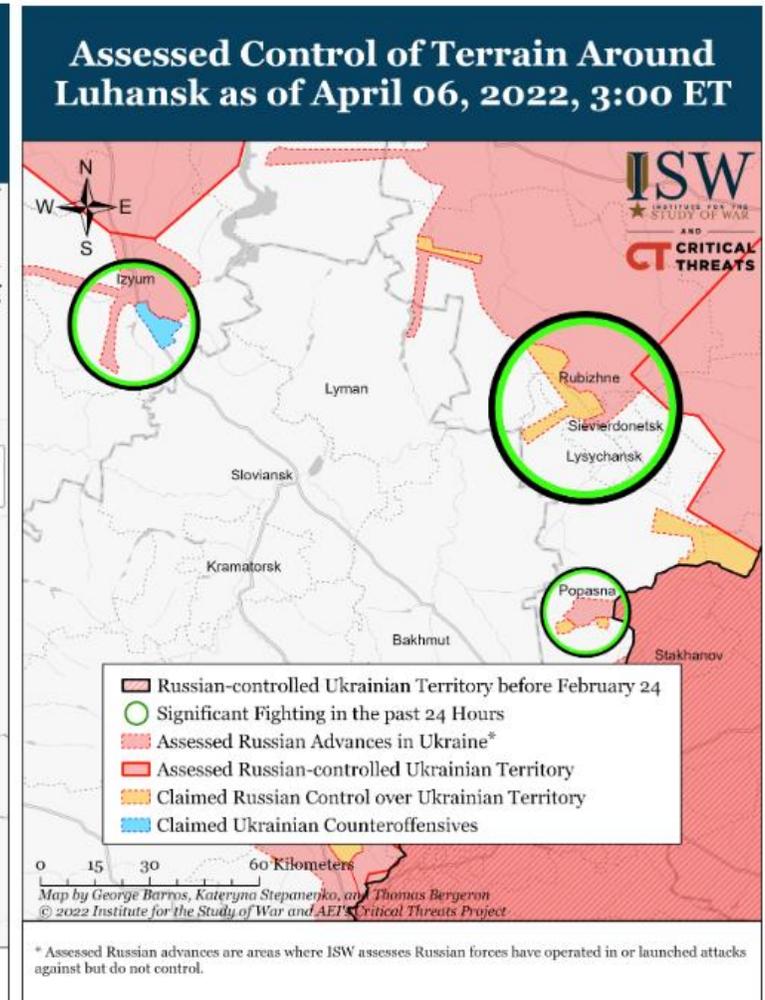
Peace talks between Ukraine and Russia have stalled, with Ukraine unwilling to meet with Russian counterparts following the discovery of atrocities against civilians. Turkish mediators are continuing to press for a resumption, but do not expect the parties will reconvene immediately.

# Ukraine War Update: NATO Weapons, Russian War Crimes, Global Economic Spillover

In the information war, Apple has resumed allowing Russians to download an app run by supporters of jailed Kremlin critic Alexei Navalny after having restricted access last year due to pressure by the Kremlin. Russia's communications watchdog announced it was taking punitive measures against Google, including a ban on advertising the platform and its information resources, for allegedly violating Russian law.

## Battlefield Developments

The US assessed that Russia has completely withdrawn from Kyiv and Chernihiv. The forces are reconsolidating and refitting in Russia and Belarus, and the US assesses the troops will return to Ukraine as part



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

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# Ukraine War Update: NATO Weapons, Russian War Crimes, Global Economic Spillover

of an effort to significantly increase activity in the Donbas region. About 40 battalion tactical groups have left Kyiv and Chernihiv. Russia still has 80 of about 130 battalion tactical groups it originally deployed to within Ukraine.

Russian forces continued offensive operations from Izyum towards Slovyansk but did not make any major territorial gains. Russian shelling in the eastern Donetsk region continued, views as preparing the battlefield before the movement of ground troops.

The Ukrainian military is warning that a major new offensive by Russia in the Donbas will start in the next few days. While praising the performance of Ukraine's military, analysts are warning that Ukraine's most battled hardened forces position on the line of contact risk being surrounded should Russia be able to break through from Izyum to Slovyansk and from a new offensive to the south from Donetsk. In a worst-case scenario, a Russian break through from the Donbas will once again put Kyiv at risk.

The Russian defense ministry claimed its missiles had destroyed four fuel storage facilities in the Ukrainian cities of Mykolayiv, Kharkiv, Zaporizhzhia and Chuhuiv overnight.

## *Humanitarian Developments*

The retreat of Russian troops has revealed growing evidence of civilian killings and war crimes in Irpin, Bucha and Borodyanka.

The mayor of the Ukrainian port city of Mariupol said on Wednesday that Russian forces had begun incinerating bodies of people killed in the city in a mobile crematoria to "cover their tracks."

Since invading Ukraine, Russian armed forces have hit nearly 100 medical facilities.

Mariupol Mayor Vadym Boichenko said that over 5,000 civilians have been killed during Russia's siege of the city over the last month and more than 90 percent of the city's infrastructure has been destroyed by Russian shelling.

Ukrainian authorities say nearly 5,000 people were evacuated from combat areas on Wednesday.

## *Economic Developments*

The US imposed sanctions on Sberbank, Russia's largest financial institution, Alfa-Bank, the country's largest private bank, Putin's two

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# Ukraine War Update: NATO Weapons, Russian War Crimes, Global Economic Spillover

adult daughters, foreign minister Sergei Lavrov's wife and daughter, and members of Russia's security council including former president Dmitry Medvedev and prime minister Mikhail Mishustin. The UK also announced sanctions on Sberbank and eight individuals linked to key Russian industries, including Andrey Akimov, the chief executive of Gazprombank, and Leonid Mikhelson, the founder and chief executive of gas company Novatek.

The EU is set to approve today a new package of sanctions against Russia targeting more oligarchs, exports and banning coal purchases, but oil and gas are not included amid fears from some member states over finding alternative supplies. The bloc's foreign policy chief Josep Borrell chided member states, telling them that the EU has spent 35 times more on buying Russian energy than it has on weapons for Ukraine since the start of the war.

Belgium blocked financial transactions worth €196 billion under EU sanctions on Russia linked to transactions with Belgium-based Euroclear, which specializes in the settlement of securities transactions.

Finland has seized paintings and sculptures worth €42million bound for Russia under EU sanctions, weeks after impounding 21 yachts. Australia will impose financial sanctions and travel bans on an additional 67 Russians, taking the total number of people and entities sanctioned to almost 600. Taiwan announced it is blocking the export of 57 types of technology products that can be used for both civil and military purposes.

US Treasury Secretary Yellen, in testimony before Congress, said that Russia's actions will have enormous economic repercussions in Ukraine and beyond and warned of global "*spillovers*" from the crisis, especially on commodities. Yellen also called for Russia to be expelled from the G20. If Russia attends meetings, the US will boycott.

China's state refiners are honoring existing Russian oil contracts but avoiding new ones despite steep discounts, heeding Beijing's call for caution.

Russia will go to court over the seizures of assets and property in the west, said Dmitry Medvedev, the former president who is now deputy head of Russia's security council.

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# Ukraine War Update: NATO Weapons, Russian War Crimes, Global Economic Spillover

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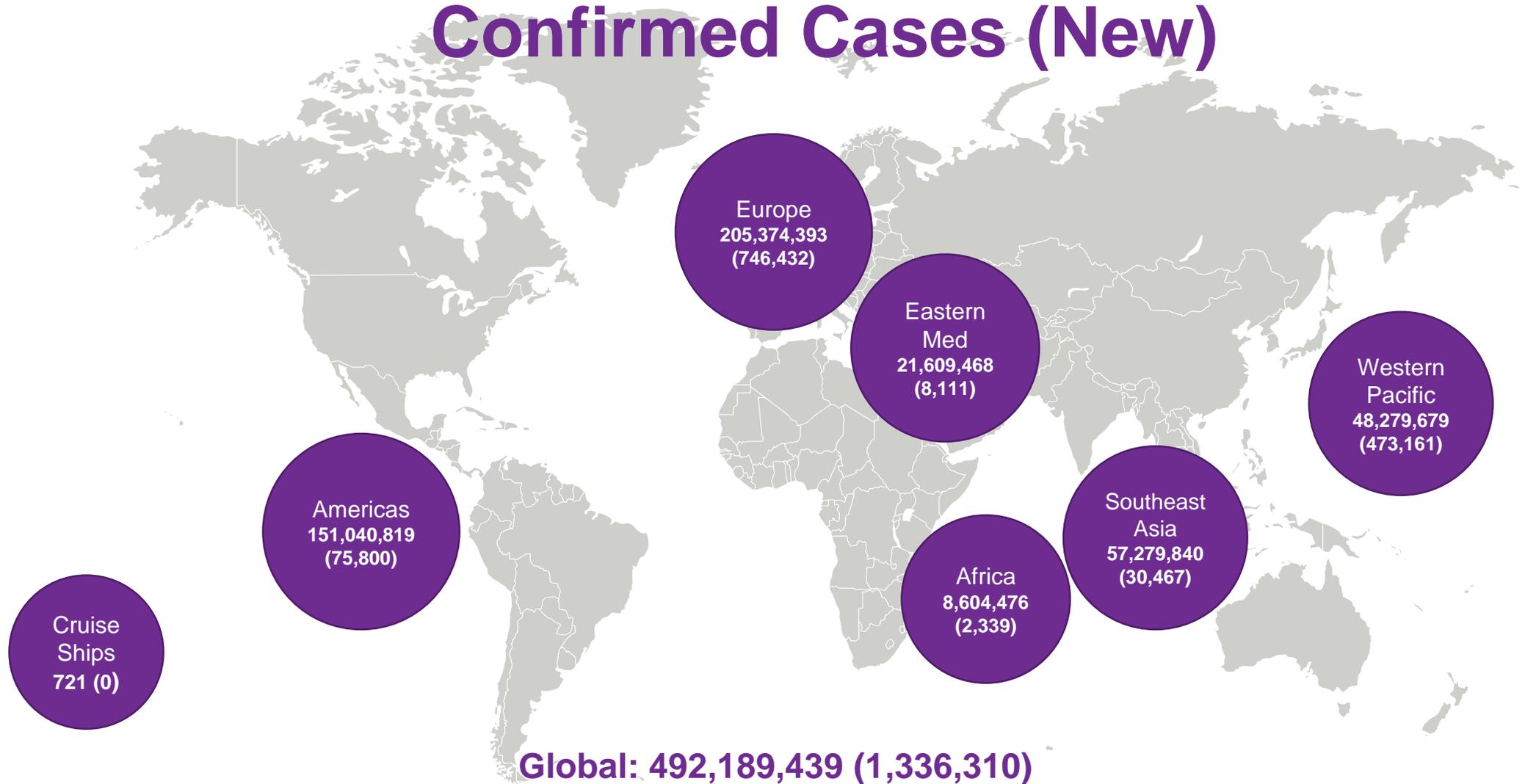
Institute of International Finance (IIF) estimates Russia's gross domestic product will shrink 15 percent this year and 3 percent next year. With heavy-equipment and carmakers closing their operations in Russia, the nation's manufacturing output in March dropped at the fastest rate since COVID-19 first spread two years ago. Official figures show 95,000 workers in Russia were furloughed and nearly 60,000 laid off in the four weeks since the war started, according to analysts at Raymond James. Consumer prices in Russia are expected to rise by a staggering 20 percent this year, two-and-a-half times rate in 2021. A total ban on Russian fuels would cost the country \$250 billion to \$300 billion in export losses, according to IIF. Russian oil is already having a hard time finding buyers after a ban by the US and UK last month.

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# Coronavirus Condition Updates

As of 6:14 pm CEST on April 6, 2022

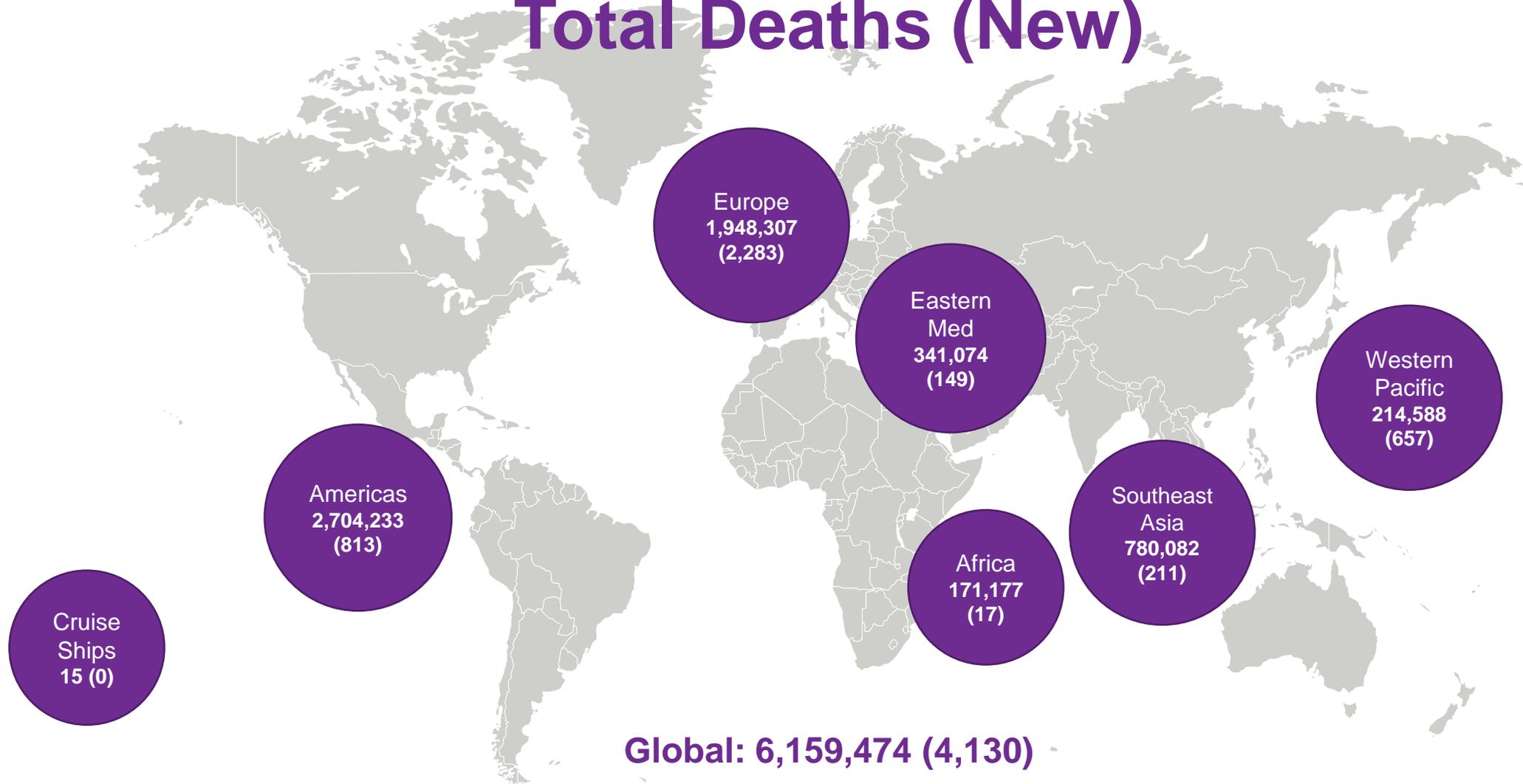
# Confirmed Cases (New)



Reflects data as of 6:14 pm CEST on April 6, 2022.  
Data Source: World Health Organization

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# Total Deaths (New)



Reflects data as of 6:14 pm CEST on April 6, 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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