

Dentons Flashpoint

Daily Global Situation Report

February 15, 2022

Global Situation Update: February 15, 2022

KEY TAKEAWAYS

Russia sends mixed messages on potential Ukraine invasion.

The WHO warned that Eastern Europe is undergoing a surge of Omicron infections.

Banning Russia from the SWIFT financial system is reportedly off the list of potential sanctions for Ukraine invasion.

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

Libya's political crisis is deepening as Prime Minister Fathi Bashagha, appointed last week by the parliament in eastern Libya (HoR), is working to form a new government, while Prime Minister Abdul Hamid Dbeibah is refusing to step down. Dbeibah vows to remain in his post until national elections are held and told the UN yesterday that presidential elections could be held as early as June.

Both Bashagha and Dbeibah have the support of rival armed groups in Tripoli and last week Dbeibah survived an assassination attempt there. Businesses will continue to face operational delays in and around the capital city amid regular militia mobilizations and clashes between armed groups during the next few months that will hinder the movement of personnel and transfers of goods and equipment.



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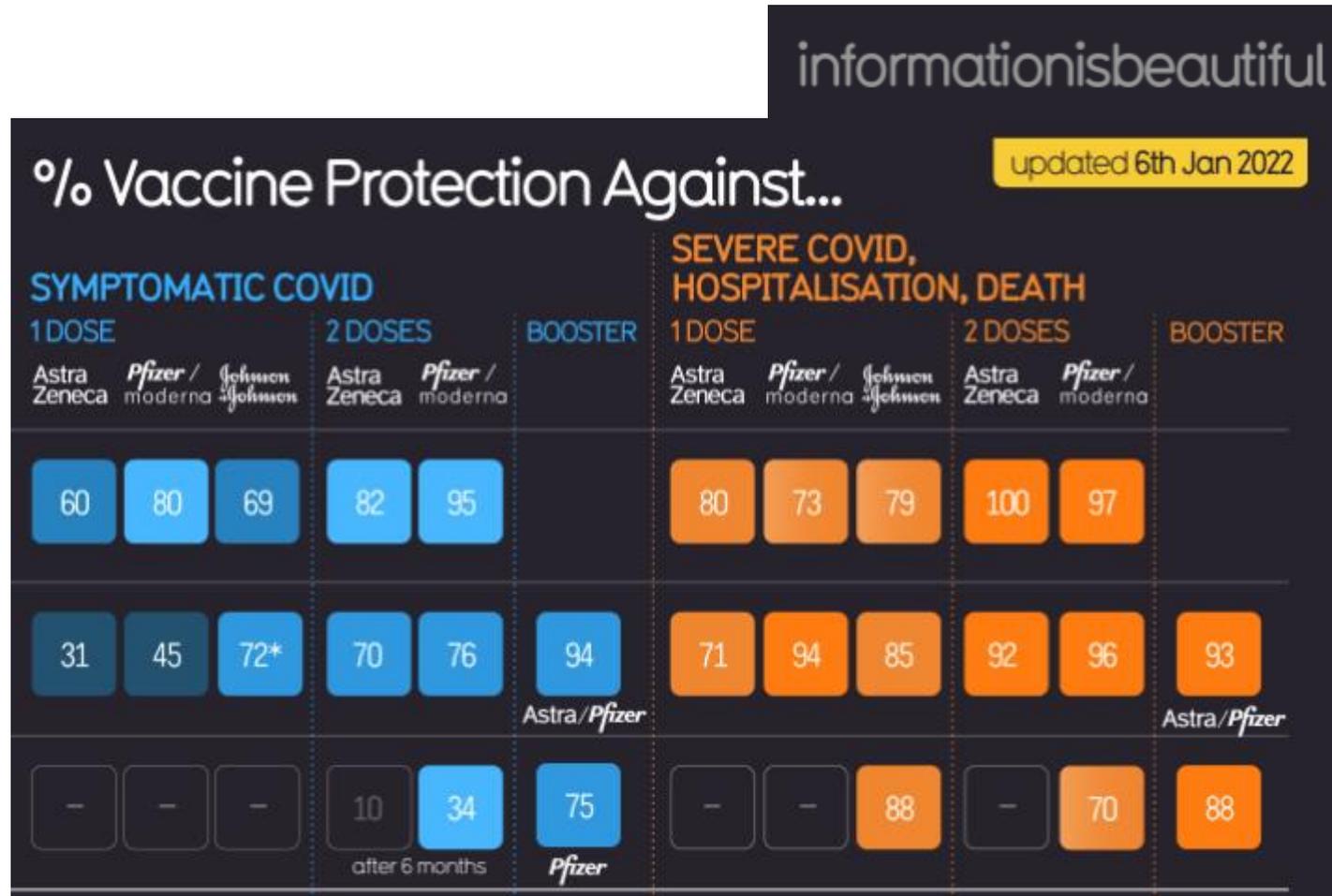
Global

Globally, confirmed coronavirus cases topped 410.5 million with 5.8 million deaths; more than 10.2 billion vaccine doses have been administered.

- According to Russia's Defense Ministry, some troops in Russia's military districts adjacent to **Ukraine** are returning to their bases after completing drills. However, new commercial satellite images show a flurry of Russian military activity at several locations near Ukraine in Belarus and in Russian occupied Crimea.
- German Chancellor Scholz is in Moscow today to meet President Putin in a high stakes **mission to avert war**.
- Taiwan has joined the US, Australia and Canada in backing an **EU trade case against China** at the WTO over Beijing's alleged trade curbs on Lithuania.
- According to a new study, the **immune response** to COVID-19 from a prior infection helps protect against reinfection, but that protection is weaker against **Omicron** than it was against earlier variants of the coronavirus.

Global

information is beautiful



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Markets & Business

US and European officials are finalizing an extensive package of sanctions if Russia invades Ukraine that targets major Russian banks but does not include banning Russia from the SWIFT financial system.

- **Glencore** has sold out of **Russneft**, capping two decades of investments which saw the Swiss commodities firm trading millions of barrels of the Russian group's oil. The sale was executed in December 2021 and will close in the first half of 2022 pending regulatory approvals.
- **Blackstone Inc** is leading a 21-billion-euro (\$23.81 billion) recapitalization of **Mileway**, the biggest operator of urban warehouses in Europe, as the private equity giant increases its investments in rapid goods delivery.
- **Toyota Motor** says it has not yet resumed production at its three manufacturing lines in Ontario even after a key U.S.-Canadian bridge reopened, due to parts shortages.
- Texas attorney general filed a suit against **Facebook** parent **Meta Platforms Inc.**, charging that the company's longstanding and now discontinued use of facial-recognition technology violated that state's privacy protections for personal biometric data.

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Environment, Sustainability & Governance

Coca-Cola will aim for 25 percent of its products to be sold in reusable or refillable containers by 2030.

- Canada's Alberta province will close a loophole in its emissions standards that allowed **oil sands refineries** to accumulate a large number of tradeable carbon credits following public pressure.
- Conservative lawmakers accused the European Central Bank of focusing on **green financing rules** rather than taming inflation.
- GM announced an investment of \$25 million in its **climate equity fund**, doubling the size of the fund.
- Downstream energy company Marathon Petroleum Corporation and electricity and natural gas provider Dominion Energy announced that they will expand their **emissions commitment to scope 3 emissions, or those derived from the third-party use of their products.**
- Netflix announced that it has surpassed its **diversity goals**, with women and those from historically disadvantaged groups making up over half of its US staff and leadership.

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Africa

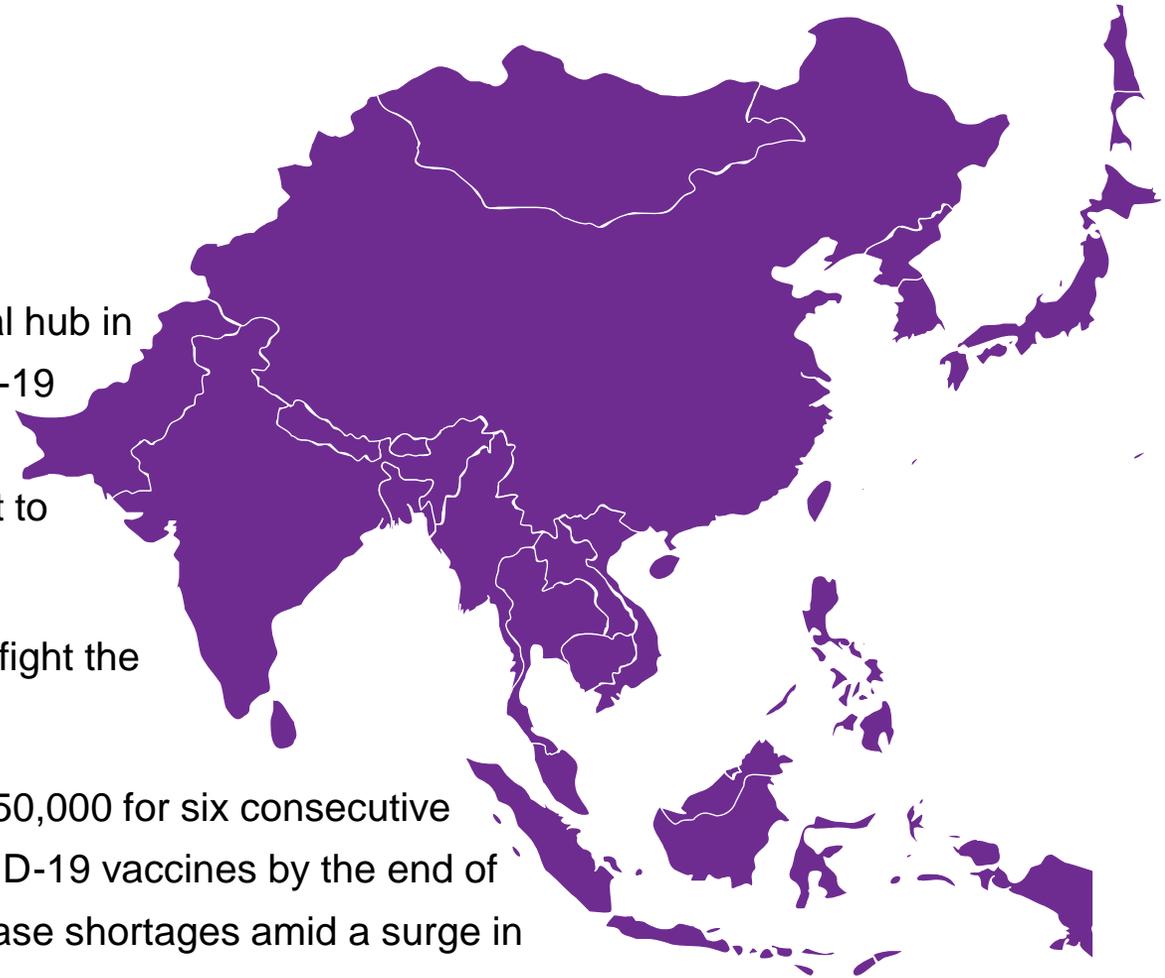
- **Sudanese** medics reported that at least two more protesters had been killed by government security forces during anti-coup demonstrations in Khartoum.
- A proposed **Ugandan** health act could criminalize efforts to evade infectious disease control, with penalties of up to a year for offenses including falsifying vaccination records.
- **Senegalese** separatists released several Senegalese soldiers captured a month ago in **Gambia** following negotiations mediated by ECOWAS; the separatists warned the soldiers not to enter the Casamance province during a release ceremony.
- **Germany** Defense Minister Lambrecht sees no reason to keep German troops in **Mali** if the country delays presidential and legislative elections by four to five years.



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Asia

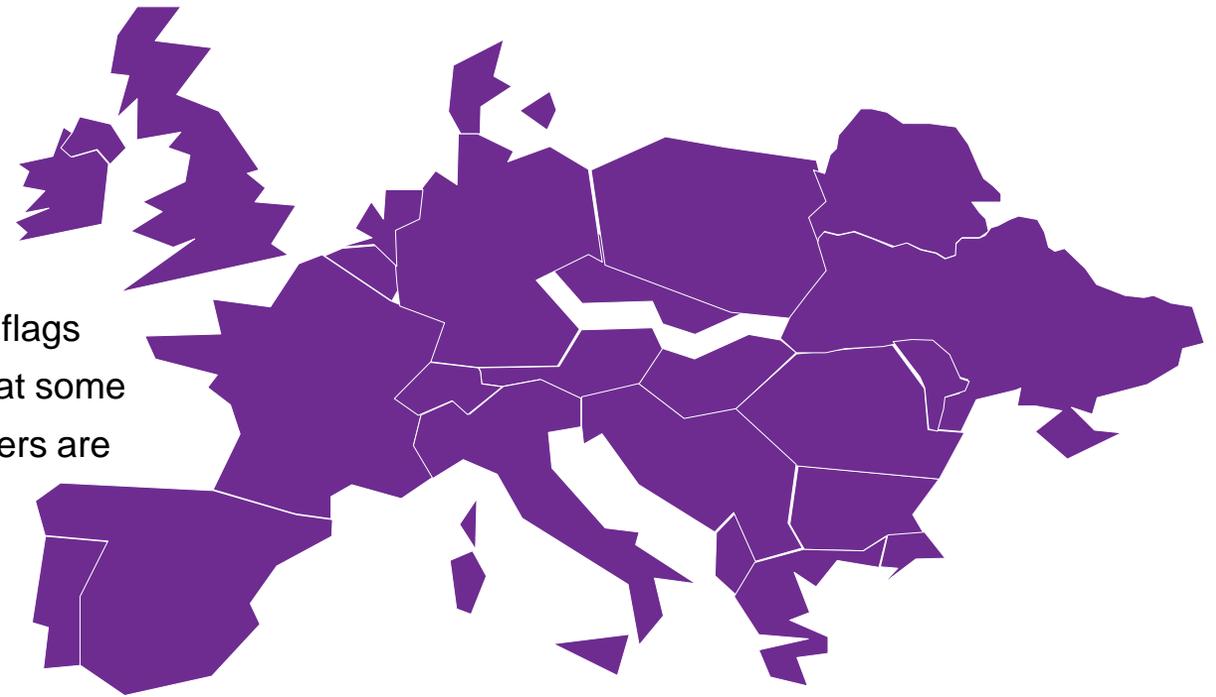
- In **China**, the city of Suzhou, a trading, commercial and industrial hub in the eastern province of Jiangsu, reported an outbreak of COVID-19 and has launched a mass testing effort and is limiting access to the city, locking down affected buildings and urging residents not to leave home or the city for nonessential reasons.
- **Hong Kong** leader Carrie Lam ruled out a citywide lockdown to fight the COVID-19 surge of infections.
- **South Korea's** new daily cases hit a record high, marking over 50,000 for six consecutive days. South Korea will begin administering fourth doses of COVID-19 vaccines by the end of February and supply millions of additional home testing kits to ease shortages amid a surge in Omicron infections.
- Thousands of nurses walked off the job in Sydney, **Australia's** largest city, protesting against staff shortages and COVID-19 pandemic-related stresses and strains.
- **New Zealand and China** have updated their trade agreement, with New Zealand lowering barriers to Chinese investment.



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Europe

- **Ukraine** President Zelenskiy called on the country's people to fly flags and sing the national anthem in unison on February 16, a date that some Western media say **Russian** could invade. **NATO** defense ministers are expected this week to establish up to four multinational battlegroups in southeastern Europe in response to Russia's military build-up in Ukraine.
- **Russia's** parliament will vote today to decide whether to ask President Vladimir Putin to recognize two Russian-backed breakaway regions in eastern **Ukraine** as independent, the self-declared Donetsk and Luhansk People's Republics located in the Donbass region where separatist forces have been fighting the Ukrainian army since 2014.
- **Poland's** government is making preparations ahead of a possible influx of refugees from neighboring **Ukraine**, include housing thousands of refugees in hostels, dormitories, sports facilities and other venues. **Slovakia's** government says it is also preparing for a wave of tens of thousands of refugees in the case of a conflict.
- The **US** government is extending a sovereign loan guarantee to **Ukraine** of up to \$1 billion to support its economic reform agenda and continued engagement with the IMF.



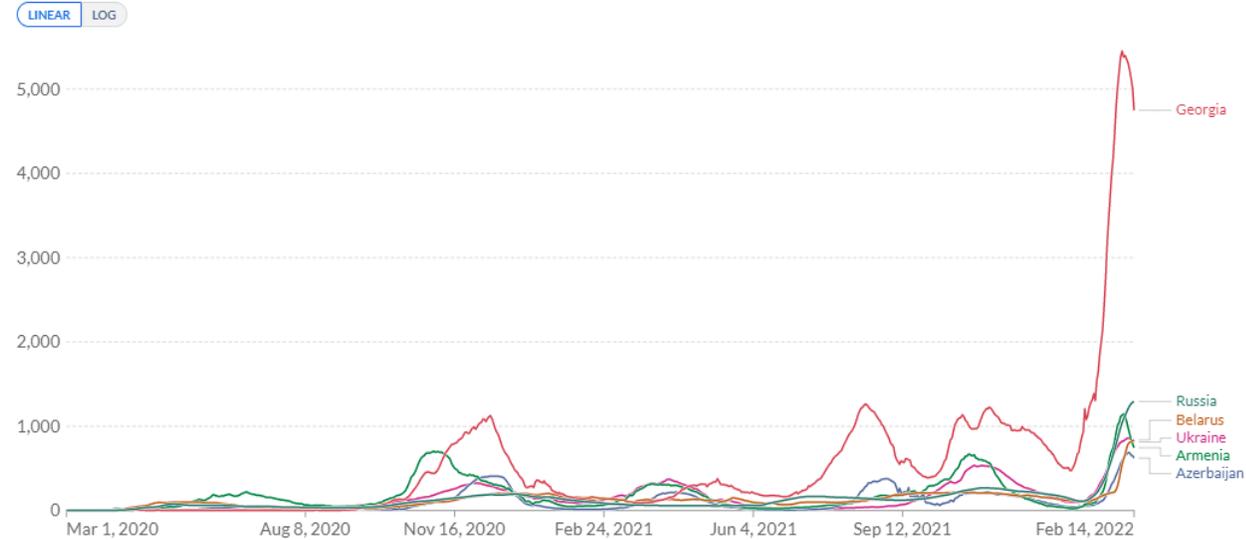
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Europe

The WHO warned that Eastern Europe is undergoing a surge of Omicron infections, with cases doubling in Armenia, Azerbaijan, Belarus, Georgia, Russia and Ukraine over the past two weeks. The WHO urged authorities to improve vaccination and other measures.

Daily new confirmed COVID-19 cases per million people
7-day rolling average. Due to limited testing, the number of confirmed cases is lower than the true number of infections.

Our World
in Data

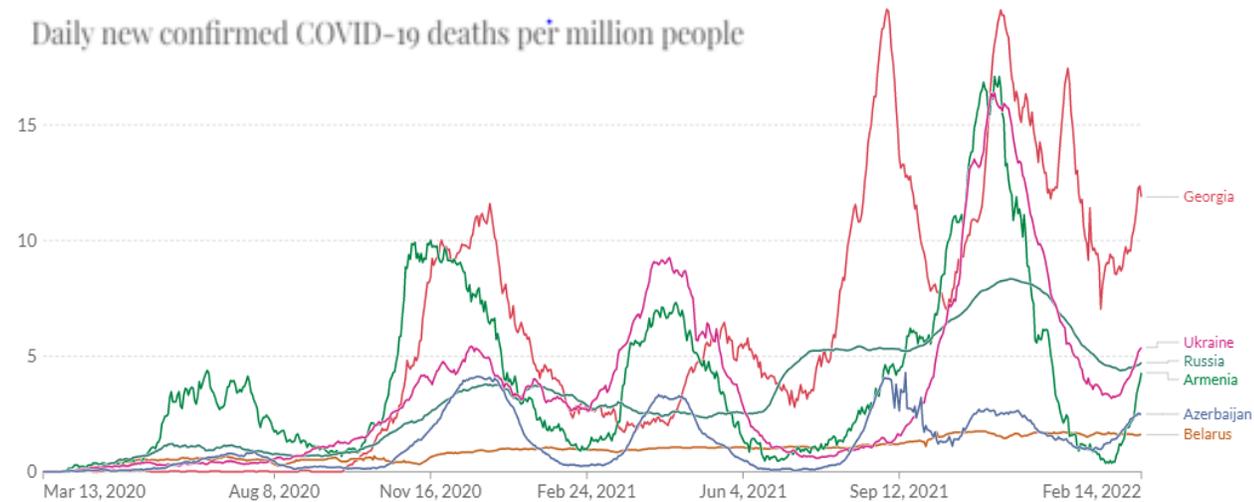


Source: Johns Hopkins University CSSE COVID-19 Data

CC BY

LINEAR LOG

Daily new confirmed COVID-19 deaths per million people



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How do You Manage Political Risk?

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.

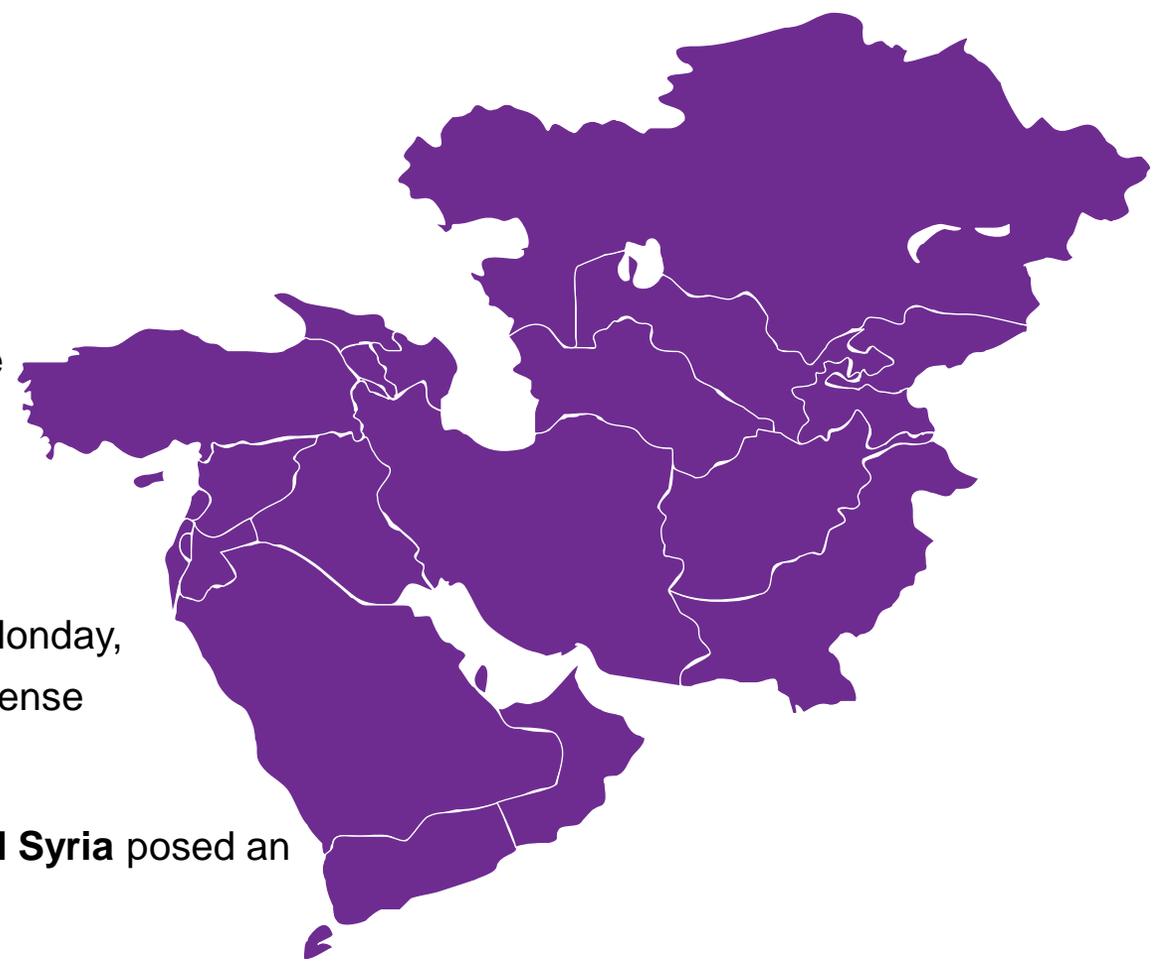
Dentons offers business leaders routine and one-off political risk assessments on specific interests. Many clients also retain our team of attorneys and former intelligence and military professionals, equipped with the latest big data analytics tools, deep substantive knowledge and extensive networks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

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

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

Middle East



- **Turkish** President Erdogan visited the **UAE** for the first time since 2013 amid a thaw in bilateral relations and a Turkish push to improve ties with its Arab neighbors, in part to bolster its spiraling economy.
- **Israeli** Prime Minister Bennett made his first visit to **Bahrain** on Monday, further cementing ties after the two countries signed a historic defense cooperation agreement last week.
- A new Pentagon report found that **Iran**-backed militias in **Iraq and Syria** posed an increased risk to **US** forces in 2021.
- **Kuwait** lifted many COVID-19 restrictions, among them a ban on foreign travel for unvaccinated individuals.
- Tehran said that it is “*in a hurry*” to reenter the JCPOA and accused the US of stalling, although **Iran** has publicly maintained sanctions relief requests to which the **US** is unlikely to accede. Iran also said that a prisoner swap with the US was on the agenda talks in Vienna.

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Americas

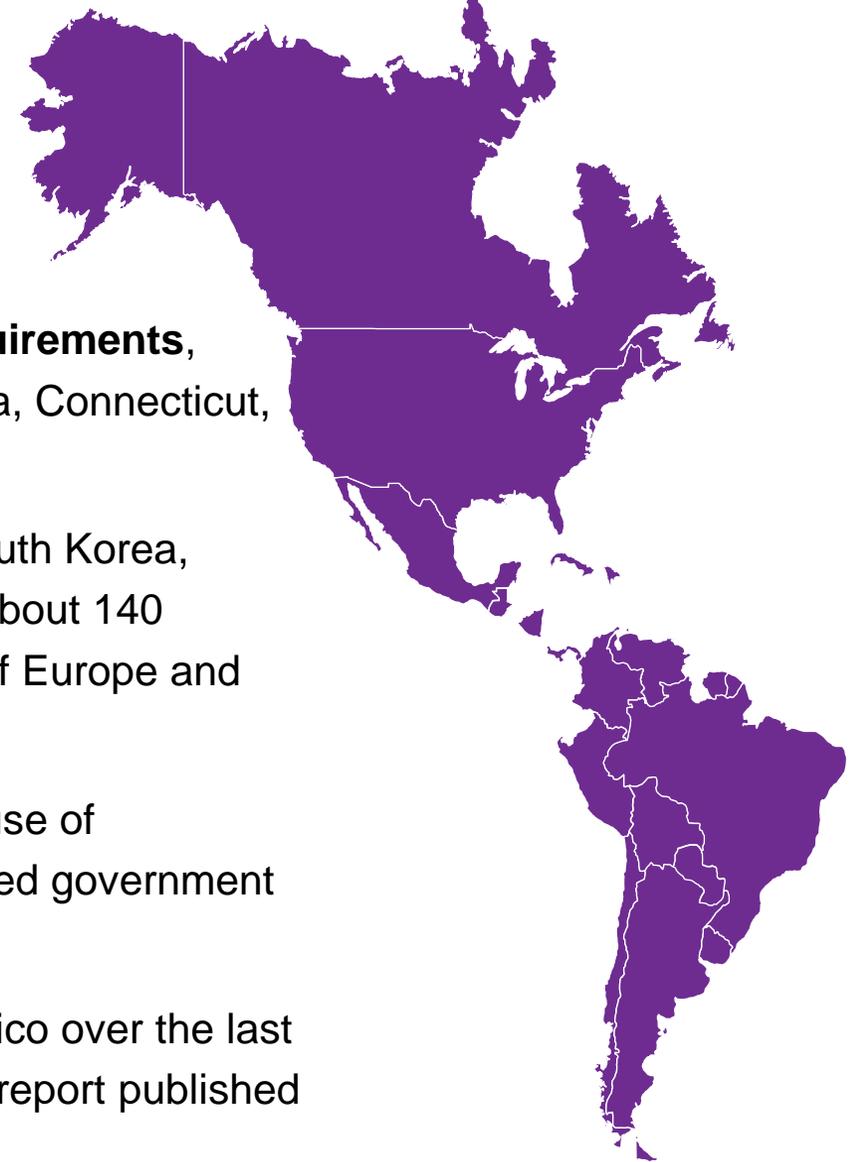


- **Canadian** Prime Minister Trudeau invoked Canada's rarely-used Emergencies Act to give the federal government broader power to quell anti-vaccine protests that have blockaded the capital for over a week but ruled out use of the military. A website that posts leaked data said that it had accessed the names of thousands of donors to the truck convoy. Ontario is set to lift its proof-of-vaccination requirement for public venues on March 1.
- **Jamaican** courts are trying several gang members for charges including arson and murder; the highly-publicized case is the first to make use of new judicial reforms, which allow judges to broaden the scope of charges and potentially assign longer sentences, that the government hopes will help to quell the severe gang violence in the country.
- **Brazil's** supreme court reversed a lower court decision that would have forced state oil company Petrobras to pay billions of dollars in wage disputes.
- A **Peruvian** community agreed not to block a road leading to the Las Bambas copper mine, reversing earlier messages; the mine has frequently been closed in recent years due to compensation disputes and blockades by the indigenous community.

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Americas: US

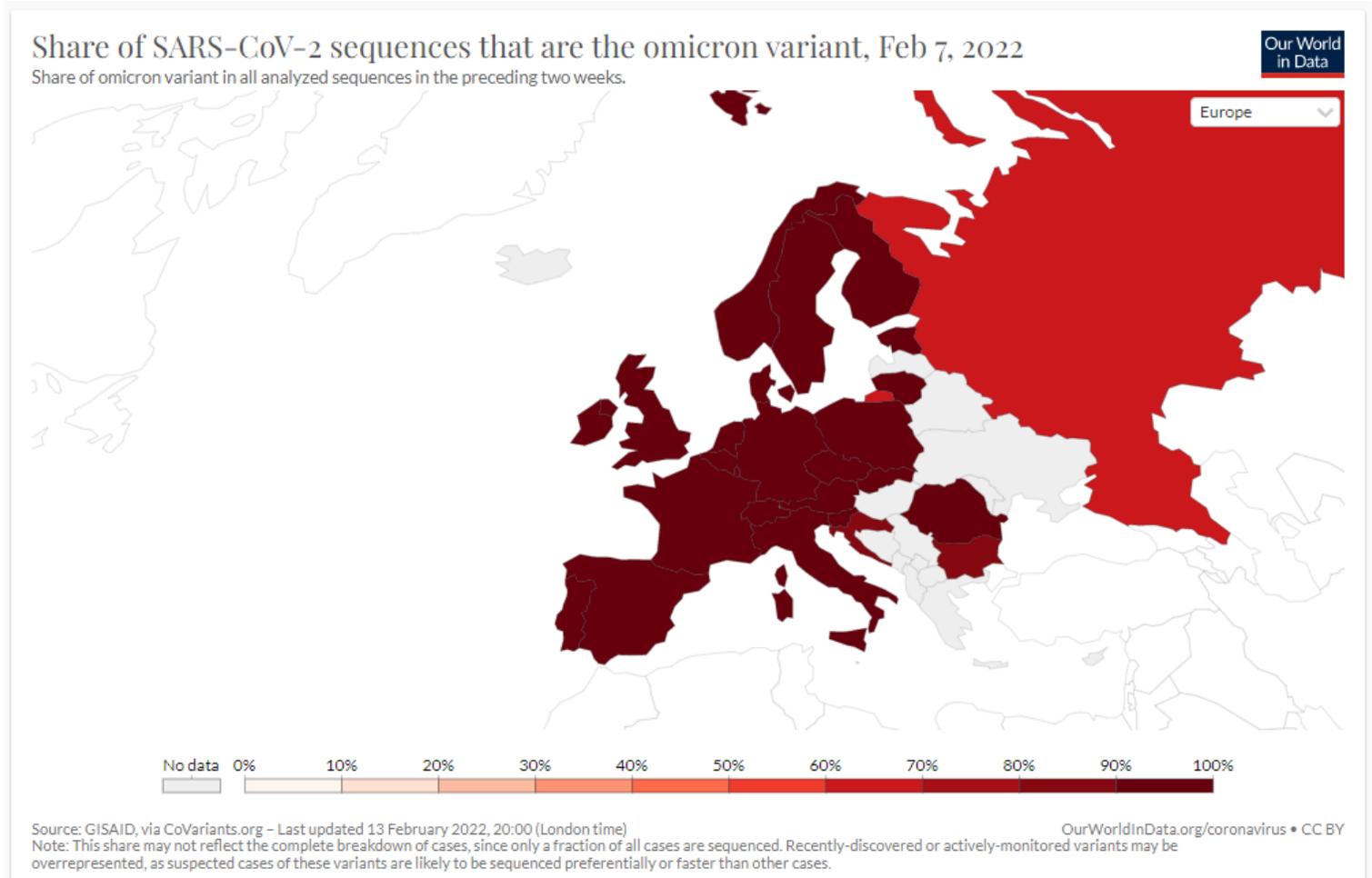
- The District of Columbia and Maryland announced plans to ease **mask requirements**, following similar moves by New York, Massachusetts, New Jersey, California, Connecticut, Delaware and Oregon.
- The CDC advised against **travel** to six countries and territories including South Korea, Azerbaijan and Belarus due to widespread COVID-19. There are currently about 140 countries and territories at the highest warning level, including Canada, all of Europe and almost all of Latin America.
- The Biden Administration will announce today a new task force to promote use of **construction materials with lower lifecycle emissions** as it works to speed government purchases of greener products.
- The **megadrought** that has parched the southwestern US and parts of Mexico over the last two decades is the worst to hit the region in at least 1,200 years, per a new report published in the journal Nature Climate Change.



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Visualizing Risk: The Omicron Wave in Europe

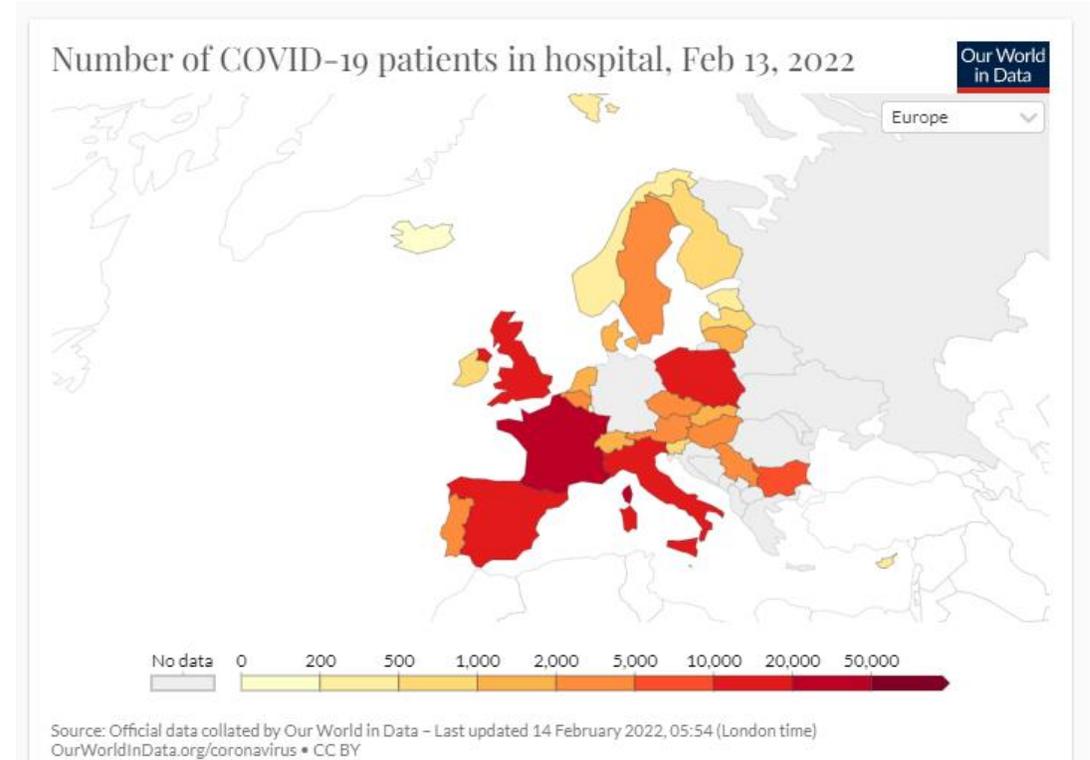
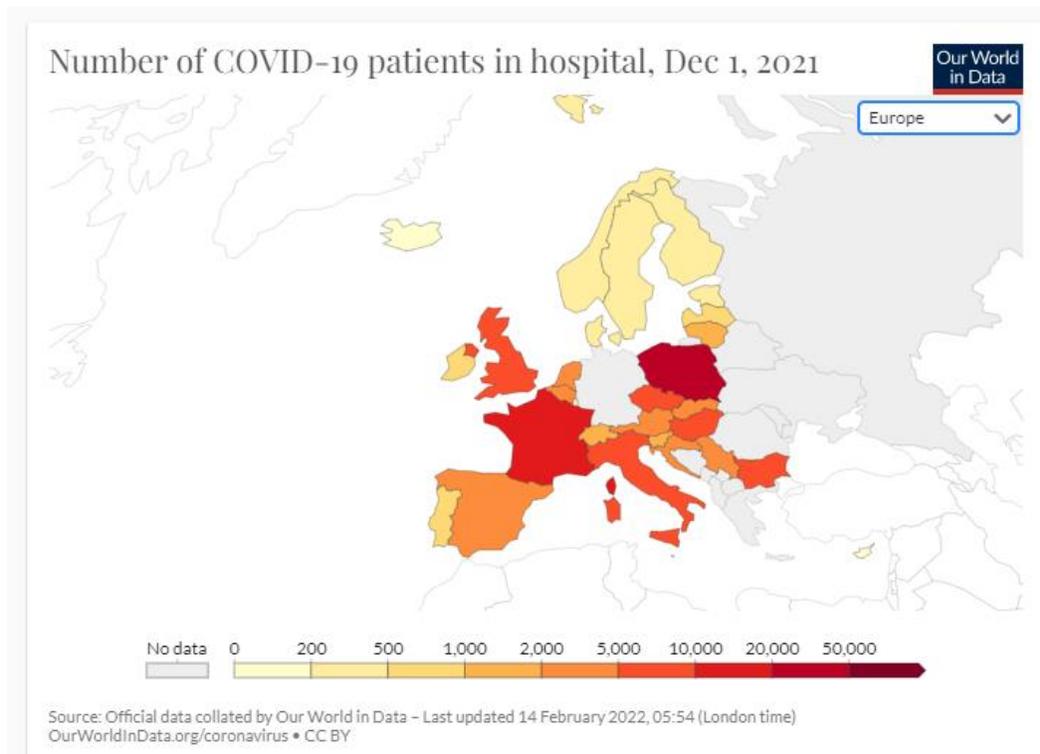
The Omicron variant has become the dominant strain of COVID-19 in Europe, accounting for between 90-100 percent of all cases in almost every European country as indicated by the dark red color. However, the continent's outbreak has progressed at a different rate and intensity than that of the US, caused in large part by differing restrictions and vaccination rates. The differing paths of the variant in both regions can grant insight into the trajectories of future mutations.



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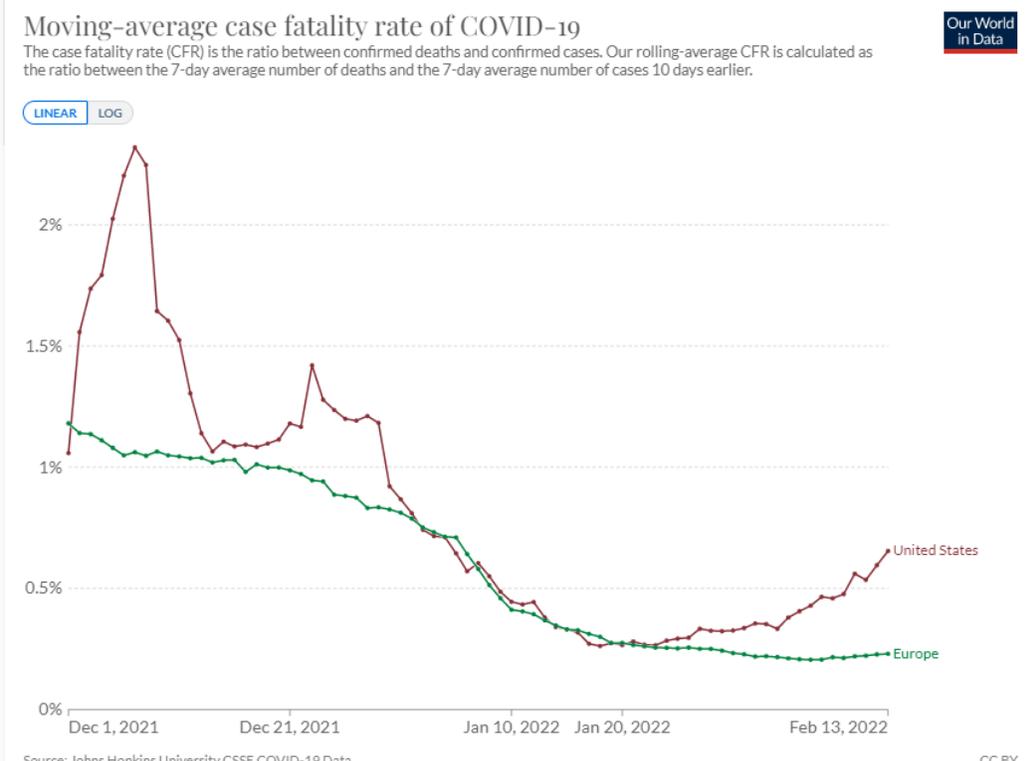
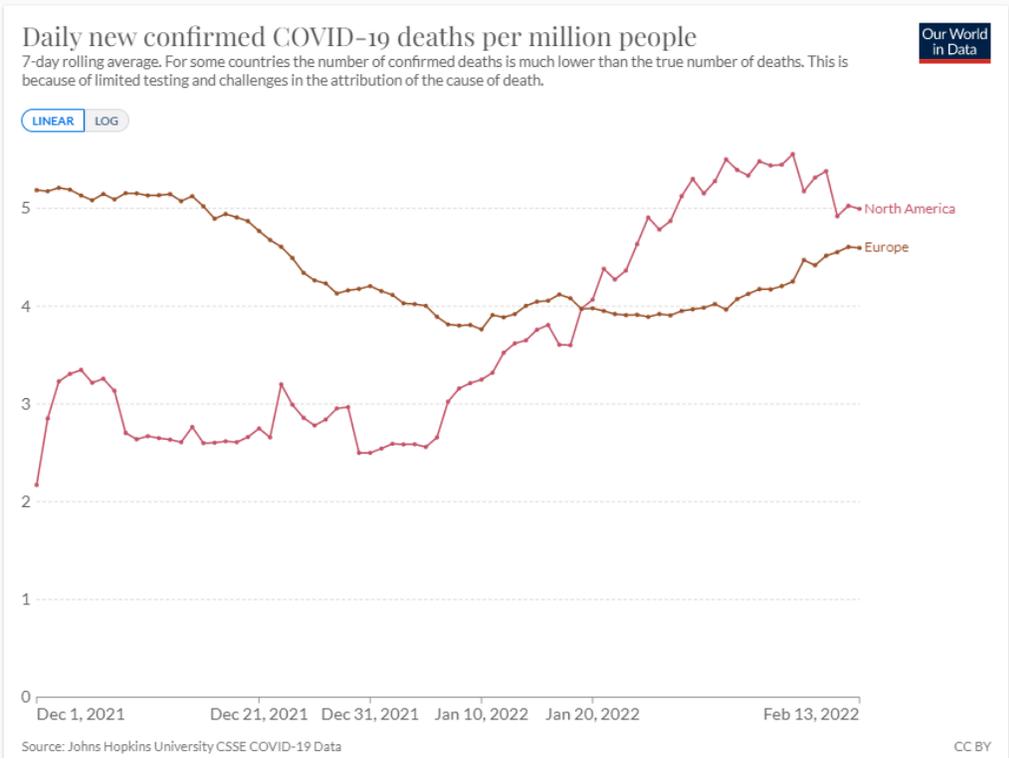
Visualizing Risk: The Omicron Wave in Europe

Despite being somewhat more mild than other iterations of COVID-19, hospitalization rates have gone up with the spread of Omicron. The bottom left chart shows hospitalization rates in early December (before the spread of Omicron) compared with the bottom right chart from February 13.



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Visualizing Risk: The Omicron Wave in Europe

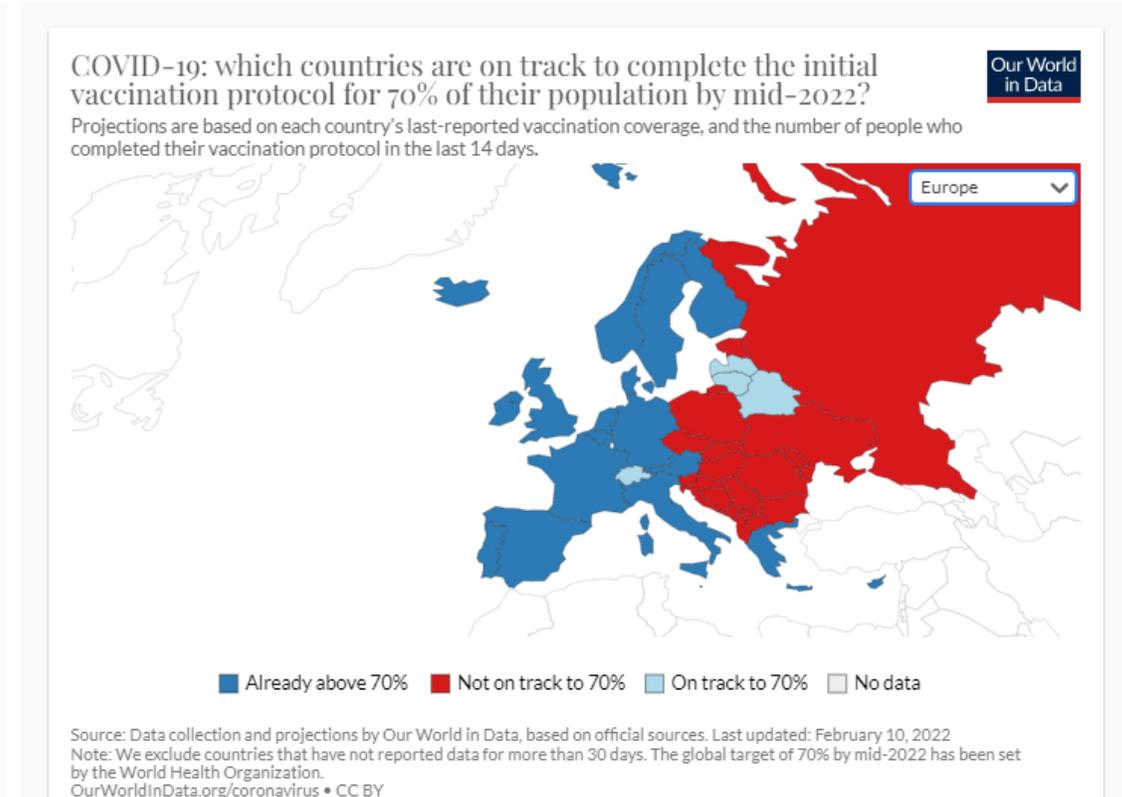
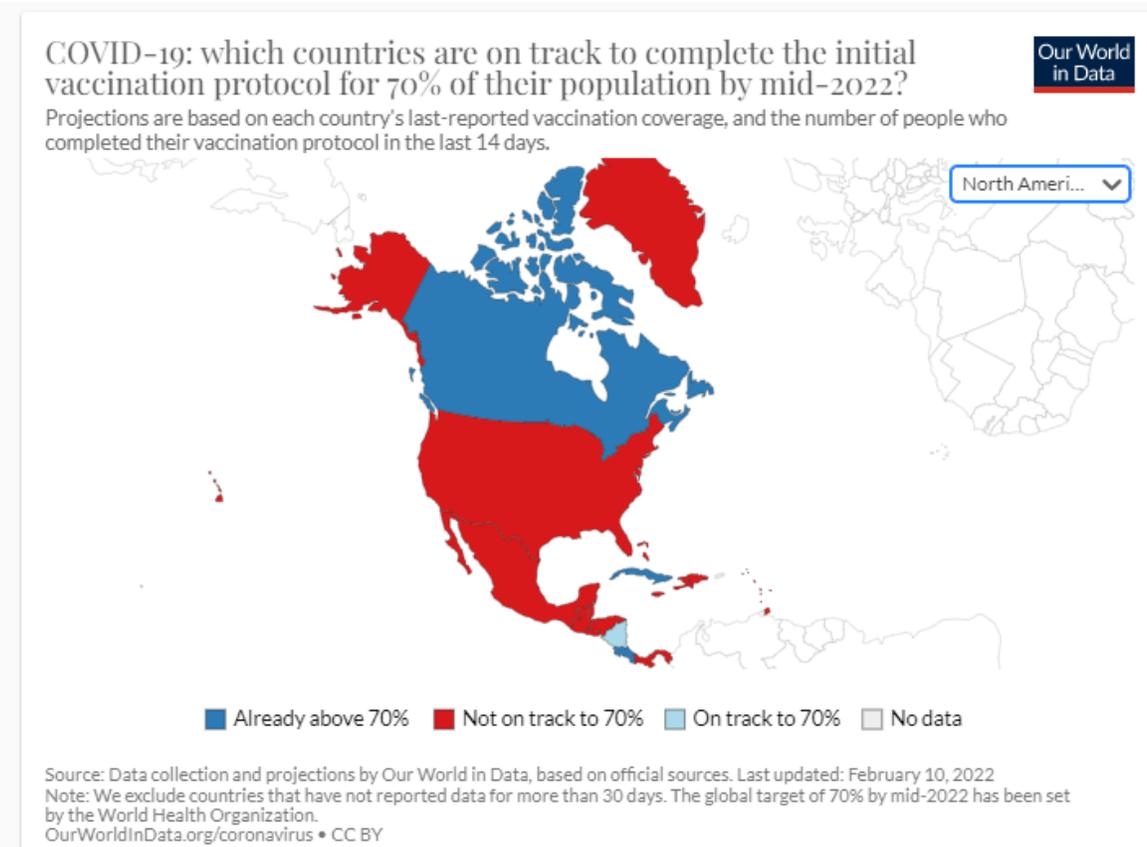


Despite the increase in hospitalization rates, confirmed COVID-19 deaths dipped down slightly in Europe before coming back up in recent weeks as Omicron has spread to Eastern Europe. This contrasts to North America, where deaths trended upward with the spread of the Omicron variant, as did the case fatality rate.

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Visualizing Risk: The Omicron Wave in Europe

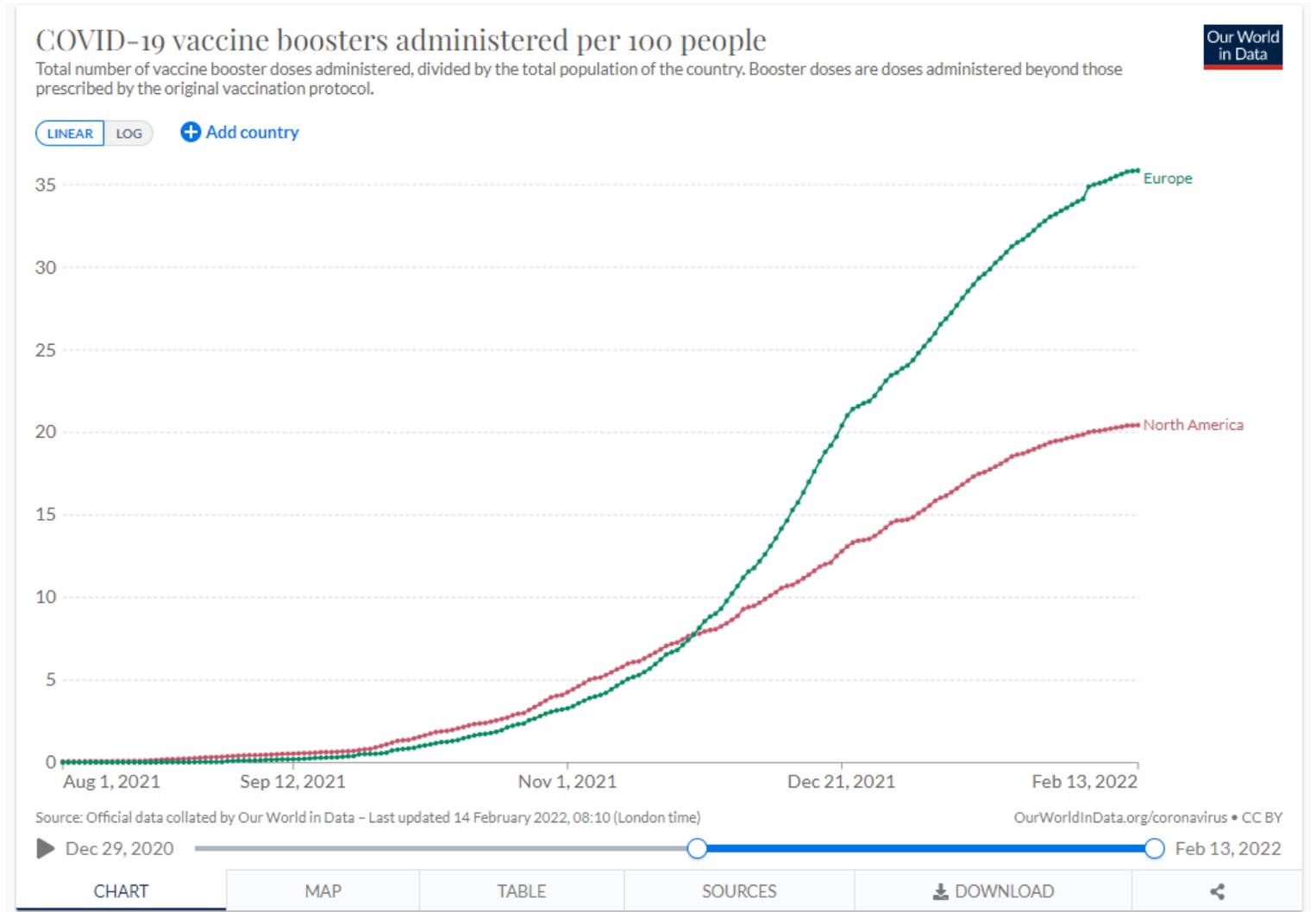
Besides Omicron's more mild nature, this disparity in death rates can be largely attributed to vaccination rates. Most large European countries have vaccinated over 70 percent of their population, while the US and other North American countries have lagged. Vaccinated individuals may still get infected and be hospitalized, but their rates of survival are much higher than unvaccinated individuals.



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Visualizing Risk: The Omicron Wave in Europe

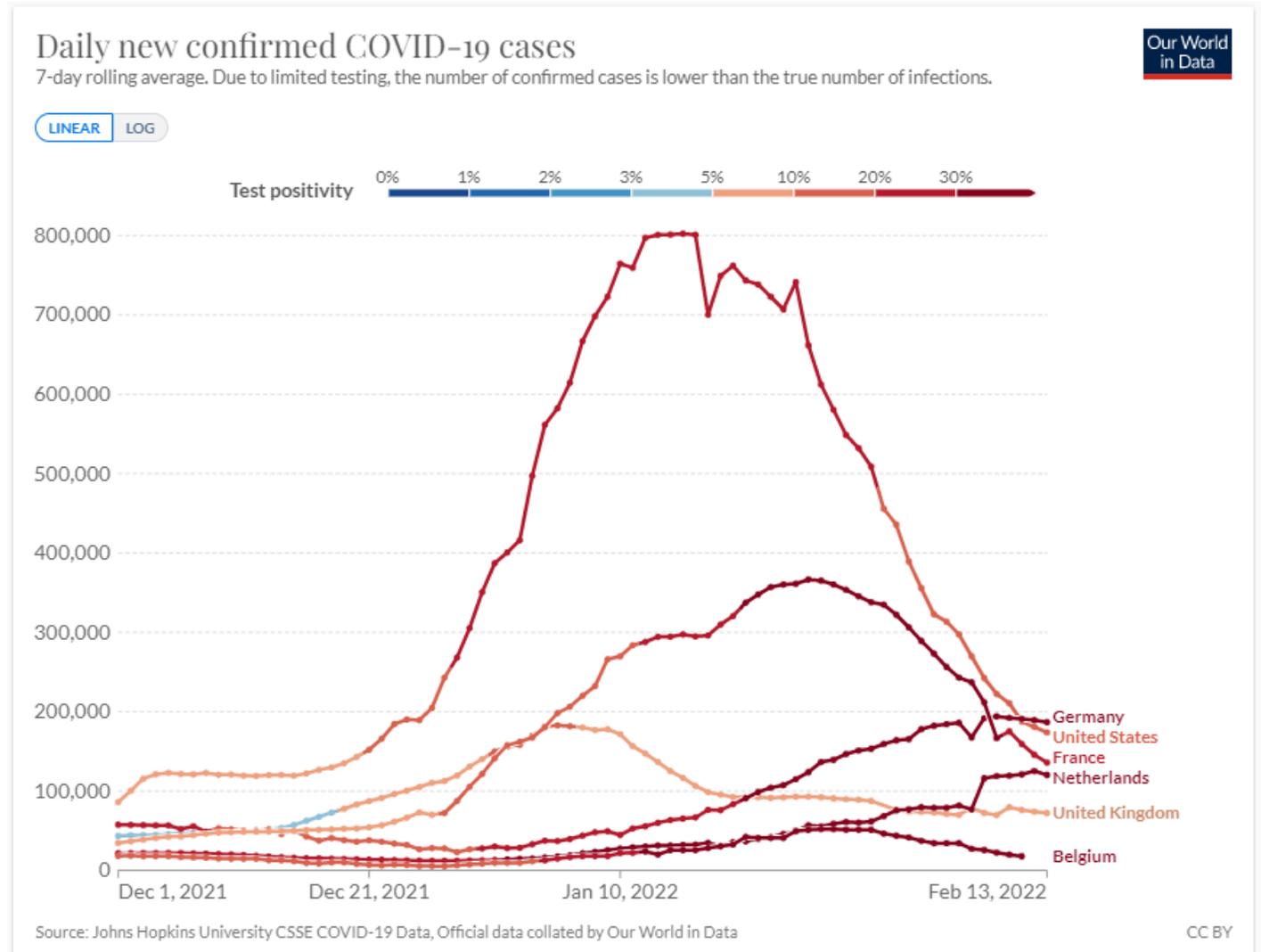
In addition to high rates of initial vaccinations, Europe has also had higher uptake of booster shots, further fortifying the population against the Omicron variant.



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Visualizing Risk: The Omicron Wave in Europe

Another important consideration in assessing the trajectory of Europe's Omicron spike is that some European policymakers reimposed COVID restrictions to halt the spread of Omicron, whereas the US mostly did not. Laxer social distancing and masking rules may have contributed to higher community transmission of the virus which, while causing a surge in cases, also meant that the US peaked much earlier than some European nations. With the emergence of new variants all but certain, the world will likely see echoes of these varying trajectories in future outbreaks.

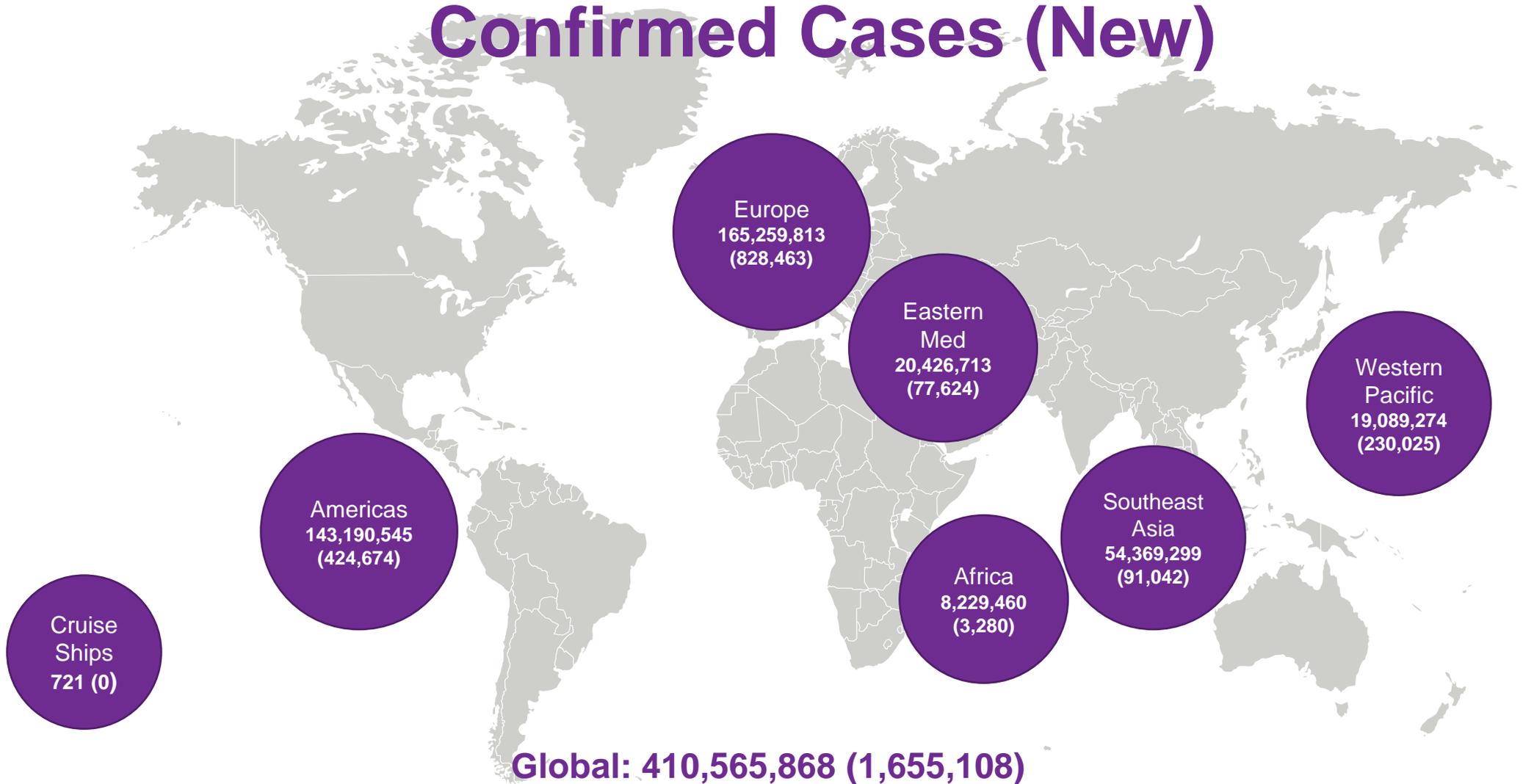


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Coronavirus Condition Updates

As of 6:32 pm CEST on February 14, 2022

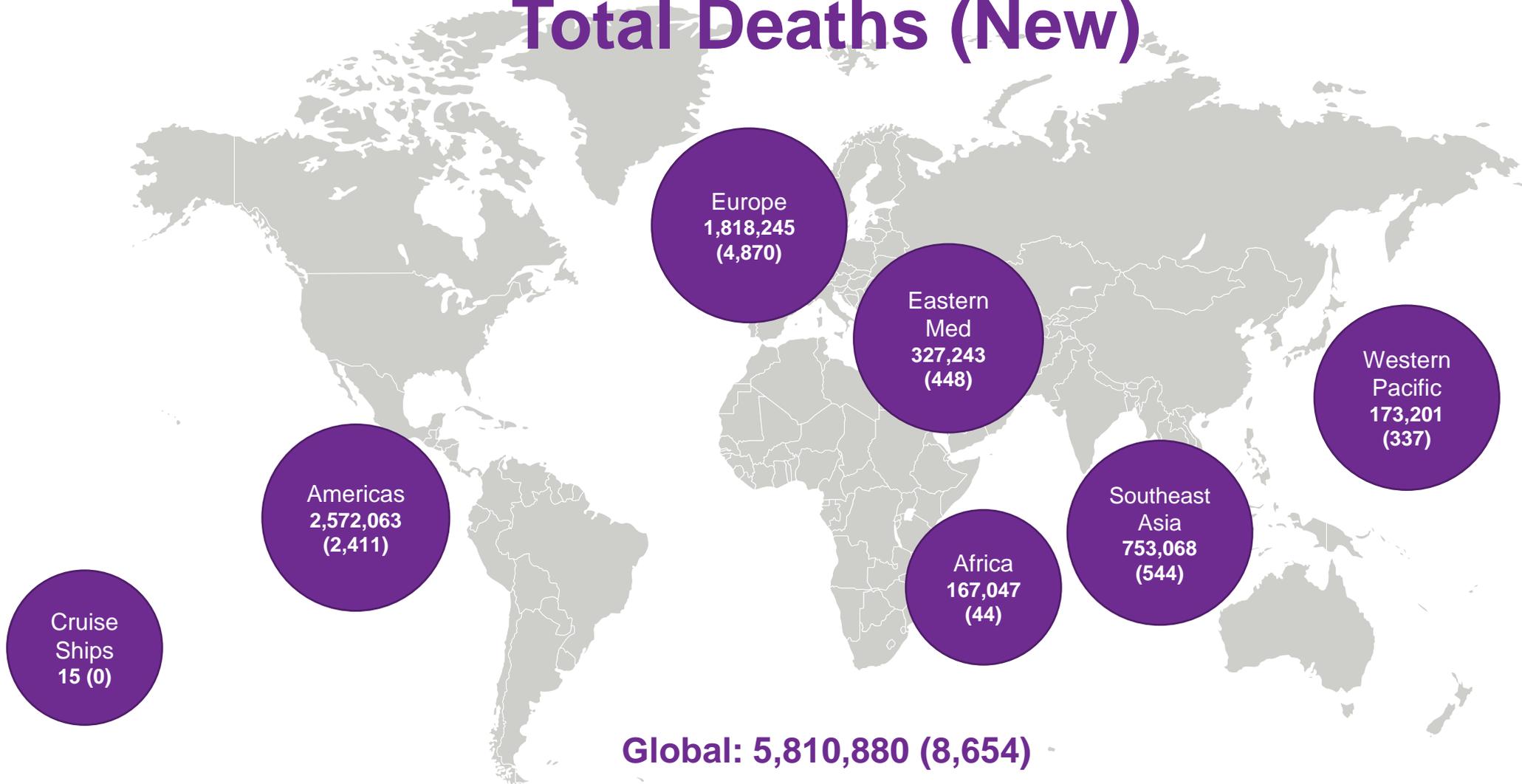
Confirmed Cases (New)



Reflects data as of 6:32 pm CEST on February 14, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 6:32 pm CEST on February 14, 2022.
Data Source: World Health Organization

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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, 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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