

Dentons Flashpoint

Daily Global Situation Report

February 16, 2022

Global Situation Update: February 16, 2022

KEY TAKEAWAYS

Western governments remain skeptical of Russian claims of a partial drawback of forces from Ukraine's borders.

The IEA called on OPEC+ to narrow the gap between their oil production targets and actual output.

Sea levels around the US will rise up to a foot over the next 30 years due to climate change.

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WHAT WE'RE WATCHING

Almost 5,000 employees at a foreign-owned footwear manufacturing company in north-central Vietnam have returned to work, ending a week-long strike after the company increased salaries and benefits. Viet Glory, which produces footwear for export, acceded to most of the workers' demands, including a 6% increase in the basic wage and new seniority allowances, among other concessions. The company will now have to spend \$44k more every month to pay its staff.

The frequency of labor strikes in Vietnam is likely to increase due to a combination of ample employment opportunities and higher costs of living. Northern Vietnam-based manufacturers are aggressively hiring to meet export orders stemming from robust global demand for electronics. Meanwhile, southern industrial clusters are still rebuilding their workforce following last year's COVID-19-driven exodus of workers.



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

Global

Globally, confirmed coronavirus cases topped 412.3 million with 5.8 million deaths; more than 10.2 billion vaccine doses have been administered.

- Moscow announced and provided video of a partial pullback of forces from the Crimea. The move was met with skepticism, however, as Russia has more than 150,000 troops still amassed near **Ukraine's** borders.
- The US and allies warn Russia on cyberattacks against **Ukraine**, with the scope of retaliatory actions or sanctions depending on the severity of the hacks,
- A US patient with leukemia has become the first woman and the third person to date to be cured of **HIV** after receiving a **stem cell transplant** from a donor who was naturally resistant to the virus that causes AIDS.
- BioNTech SE unveiled **mobile vaccine production units** that it aims to deploy across Africa and other regions that have had limited access to vaccine supplies, that will operate on a not-for-profit basis with the capacity to produce around 50 million doses a year.

Global

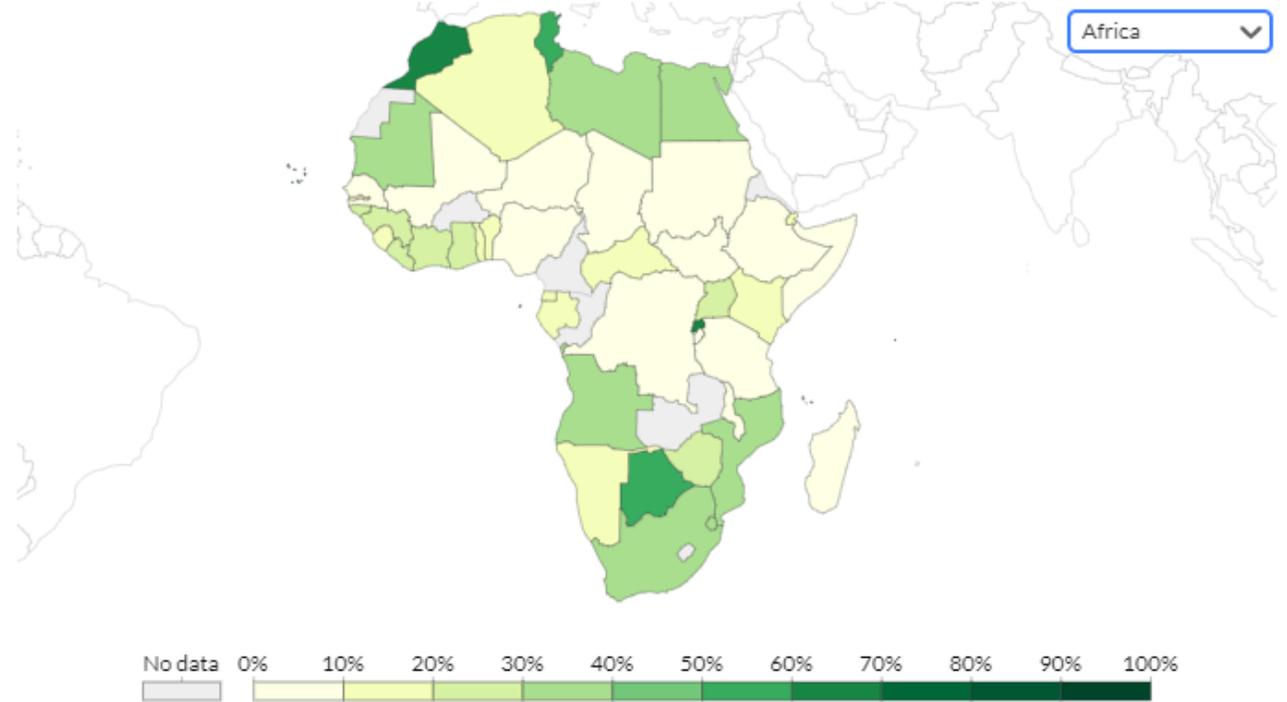
The relatively short shelf life of AstraZeneca Plc's COVID-19 vaccine is complicating the rollout to the world's poorest nations, according to WHO documents.

The need to turn down vaccines with short shelf lives, along with the initial inequality, hesitancy and other barriers, has contributed to a much lower vaccination rate in Africa where only around 10 percent of people have been immunized, compared with more than 70 percent in richer nations.

Share of people who received at least one dose of COVID-19 vaccine, Feb 14, 2022

Total number of people who received at least one vaccine dose, divided by the total population of the country.

Our World in Data



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Markets & Business

The IEA called on OPEC+ to narrow the gap between their oil production targets and actual output, to address supply shortfalls driving up global oil prices.

- **Disney World** plans to make masks optional for fully vaccinated guests from Thursday. **Tyson Foods Inc** lifted a mask mandate for fully vaccinated employees at some US facilities on Tuesday, but those at meatpacking plants must continue wearing masks for now.
- The EU's data protection watchdog (EDPS) has called for a ban on the controversial **Pegasus spyware**.
- The **Singapore Airshow** opens this week with industry experts forecasting strong demand for helicopters and unmanned aircraft, rather than big ticket items for maritime patrol, as military budgets are constrained the economic slowdown resulting from the pandemic.
- Unionized workers of **Samsung Electronics** have threatened to strike if their demands for higher pay and better working conditions are not met.

Environment, Sustainability & Governance

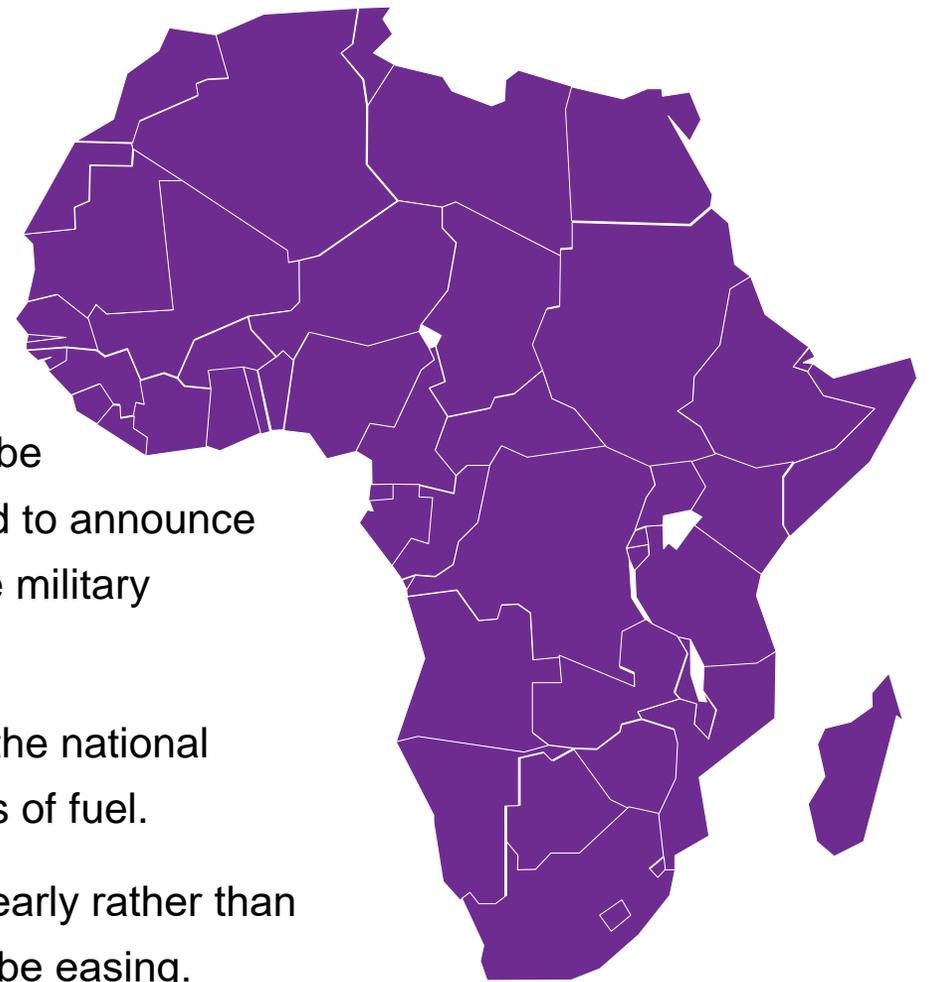
Greenhouse gas emissions across the EU rose in the third quarter of last year, as economies recovered from the coronavirus crisis, according to Eurostat.

- Asian cosmetics giant Shiseido announced a new policy that will impose “*responsible procurement*,” with **environment- and human rights-related rules**, on its suppliers.
- **Sea levels** around the US will rise up to a foot over the next 30 years due to climate change, as much as they have risen in the previous century, the National Oceanic and Atmospheric Administration projected in a new report.
- Pollution by states and companies is contributing to more deaths globally than COVID-19, per a UN environmental report published yesterday, which called for “*immediate and ambitious action*” to ban some **toxic chemicals**.
- Dutch health care workers' pension fund PFZW plans to **disinvest from any fossil fuel company** by 2024 that does not have a “*convincing and verifiable*” strategy to reach the goals laid out in the Paris Climate Change agreement.

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Africa

- The **EU-AU** will take begin in Brussels tomorrow; participants are expected to discuss increased EU investment in the continent as well as vaccine patents, which African leaders have repeatedly requested be lifted to permit for increased production. President Macron is expected to announce **France's** withdrawal from **Mali**, where the military junta has called the military presence neocolonialism, ahead of the summit.
- **Nigeria's** major cities are experiencing a week-long fuel shortage as the national utilities company seeks to locate and remove contaminated shipments of fuel.
- **Ethiopia's** parliament voted to end the country's state of emergency early rather than renew it, effective immediately, a sign that the country's civil war may be easing.
- Al Shabaab militants attacked several police stations and security checkpoints in **Somalia's** capital Mogadishu early this morning, in a show of force as the nation prepares for a delayed presidential election.



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Asia

- Inflationary pressure in **China** continued to ease in January, offering room for Beijing to stimulate growth while more major economies are looking to tighten policy to curb rising prices.
- **China's** President Xi Jinping has criticized **Hong Kong's** leaders on their failure to control a worsening COVID-19 outbreak. Daily new infections are 40 times higher than at the start of February. Hong Kong lawmakers suggest using cruise ships for quarantine. A tighter lockdown is likely to be imposed.
- An anti-vaccine mandate protest outside **New Zealand's** parliament continues to grow, with hundreds of people ignoring a warning from police that their vehicles would be towed away if they did not leave voluntarily.
- **South Korea's** daily count of new coronavirus cases topped 90,000 for the first time, with men's basketball and volleyball leagues halting their seasons.
- A **Chinese** court in Guangzhou has ordered the freezing of 640.4 million yuan (\$101 million) in assets held by a subsidiary of China Evergrande Group for missed construction payments. Last week a different local court in Guangzhou has frozen 361.5 million yuan of assets of a second Evergrande unit also for overdue payments, complicating debt restructuring of Evergrande.



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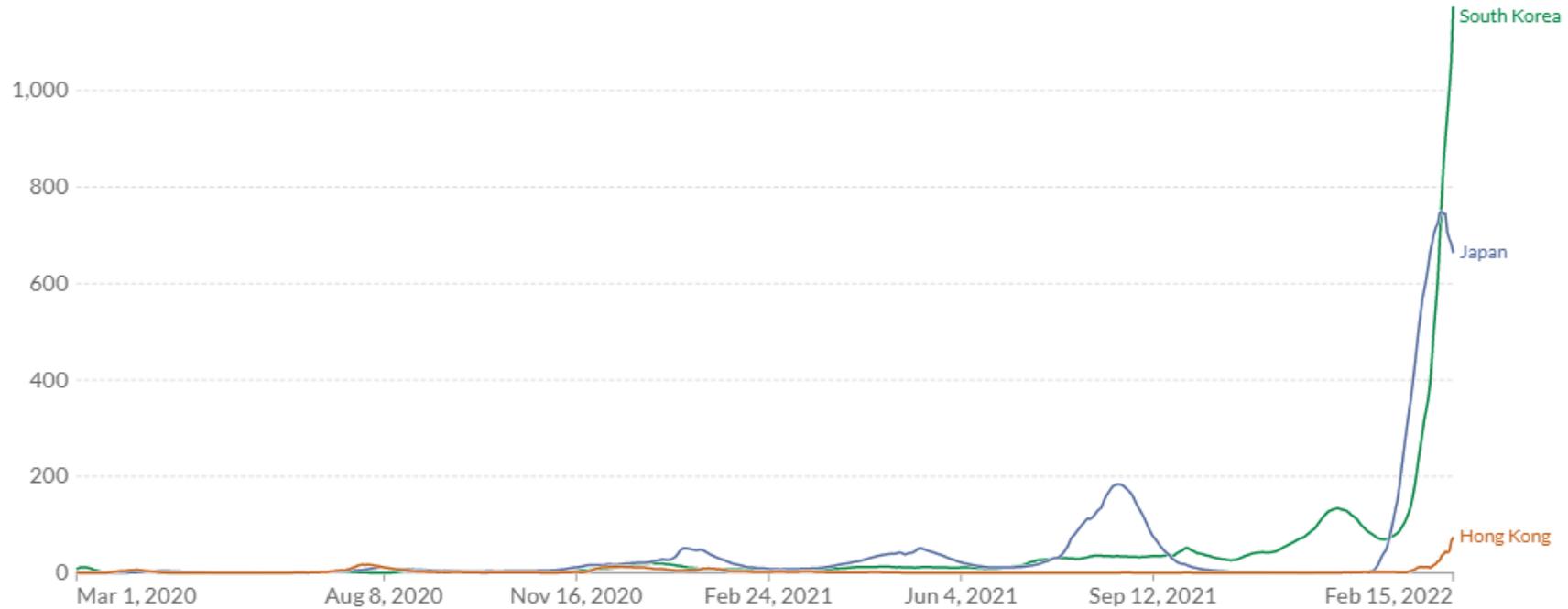
Asia

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

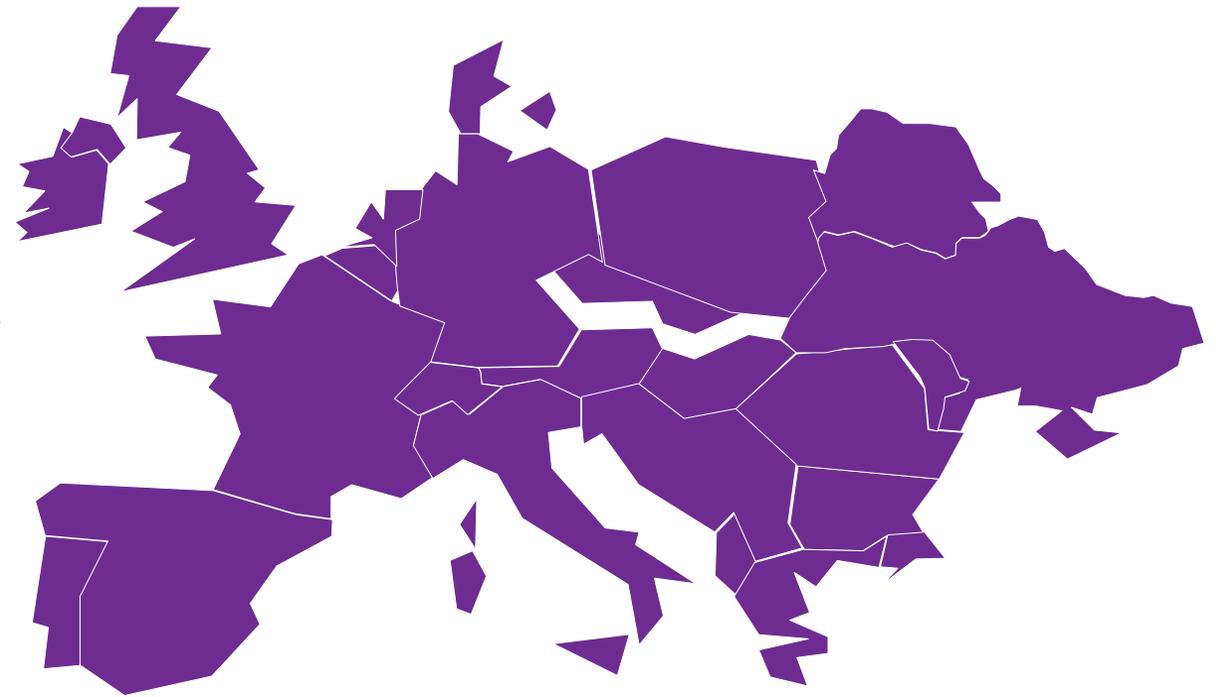
LINEAR LOG



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Europe

- **British** consumer prices rose at the fastest annual pace in nearly 30 years last month, rising to 5.5 percent in January.
- The **EU's** top court cleared the way for the bloc to potentially cut billions of euros in handouts to **Poland and Hungary** where populist rulers stand accused of violating democratic rights and freedoms.
- **Greece's** parliament yesterday approved a €3 billion agreement for three new **French**-made frigates that defense officials say are vital for addressing ongoing tensions with neighboring **Turkey**.
- **Italian** Foreign Minister Luigi Di Maio in Kyiv yesterday in a show of support to **Ukraine** and solidarity with the **EU** plans to impose sanctions on **Russia** in the event of an invasion. Di Maio plans to travel to Moscow today for a meeting with President Putin. Ukraine says that its defense ministry and two state-owned banks have been hit by a cyberattack. The EU's foreign policy chief condemned a move by Russian MPs who have urged Vladimir Putin to recognize two separatist-held areas in eastern Ukraine as independent. **Belarusian** Foreign Minister Makei said that all Russian troops will leave the country after the drills wrap up this weekend.



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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.

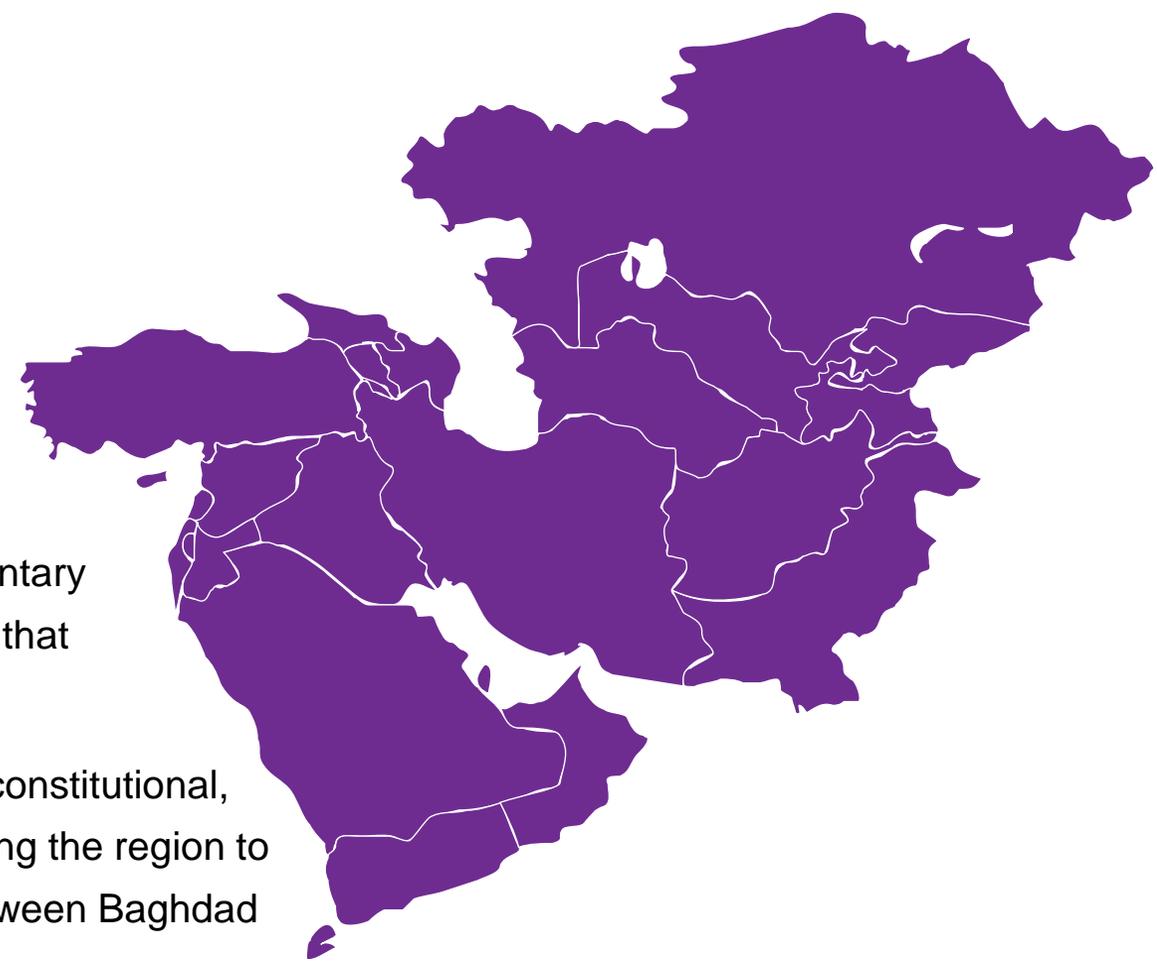
Dentons offers business leaders routine and one-off political risk assessments on specific interests. Many clients also retain our team of attorneys and former intelligence and military professionals, equipped with the latest big data analytics tools, deep substantive knowledge and extensive networks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

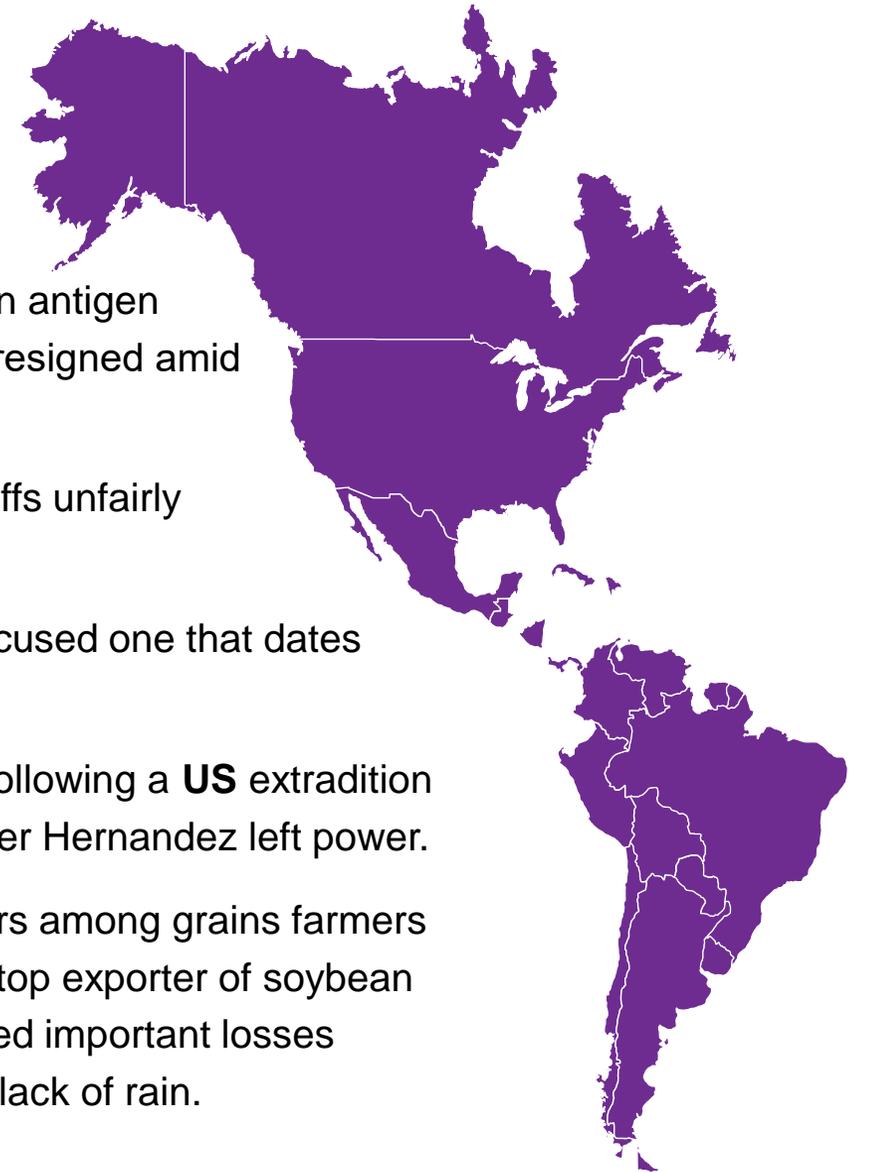


- The **US** is considering adding **Israeli** unmanned boats to its operations in the Middle East, housed in **Bahrain**, which could deepen Arab-Israeli cooperation.
- **Lebanon's** parliament set aside \$18 million to hold May parliamentary elections, a move that has been urged by international actors but that seems at risk amid political and financial meltdown.
- An **Iraqi** federal court ruled that a Kurdistan oil and gas law is unconstitutional, rendering all production contracts in the region invalid and requiring the region to turn crude over the Baghdad, a ruling likely to prompt tension between Baghdad and the semi-autonomous region if it stands.
- **Tunisian** President Saied removed the head of the country's national radio network from his position, his latest move to consolidate power since dissolving the supreme court earlier this month.
- A **Russian** news outlet reported that Moscow has sent MiG-31K fighter jets with hypersonic Kinzhal missiles and long-range Tupolev Tu-22M strategic bombers to its airbase in **Syria**, an upgrade in technology.

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Americas

- **Canada** will ease travel requirements for fully vaccinated travelers, requiring an antigen rather than PCR test upon arrival, as cases decline. Ottawa's police chief has resigned amid criticism that he did not do enough to quell anti-vaccine protests.
- **Canada's** trade minister said that a USMCA panel had found that **US** solar tariffs unfairly advantage the US, a win ahead of bilateral talks on the policy this week.
- **Chile** began formally debating a new constitution, set to replace the market-focused one that dates back to the Pinochet dictatorship.
- **Honduran** police detained ex-President Juan Orlando Hernandez yesterday, following a **US** extradition request on drug charges that marked a dramatic fall from grace only weeks after Hernandez left power.
- **Argentina's** farm belt is facing continued heat waves and drought, stoking fears among grains farmers whose corn and soy crops are in sore need of rainfall. Argentina is the world's top exporter of soybean oil and meal, and the second largest global exporter of corn. Both crops suffered important losses between December and the first half of January due to high temperatures and lack of rain.



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Americas: US

- The US has recorded more than 1 million “**excess deaths**” since the start of the pandemic, government mortality statistics show, a toll that exceeds the officially documented lethality of the coronavirus. The CDC’s death count from COVID-19 stands at 911,145.
- The Biden administration asks lawmakers for about **\$30 billion in additional aid** to combat the coronavirus, as it looks to restock key public health programs with new funds and ensure it is prepared against any future variants.
- Remington Arms will **pay \$73 million** to the families of five children and four adults killed in the Sandy Hook Elementary School massacre, the families, marking the first time a gunmaker has agreed to a major settlement over a **mass shooting** in the US.
- Senate Republicans boycotted a key vote to confirm five **nominees to the Federal Reserve** over objections to Sarah Bloom Raskin, the White House's pick to be the central bank's Wall Street regulator, stalling the confirmation process for Federal Reserve Chair Jerome Powell among other.
- In the annual report on **China’s** compliance with WTO rules, USTR judged that the US needs to pursue new strategies and update its domestic trade tools to deal with China's "state-led, non-market policies and practices."



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Situation Update: Russia-Ukraine Tensions at Peak Despite Claimed Troop Withdrawals

By Alexander Lucaci

Although the situation in eastern Europe remains tense, there have been several developments over the last 24 hours that may impact the currently high probability of conflict between Moscow and Kyiv.

On Tuesday morning, the Kremlin announced a troop drawdown, including the withdrawal of some forces from military districts bordering Ukraine. The announcement was accompanied by Russian Defense Ministry footage of tanks, troop battalions, and air force units on the move. US and European analysts, however, declined to say whether this was in fact a legitimate sign of de-escalation given the possibility that the forces may just be redeploying to similarly dangerous positions. The purported drawdown was followed by cyberattacks against the Ukrainian government, military and financial institutions. Indeed, the potential for a Russian invasion of Ukraine remains at its highest in weeks, as Washington ordered its embassy in Kyiv to close, and the State Department issued its highest level warnings about travel to and from Ukraine.

President Biden on Tuesday afternoon stated that the US has not verified Moscow's claims of troop withdrawal, and that over 150,000 Russian troops remain in a "threatening" stance surrounding Ukraine. Notably, Biden said that the US would defend "every inch" of NATO, drawing a red line for the Kremlin but declining to send US forces in defense of Kyiv. Washington has emphasized since the beginning of this crisis that although it is willing to send military supplies and economic support, Ukraine remains outside of NATO and is therefore not party to Article V protections. President Biden has ordered minor troop fortifications on the alliance's eastern flank, but these deployments are more symbolic than tactical and would not change any warfare calculations in the Kremlin.

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Situation Update: Russia-Ukraine Tensions at Peak Despite Claimed Troop Withdrawals

The next several days are when many analysts expect the crisis to reach its apex, as Russia's advanced military deployments are unlikely to be sustained for much longer due to factors such as troop morale, equipment maintenance, and various environmental conditions. Sources within the US government remain pessimistic about the prospects of a Russian invasion, given the overwhelming evidence pointing to Moscow's intent to move into the Donbass. Kremlin support systems, such as the state-run media apparatuses and Russian legislature, have been beating the rhetorical war drums in favor of the "unification" of Russian peoples while also alleging various threats from NATO, the EU, and from within Ukraine itself. In response, the US has engaged in what appears to be extensive intelligence-sharing with European allies in an effort to pre-empt Russian military initiatives and prevent Moscow from incurring into Ukrainian territories. Though some may label these efforts as alarmist or elevating the risk of revealing sources and methods, the US has calculated that it is better to overestimate Moscow's intentions in order to better prepare for all eventualities.

Although the threat of kinetic warfare remains high, the probability of extended diplomatic talks has slightly increased since the beginning

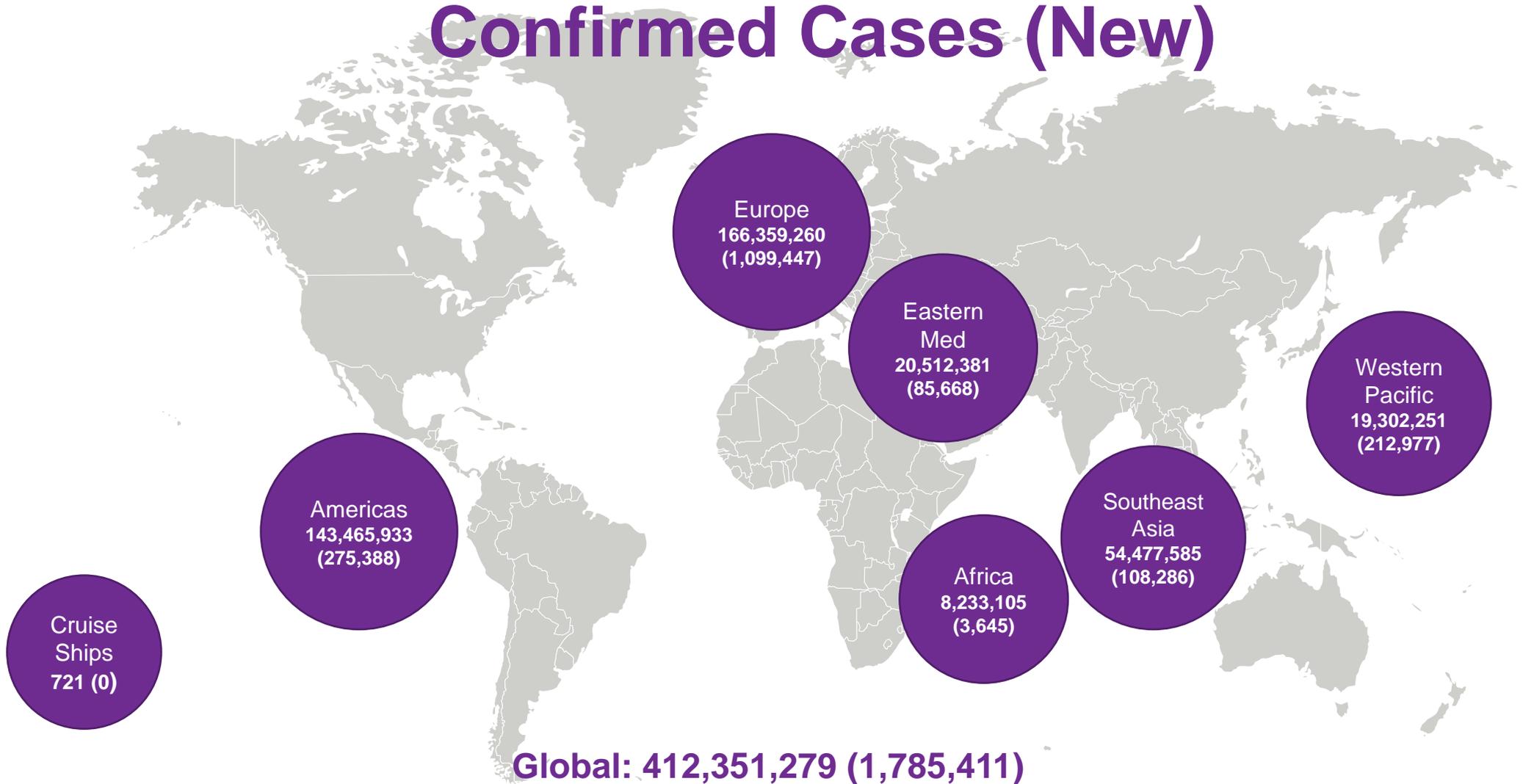
of the week. The Scholtz-Putin meeting in Moscow on Tuesday, while resulting in no significant breakthroughs, showed that the Russian president appears ready to continue talking to his European counterparts even without immediate, formalized security guarantees. Furthermore, the fact that the Russian Ministry of Defense would announce troop withdrawals is positive in and of itself, despite the lack of official confirmation that they are returning to their respective military districts. Some have speculated that Putin has backed himself into a strategic corner, with the threat of being labeled a "paper tiger" should he decide to back down in the face of a united Europe and United States. It is just as likely, though, that the Russian president could concoct a pretext for de-escalation in order to save face domestically, as well as with those in Kremlin security services leadership. The reverse may also be possible, with Moscow setting the stage for a "false flag" operation in the next several days as a prelude to invasion just as it has announced various troop withdrawals. In any case, tensions will likely remain elevated as long as there is no formal diplomatic solution for respective threat perceptions of both Moscow and Brussels.

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Coronavirus Condition Updates

As of 5:50 pm CEST on February 15, 2022

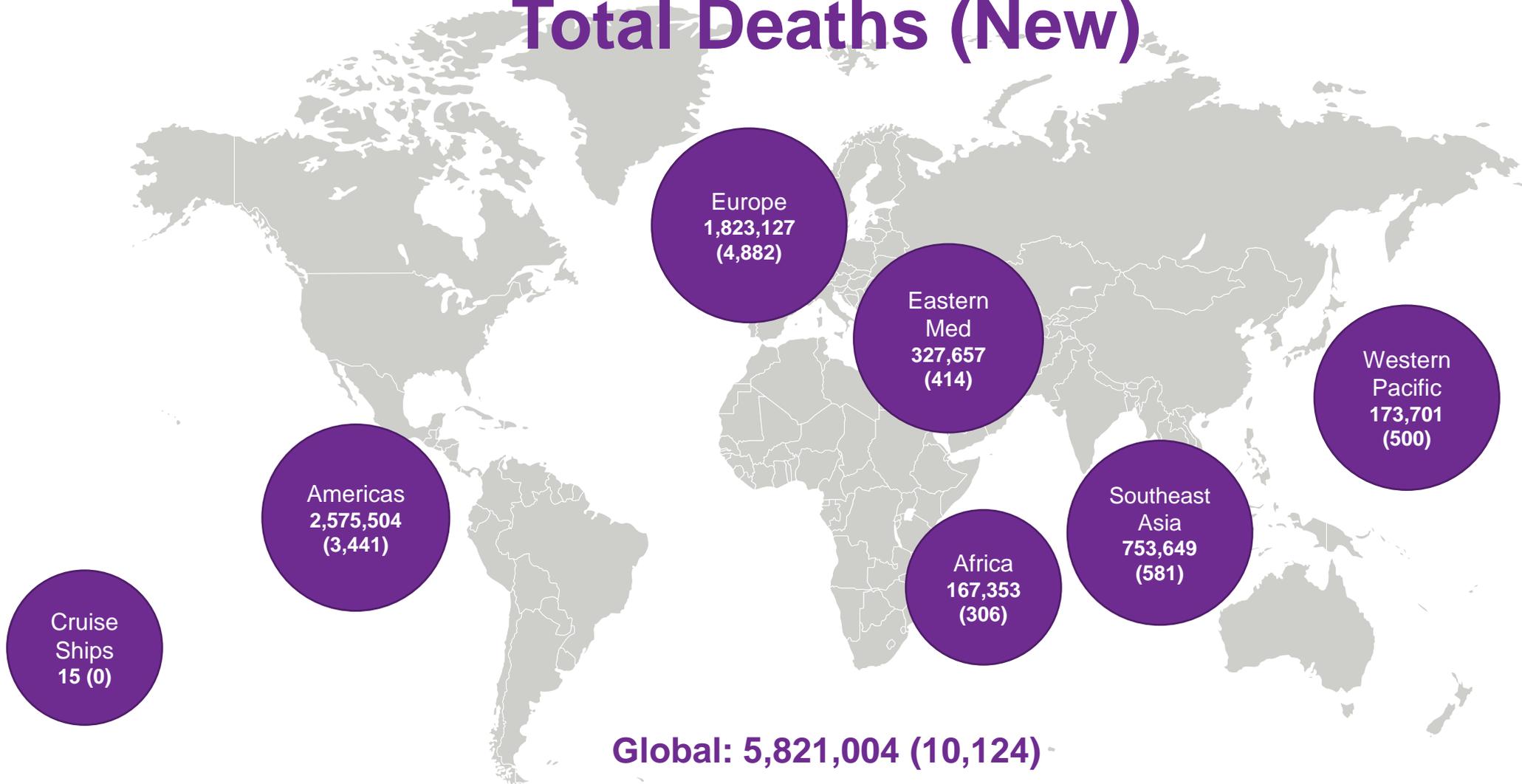
Confirmed Cases (New)



Reflects data as of 5:50 pm CEST on February 15, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 5:50 pm CEST on February 15, 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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