

# Dentons Flashpoint

## Daily Global Situation Report

July 29, 2022

# Global Situation Update: July 29, 2022

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## KEY TAKEAWAYS

Euro zone economic growth accelerated q/q in the second quarter.

French President Macron hosts Saudi Crown Prince as part of increased Western efforts to court the major oil-producing state.

Carcasses of thousands of migrant seabirds have washed up on the shores of eastern Canada, killed by avian flu.

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## WHAT WE'RE WATCHING

Senegal will hold legislative elections this weekend and President Macky Sall's ruling coalition Benno Bokk Yakaar (BBY) is expected to retain a narrow majority. The elections will be more contentious than the 2017-19 electoral cycle, with unrest and political demonstrations likely as the united opposition coalition will threaten BBY strongholds in rural areas.

The legislative polls on Sunday will set the scene for a presidential election in 2024 that could see President Sall run for a controversial third term, which the opposition continues to denounce and demand that he publicly announces he will not seek a third term. Although businesses are unlikely to be targeted in electoral violence, they are likely to be exposed to operational disruption.



*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 stocks headed for their best month since late 2020 as robust results from big tech companies signaled the sector's resilience to an economic slowdown and traders bet on slowdown in rate increases by central banks.**

- **Russia's economy** has been "*catastrophically crippled*" by western sanctions and the mass exodus of international companies, according to a new study by Yale University, which finds that Russia has lost companies representing ~40 percent of its GDP, reversing nearly all of three decades worth of foreign investment.
- **Chinese vaccine** firm CanSino Biologic's inhalation-based candidate elicited a better antibody response as a booster against the BA.1 Omicron sub-variant than Sinovac's shot, but the antibody level dropped in months, clinical trial data showed.
- Algeria, Niger and Nigeria signed a memorandum of understanding on Thursday to build a 4,000-kilometer (2,500-mile) **Trans-Saharan Gas Pipeline**. From Algeria, the gas can be piped undersea to Europe, or loaded onto LNG tankers for export, helping the EU transition away from Russian gas.

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# Markets & Business

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**Airlines, already beset with problems of labor shortages among pilots and ground handling staff, are now facing shortages of airplane spare parts.**

- **Instacart Inc.** expects to go public before year's end. An initial public offering this year would be a bold move in one of the slowest years for IPOs in more than a decade.
- Chinese billionaire Jack Ma plans to cede control of **Ant Group**, after a regulatory crackdown that to a stop to its \$37 billion IPO in 2020 and led to a forced restructuring of the financial technology giant.
- The European Commission is considering creating a new directorate that may be headed by two top **antitrust** officials to enforce tough new rules aimed at reining in the powers of **big technology** companies.
- US low-cost carrier **JetBlue Airlines** will acquire **Spirit Airlines** as the companies' boards announced a definitive merger agreement that would make their combined networks the fifth-largest airline in the US.

# Environment, Sustainability & Governance

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**West Virginia has barred five major financial institutions, including Blackrock Inc and JPMorgan Chase & Co, from new state business after determining that they were boycotting the fossil fuel industry.**

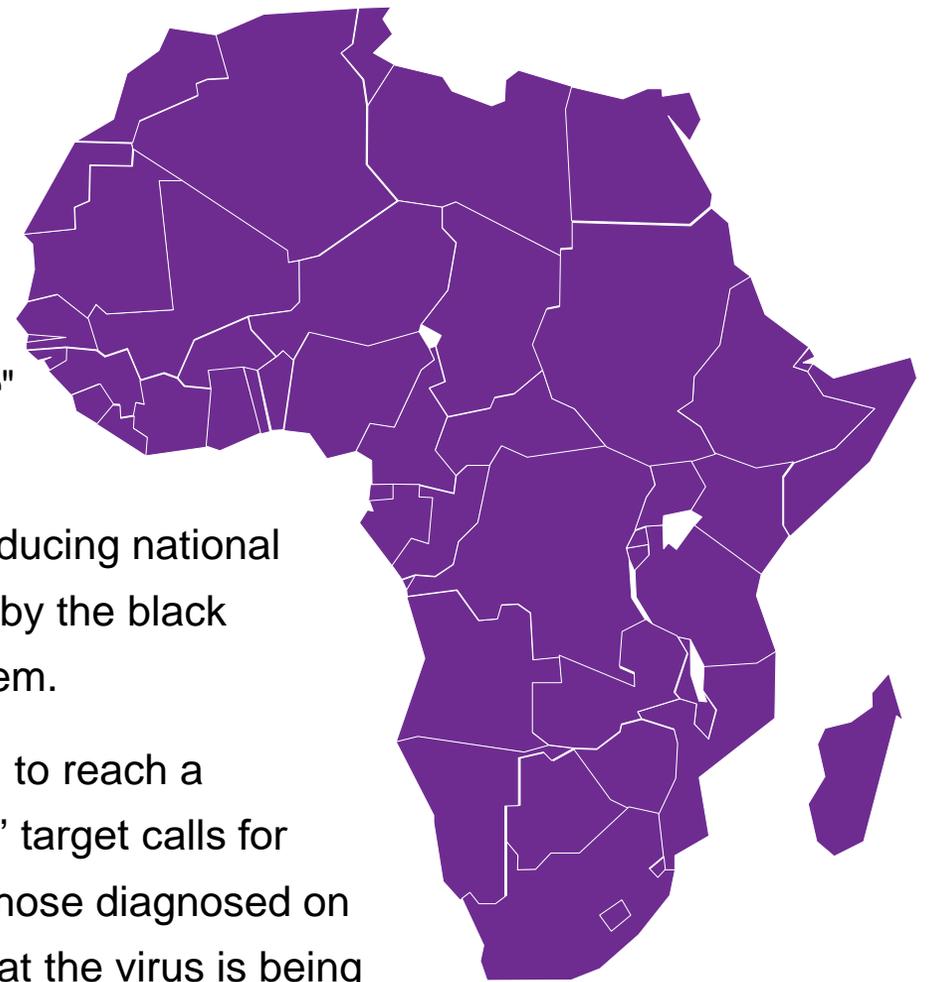
- Legalizing mining on indigenous land and other protected areas in Brazil's Amazon rainforest would lead to thousands of square kilometers in new **deforestation**, according to a study.
- **Global sustainable funds** saw net new deposits plummet last quarter as concerns about a looming recession weighed on investors, but they held up better than their traditional peers, a new report from researcher Morningstar showed.
- The Irish government agreed targets to limit **carbon emissions** in key sectors of the economy: a 25 percent cut for the agricultural sector, 75 percent reduction for the electricity sector, a 50 percent reduction for transport, 40 percent for residential buildings, and 35 percent for industry.
- China will issue principles for **green bonds** to build a unified criteria for domestic issuers, rushing to establish standards in a growing market in line with international norms, the official Securities Times reported.

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# Africa

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- **Nigerian** opposition senators called for President Muhammadu Buhari's impeachment within six weeks if he fails to "*resolve the issue*" of rising insecurity and Islamist violence.
- **Mauritania's** National Assembly passed a controversial new law introducing national languages into primary education; the text has been heavily criticized by the black Mauritanian community, which fears that Arabic will be imposed on them.
- **Botswana** has become the second nation in the world, after Eswatini, to reach a landmark UN goal towards eradicating AIDS. The so-called "95-95-95" target calls for 95 percent of HIV-positive people to know their status, 95 percent of those diagnosed on medication, and 95 percent of those under treatment to show signs that the virus is being suppressed in their blood.
- **South African** utility Eskom is in the process of approaching SADC countries to buy their surplus electricity, in the hopes of avoiding power cuts that have become commonplace.



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# How do You Manage Incident Response?

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*2022 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](#).*

# Asia

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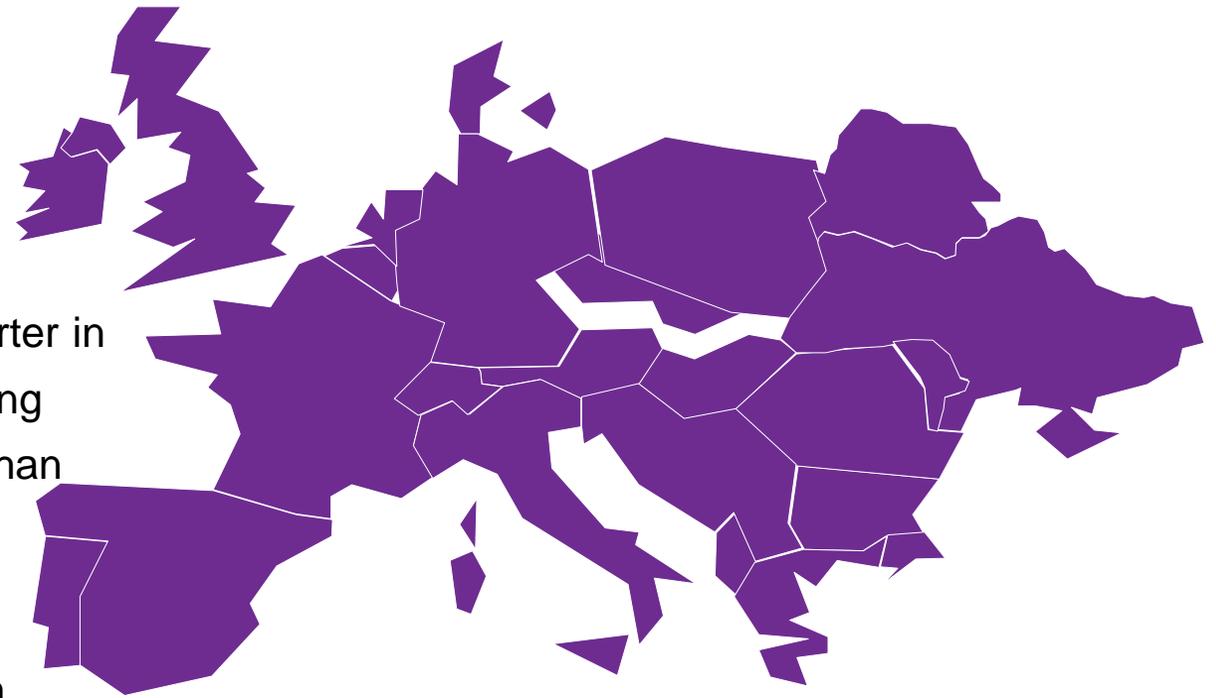
- **Taiwan's** foreign ministry said it will continue to deepen its close security partnership with the **US**, after US President Biden and **China's** leader Xi Jinping spoke on Thursday, during which Xi warned the US against playing with fire over Taiwan.
- **Japan** and the **US** are expected to agree on joint research for next-generation semiconductors to establish a secure source of the vital components during "two plus two" talks today, with supply chain security expected to be a major topic.
- **Chinese** leaders anticipated that the country will miss its annual growth target this year but show not indication that they will abandon the zero-tolerance COVID-19 policies.
- **Japan** is encouraging regional authorities to take steps to contain a new coronavirus variant that has sent cases to record levels. A seventh wave of COVID-19 pushed the daily new cases in Japan to a record 233,094 yesterday as the BA.5 variant spreads, putting pressure on medical services and disrupting some company operations.



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# Europe

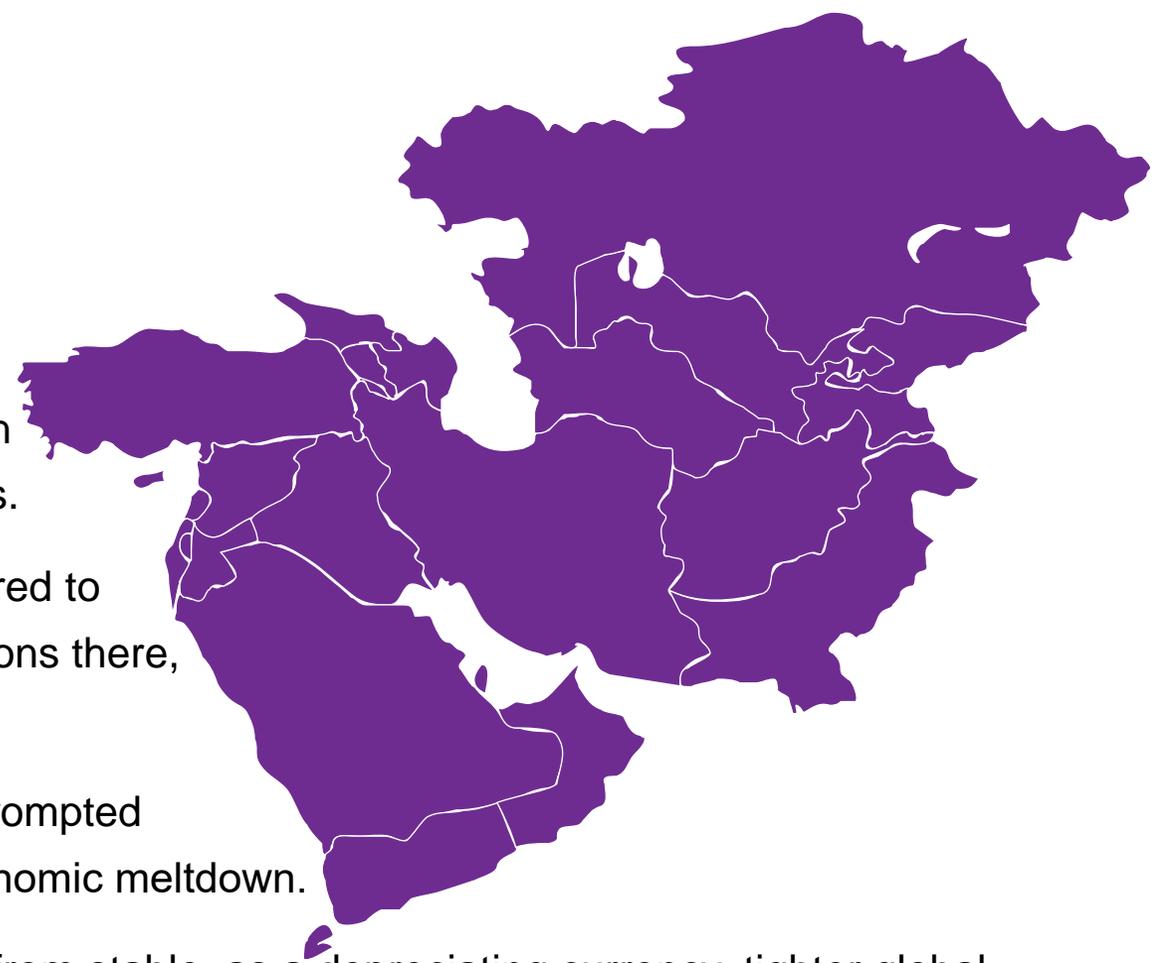
- **Euro zone** economic growth accelerated quarter-on-quarter in the second quarter, preliminary data showed today, defying expectations of a slowdown, thanks to a much stronger than forecast performance in **Spain, France and Italy**.
- **Germany** is set to impose a levy on all gas consumers from October 1 aimed at helping suppliers struggling with soaring gas import prices.
- Western military experts are reporting that **Russian** advances in **Ukraine** have slowed almost to a standstill as newly delivered Western weapons help Ukrainian forces reclaim much of the advantage they had lost in recent months, assessing the Ukraine has a window of opportunity to turn the tide of the war in their favor again.
- **French** President Macron hosted **Saudi** Crown Prince Mohammed bin Salman as part of increased Western efforts to court the major oil-producing state amid the war in **Ukraine** and faltering talks to revive a nuclear deal with **Iran**.



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# Middle East

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- At least 17 people have been killed and dozens wounded in the southern **Syrian** province of Sweida in clashes in between armed residents and gangs aligned with the security agencies.
- The **Syrian** “*mercenaries*” who **Russia** recruited and transferred to **Ukraine** have not yet participated in any of its military operations there, per a London-based war monitor.
- Shortages of subsidized bread at **Lebanese** bakeries have prompted rising tensions and even gun violence amid the country’s economic meltdown.
- S&P Global has downgraded **Pakistan’s** outlook to negative from stable, as a depreciating currency, tighter global financial conditions and higher commodity prices weaken the government’s external position.

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# Americas

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- Carcasses of thousands of migrant seabirds have washed up on the shores of eastern **Canada** this week and preliminary findings showed that the birds died of avian flu.
- **Colombia's** incoming government and **Venezuela** will appoint ambassadors to the two countries' capitals after years without diplomatic relations.
- President Fernández has appointed the influential leader of **Argentina's** lower house to spearhead a new economic “*super ministry*” in an attempt to rescue his government and regain market confidence as fears of a full-blown economic crisis worsen. Sergio Massa is the third person to take charge of the Argentine economy in less than a month.
- Britain's High Court rejected Nicolas Maduro's latest efforts to get control of more than \$1 billion of **Venezuela's** gold reserves stored in the Bank of England in London, in a victory for Venezuela's opposition leader Juan Guaido, who has won a series of legal clashes over the gold after the **UK** government recognized him rather than Maduro as the Latin American country's president.



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# Americas: US

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- San Francisco and the state of New York declared public health emergencies yesterday amid the growing **monkeypox** outbreak.
- **Torrential rains** unleashed devastating floods in Appalachia yesterday, as fast-rising water killed at least eight people in Kentucky and sent people sheltering on rooftops to be rescued.
- The House of Representatives passed sweeping legislation yesterday to subsidize the domestic **semiconductor industry** as it competes with Chinese and other foreign manufacturers. The bill now goes to the President who is expected to sign it into law.
- The **US economy** shrank for a second consecutive quarter, meeting one of the common criteria for a **technical recession**. Treasury Secretary Yellen said the contraction of economic output was a sign of an inevitable and significant slowdown, but there was still broad strength in the economy, especially in jobs.



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# Global Health Update: Implications of the WHO's Monkeypox Emergency Declaration

***Last week, the WHO declared the global spread of the monkeypox virus to be a “public health emergency of international concern” (PHEIC), the agency’s highest alarm. The alarm status is used to classify a health incident that poses a risk to multiple countries and requires a coordinated international response.***

The declaration has been used seven times before, with two of those alarms – COVID-19 and polio – still in place. In an unprecedented move, WHO Director General Ghebreyesus unilaterally declared the PHEIC after a panel of WHO experts were split on whether the move was necessary (six panel members were in favor, and nine were opposed). Epidemiologists hope that the PHEIC designation will signal a higher level of concern and prompt heightened government response, lest the virus pass into animal reservoirs (an animal population capable of reinfecting human populations) and become endemic in more regions of the world.

## ***State of Monkeypox Spread***

Since January 1, the CDC has recorded over 20,000 cases worldwide, the vast majority of them in countries that have no history of monkeypox. The US and western Europe have emerged as

hotspots, with the US currently reporting about 4,600 positive cases, Spain 3,700 and the UK over 2,400. Concerningly, cases are continuing to grow: the overall numbers are now doubling every two to three weeks, with cases climbing a little faster in the US. The virus, which is closely related to smallpox but less severe, is rarely fatal, but causes uncomfortable and temporarily debilitating symptoms, such as itchy and painful rashes, respiratory symptoms, fever, and exhaustion.

Unlike COVID-19, monkeypox is thought to primarily spread through close, skin-to-skin contact with an infected individual (including via sexual intercourse, as has been widely reported), and occasionally via contact with the dirty clothes or bedsheets of an ill person. The WHO has rejected rumors that the virus has spread through the air in some cases, despite puzzling infections in some countries; the

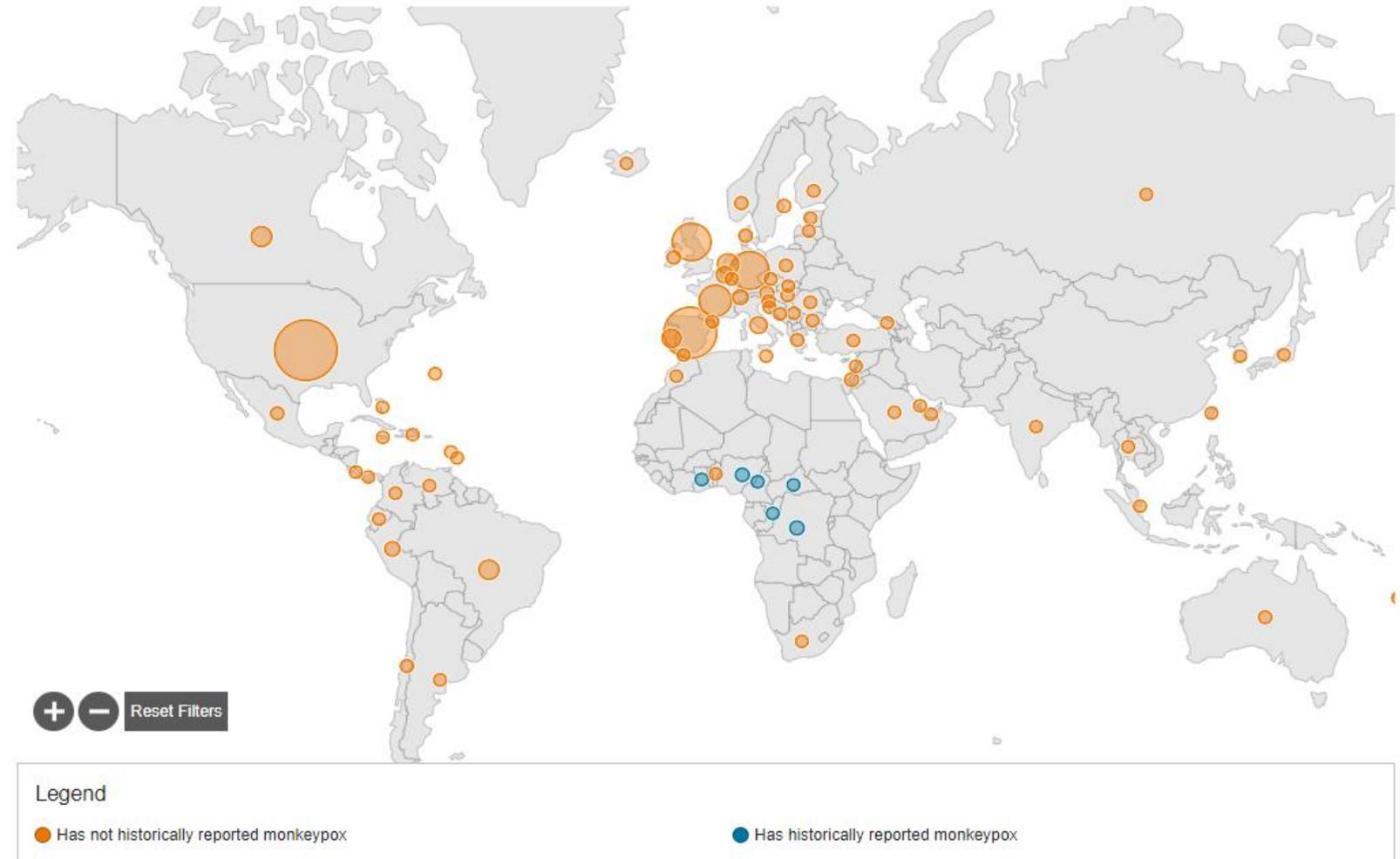
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# Global Health Update: Implications of the WHO's Monkeypox Emergency Declaration

organization reports that it is theoretically possible to spread the virus via aerosols only in cases where the infected person has sores in their mouth, and they engage in close, face-to-face conversation for an extended period of time with an uninfected person.

## Monkeypox Response

The US and countries in Europe, which have seen most of the new spread in monkeypox, had moved prior to the PHEIC announcement from targeted “ring” vaccination (targeting the close contacts of already-identified cases, to prevent further spread) to a broader strategy targeting at-risk groups like sex workers and men who have sex with men. There are two vaccines widely



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approved for use against monkeypox - the ACAM2000 smallpox vaccine and the Jynneos smallpox and monkeypox vaccine. The Jynneos vaccine, while preferred due to the lower likelihood of side effects, is available in smaller quantities.

There are no treatments currently approved for public use to combat the monkeypox virus, and most people recover with minimal medical intervention. It is possible, but difficult, for doctors in the US to source antivirals kept in the Strategic National Stockpile that are used to treat smallpox and are effective against monkeypox, and the option is only used for severe cases in high-risk populations, such as pregnant people the immune-compromised. However, vaccination can stop severe infection if administered within three days of infection.

The Biden Administration is expected to declare a health-related state of emergency with regards to the monkeypox in the coming days, signaling a higher level of concern and freeing up new resources to combat the spread of the virus. As concern around the virus has increased, the Administration has upped shipments of vaccines, and has attempted to make it easier for doctors to prescribe the stockpiled smallpox antivirals by reducing the amount of paperwork needed to access them.

## *State of International Coordination*

The WHO PHEIC declaration included a set of suggested responses from governments, including increasing efforts and spending on public messaging around monkeypox, contact tracing, testing and vaccination campaigns. However, world leaders are already cautioning that the monkeypox response is mirroring issues with the response to the COVID-19 pandemic. African and South American leaders have accused western leaders of hoarding vaccines, leaving little options for countries with fewer resources. Given that the declaration was made just last week, it may take some time for international coordination to grow; ideally, epidemiologists say that it would look like wealthier countries donating money to the WHO to facilitate virus responses to lower-income countries, and global leaders attempting to establish a more equitable vaccine production and disbursement scheme.

Epidemiologists assess that the primary risk in failing to contain the spread of monkeypox is the possibility of increased human-to-animal transmission, and the creation of animal reservoirs from which the virus can continuously reenter the human population, making eradication increasingly difficult. While monkeypox is less fatal or

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debilitating than the other illness currently under a PHEIC – COVID-19 and polio – continued infection is an inherent risk to global health, and the virus can cause death (primarily in lower-income countries in sub-Saharan Africa).

## ***Steps to Stay Safe***

Despite the PHEIC, health officials emphasize that the risk to the general population is quite low. Monkeypox is significantly more difficult to spread than COVID-19, requiring very close and sustained physical contact. However, engaging in routine public health protocols, such as regularly washing one's hands and wearing a mask when around an ill person, remain key. While the virus is primarily circulating among men who have sex with men, anyone can become infected. Given limited stocks of monkeypox vaccines, individuals should only seek vaccination if they are in the high-risk groups or think that they may have been exposed.

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# Coronavirus Condition Updates

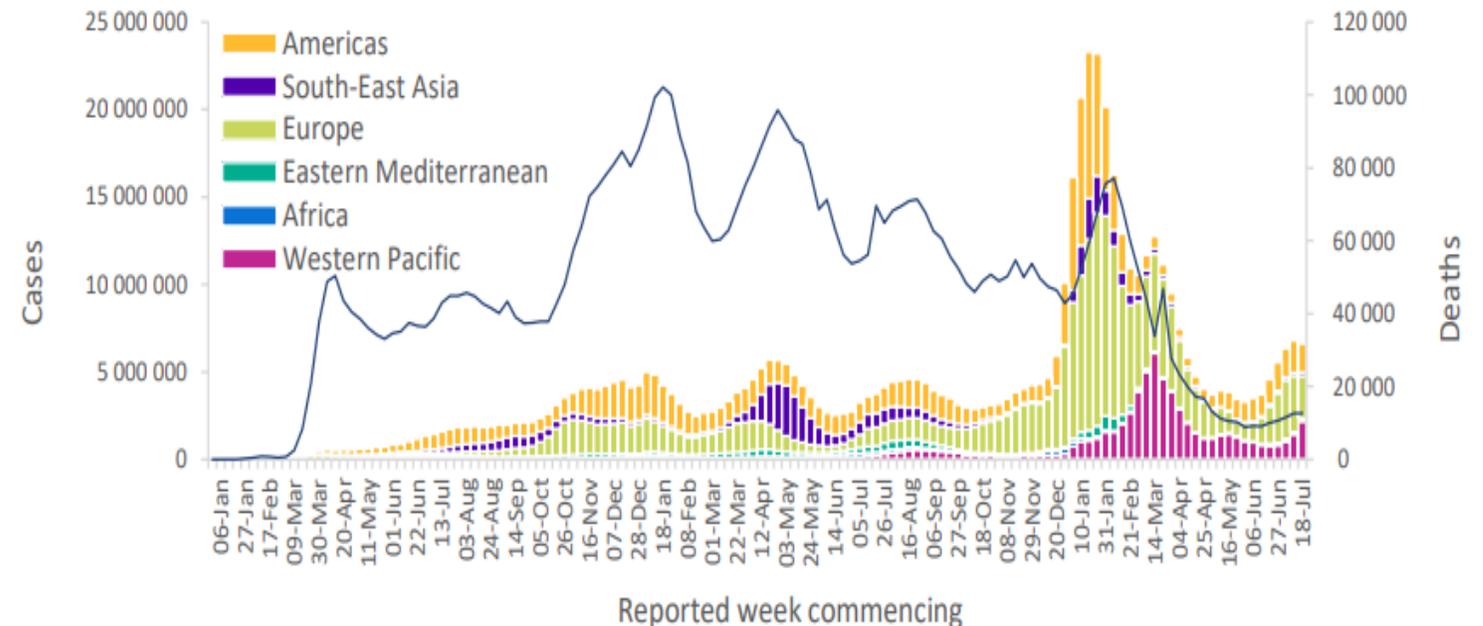
As of 6:34 pm CEST on July 28, 2022

# Coronavirus Snapshot

**Globally, confirmed coronavirus cases topped 571.1 million with 6.3 million deaths; more than 12.2 billion vaccine doses have been administered.**

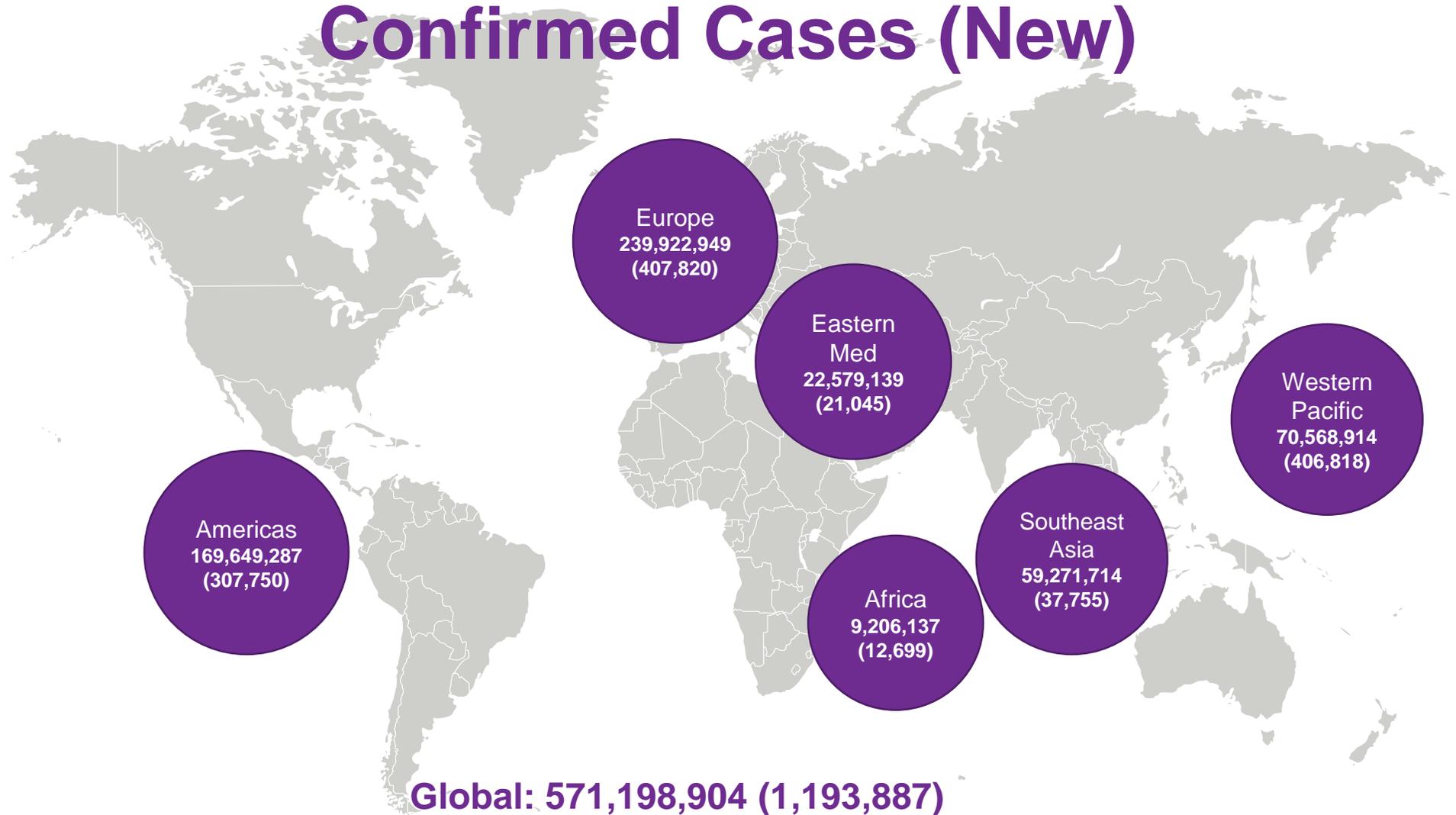
- Globally, the number of weekly cases reported during the week of 18 to 24 July 2022 was similar to the number reported last week, with over 6.6 million new cases.
- Likewise, the number of new weekly deaths was similar to the number reported during the previous week, with over 12,600 fatalities.

Figure 1. COVID-19 cases reported weekly by WHO Region, and global deaths, as of 24 July 2022\*\*



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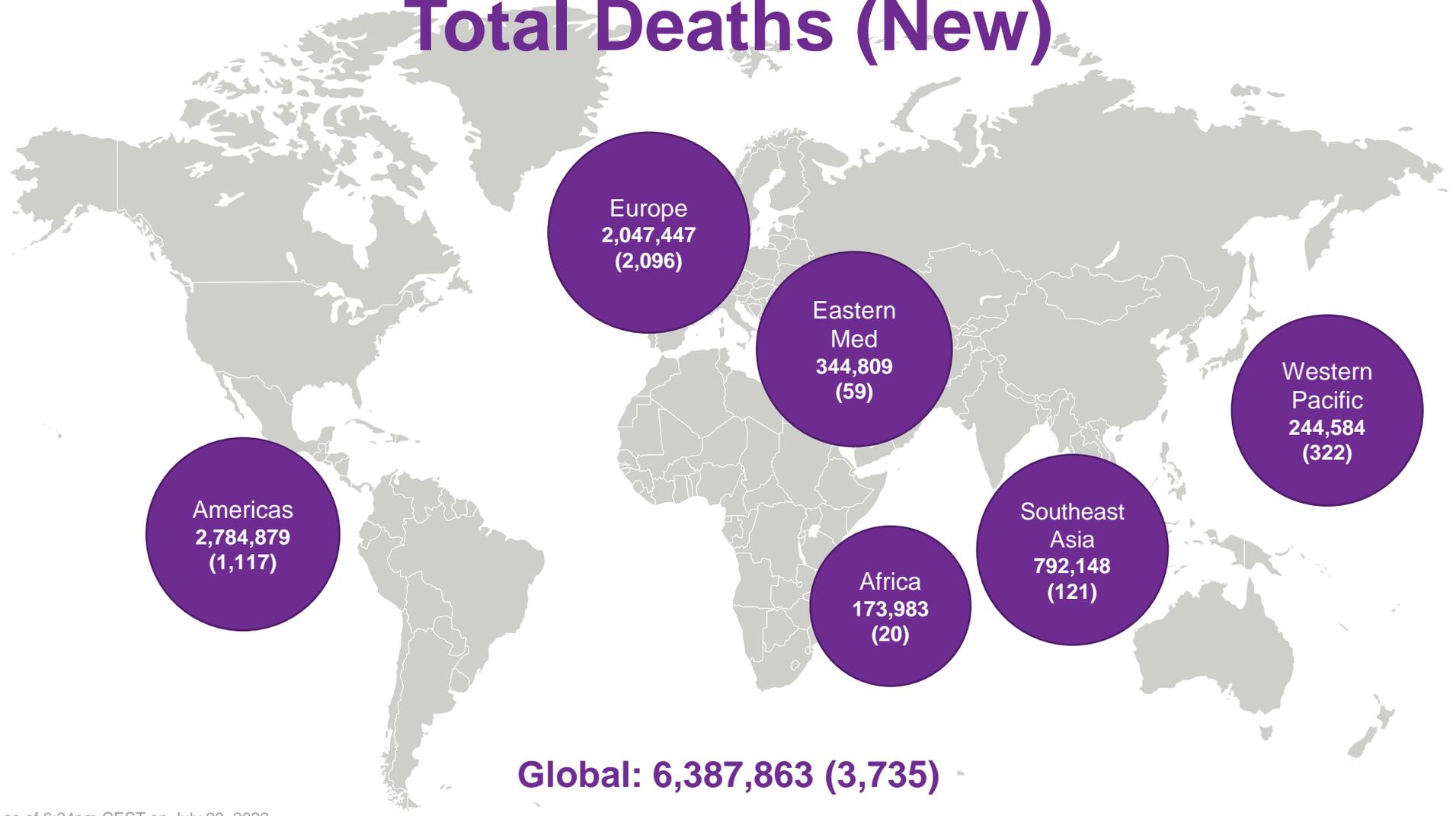
# Confirmed Cases (New)



Reflects data as of 6:34pm CEST on July 28, 2022.  
Data Source: World Health Organization

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# Total Deaths (New)



Reflects data as of 6:34pm CEST on July 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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## **Karl Hopkins**

Partner and Global Chief Security Officer  
Dentons  
Washington, DC

D +1 202 408 9225  
[karl.hopkins@dentons.com](mailto:karl.hopkins@dentons.com)

## **Melissa Mahle**

Senior Analyst  
Dentons  
Washington, DC

D +1 202 408 6383  
[melissa.mahle@dentons.com](mailto:melissa.mahle@dentons.com)