

Dentons Flashpoint

Daily Global Situation Report

March 15, 2022

Global Situation Update: March 15, 2022

KEY TAKEAWAYS

The US military increases readiness in South Korea amid concerns of possible ICBM missile launch by North Korea.

European governments attempt to ease bite of high energy prices through tax cuts and subsidies.

Nearly 30 million people were under lockdown across China as COVID-19 cases double.

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WHAT WE'RE WATCHING

Global supply chains will feel the impact of China's local lockdowns to contain the Omicron coronavirus variant and new 'stealth' subvariant. Car manufacturers are among those affected, with Volkswagen pausing production at three plants in China and closures at Audi and Toyota plants. Apple and Samsung supplier Foxconn has halted production in Shenzhen.

Further supply chain disruptions are likely to occur if the latest lockdown lasts longer than the expected one week as more than 500 ships visit Shenzhen every month to import or export to over 130 international routes. Domestic technology companies located in the key tech hub, such as Huawei, Tencent and Oppo, are also negatively affected.



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

Global

Russian and Ukrainian delegations held a fourth round of talks on Monday, by video link rather than in person in neighboring Belarus as in the past, but no new progress was announced. The talks are scheduled to resume on today.

- The US Pentagon reported that nearly all of Russia's **military offensives in Ukraine** remain stalled. Russian troops were still about 15 kilometers from the center of Kyiv.
- Russia is scheduled to pay **\$117 million on two dollar-denominated bonds** on Wednesday. If the country does not pay, it has a 30-day grace period to make a payment before it is technically in default.
- The US, EU and Japan impose additional **sanctions on Russia**, targeting imports, exports and Defense officials.

Markets & Business

Stock markets fell again on Tuesday as a combination of rising COVID-19 cases in China, the war in Ukraine and worries about the Federal Reserve raising interest rates spooked investors. A selloff across Chinese equities deepened on Tuesday.

- **Tesla Inc.** raised prices on all its vehicles after CEO Musk cited increasing costs at the companies he runs.
- **Northvolt** announced plans to build a lithium-ion battery plant with an annual capacity of 60 gigawatt hours (GWh) in Heide in northern Germany.
- The world's largest cryptocurrency exchange **Binance** has been given a crypto-asset service provider license by Bahrain's central bank, its first such license in the Gulf Cooperation Council (GCC).
- Dubai will sell a 6.5 percent stake in **Dubai Water and Electricity Authority**, its main power and water company, launching an ambitious plan to list as many as 10 state firms and reinvigorate its flagging capital markets.

Environment, Sustainability & Governance

EU states gave initial approval to a plan that would require most EU companies to appoint women to at least 40 percent of non-executive director and 33 percent of board roles by 2027.

- This quarter, shareholders at American oil majors ExxonMobil, ConocoPhillips, Chevron and Phillips 66 will vote on proposals for the firms to meet **emissions standards** set out in Paris in 2015.
- **The Climate Pledge** announced the addition of 100 new companies to its net zero by 2040 pledge, including SAP and Maersk.
- Microsoft released its **annual sustainability** report, highlighting its commitment to become carbon negative by 2030; the report shows significant progress in scope 1 and 2 emissions but highlights difficulties facing companies attempting to reduce their scope 3 emissions, as Microsoft's net emissions grew last year due to rising scope 3 output.

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Africa

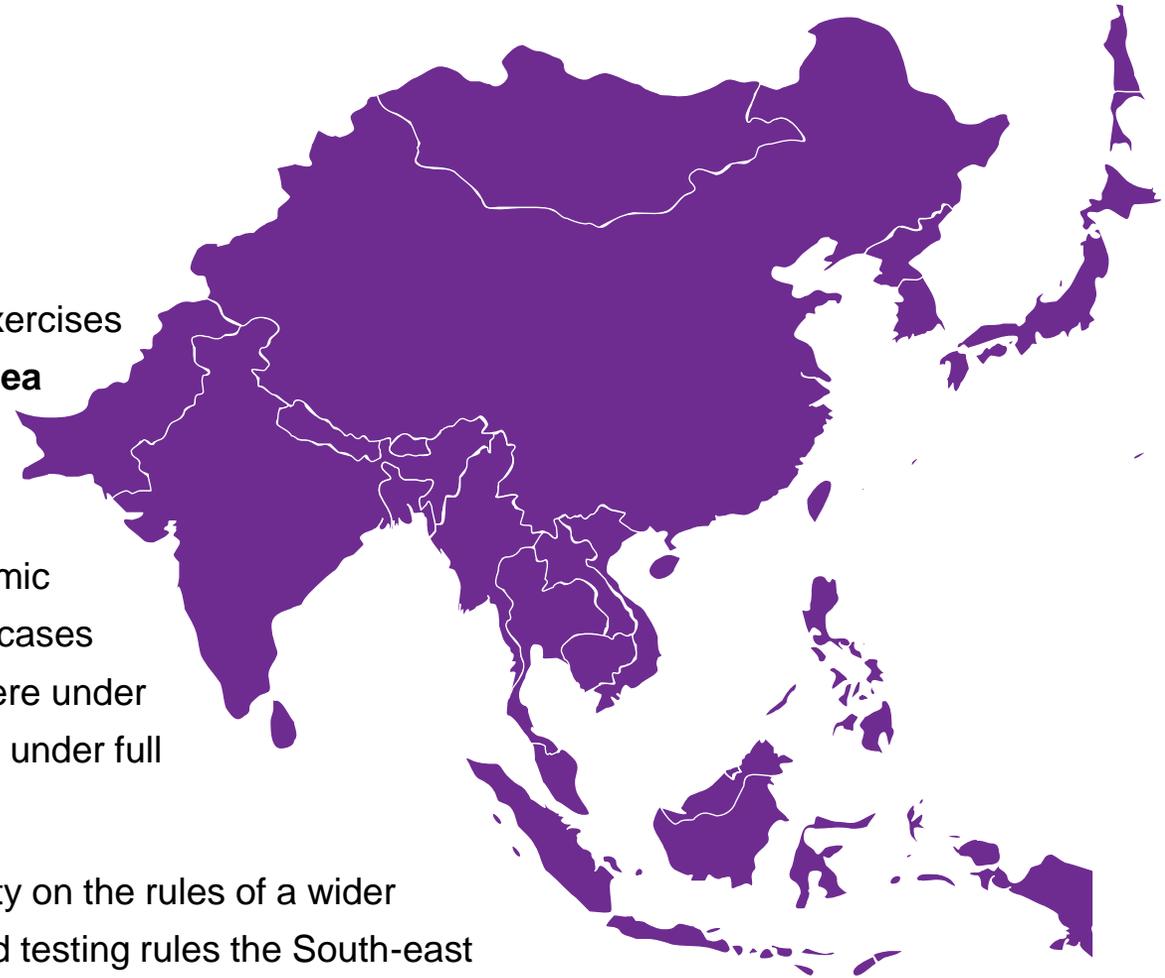
- A military court in **Sudan** sentenced nine former members of the military for allegedly orchestrating a coup against the power-sharing government in the aftermath of the overthrow of dictator Omar al-Bashir.
- Peace talks seeking a political solution in **Chad** kicked off in **Qatar**; rebel groups, which killed the former president, the late president's son, who heads a military junta currently in power, and former elected leaders are among the parties seeking a roadmap for new elections.
- At least 20 people were killed, and dozens wounded in a new insurgent attack on Darfur in **Sudan**, part of a renewed wave of violence in recent weeks.
- The **Ugandan** military denied that the president's son had resigned, a move widely seen as a first step towards running to replace his father.
- **Nigerian** courts blocked Shell from moving forward on the sale of assets in the country until a decision is reached in Shell's appeal of a \$2 billion fine for an oil spill.



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Asia

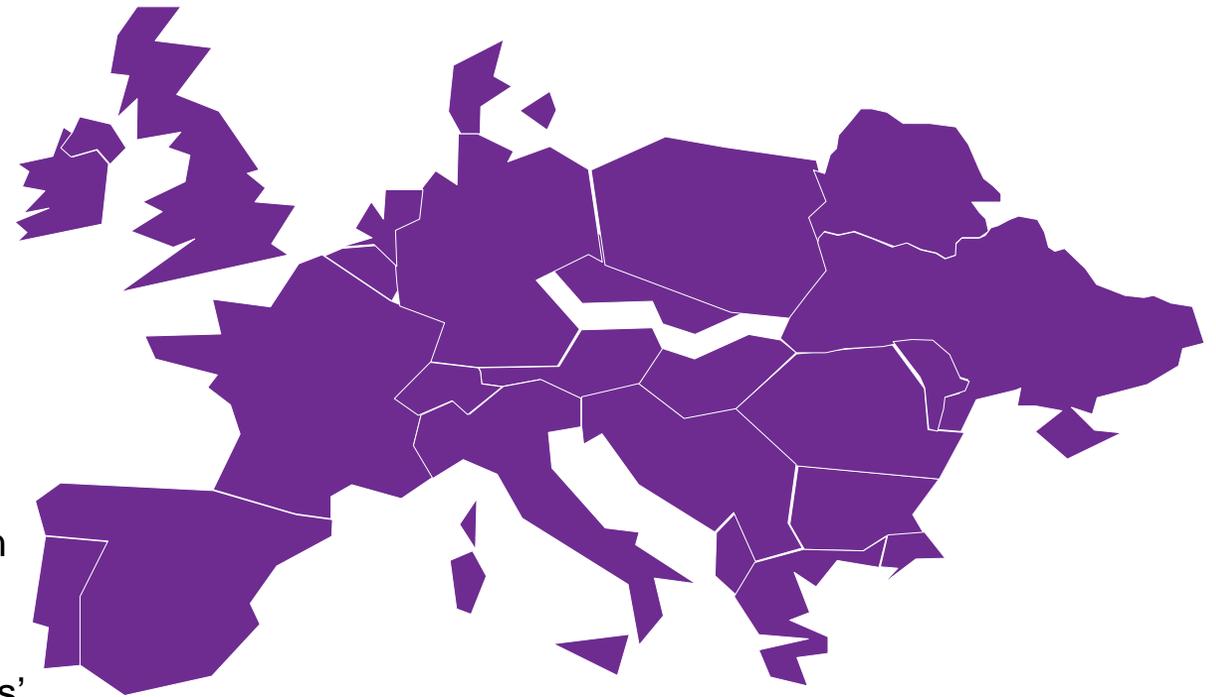
- **US** forces stationed in **South Korea** are increasing the intensity of exercises for their Patriot missile air defense system amid signs that **North Korea** might soon conduct another long-range missile test.
- Daily COVID-19 infections in **China** more than doubled from a day earlier to hit a two-year high, raising concerns about the rising economic costs of the country's tough containment measures. Most of the new cases were in the northeastern province of Jilin. Nearly 30 million people were under lockdown across China on Tuesday, with at least 13 cities nationwide under full lockdowns.
- **Vietnam** will welcome international travelers today, but a lack of clarity on the rules of a wider reopening is causing confusion, including what kind of quarantine and testing rules the South-east Asian nation will impose.
- **Sri Lanka** will start official talks with the IMF next month, as the government seeks to stave off the island nation's worst economic crisis in years amid growing protests.



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Europe

- **Slovakia's** Foreign Ministry says it will expel three **Russian** diplomats for alleged spying and bribery.
- **Britain's** unemployment rate fell below its pre-pandemic rate in the three months to January, even during the Omicron wave of coronavirus, while pay rose faster than expected.
- **European** countries are taking steps to help ease consumers' pain over high gas and energy prices. **Sweden** has cut taxes on gas to combat the impact of rising prices. The Swedish government will also give up to \$150 cash to car owners directly. **Ireland** cut taxes on fuel and is granting households a subsidy for heating homes. **France** also took steps to take the sting out of surging costs, with the government introducing a rebate on fuel from April 1 lasting for four months. In longer term planning, **Italy** will install two new offshore regasification plants as it looks to reduce rapidly its dependence on gas piped from **Russia**.
- A court of appeal in Belfast has ruled that the **Northern Ireland** Protocol for post-Brexit customs controls is legal. The verdict is a blow to unionists in Northern Ireland who see the protocol as a threat to their place in the **UK**, as it keeps Northern Ireland in the European single market and customs union.



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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.

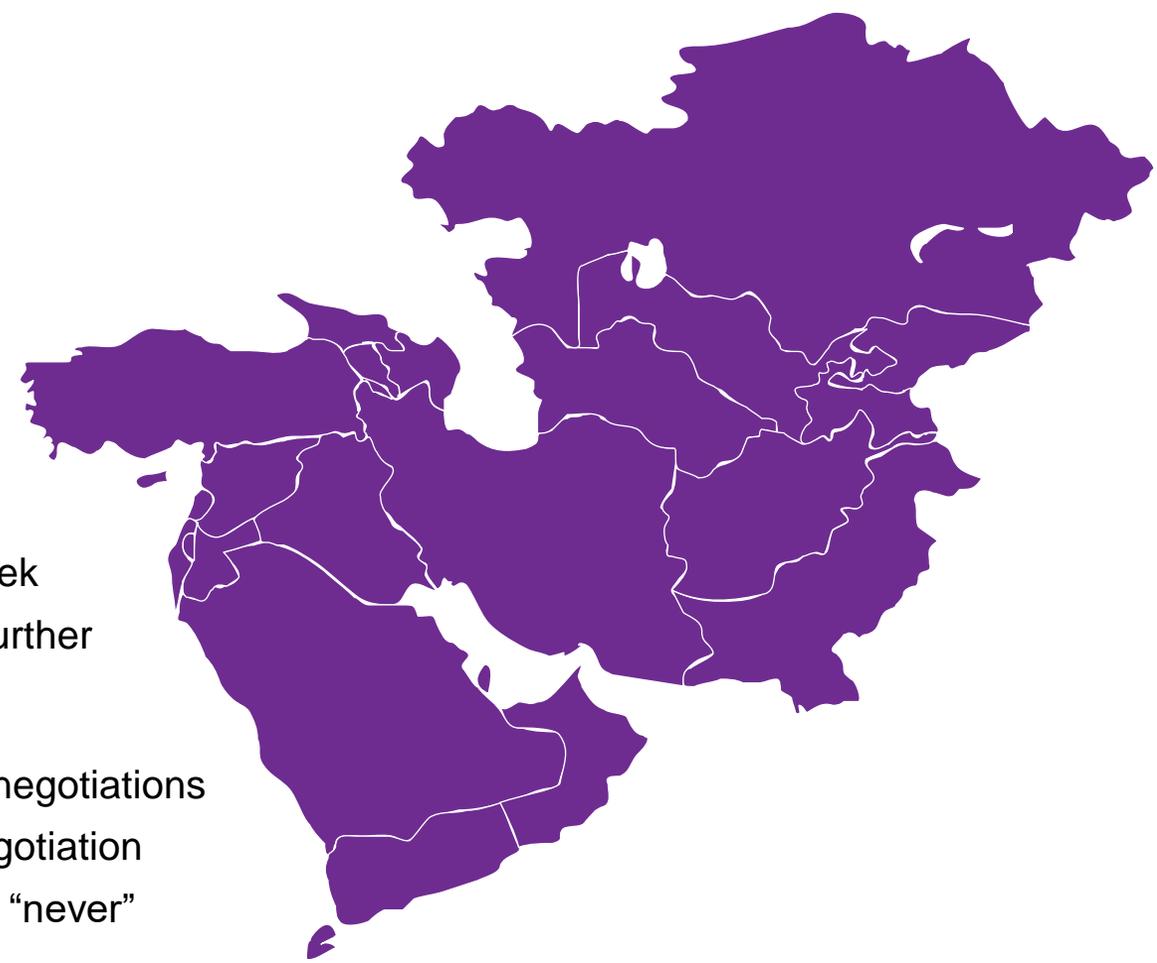
Dentons tabletop sessions are fluid, and designed to enhance preparedness with services, including:

- ❖ 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



- A **Lebanese** judge investigating corruption at the country's central bank froze the assets of five banks and the members of their boards' to investigate their dealings with the central bank.
- **Lebanese** interim Prime Minister Mikati said that he would not seek reelection in planned May elections, throwing Sunni politics into further disarray.
- **Iranian** officials said that they would remain in Viennese nuclear negotiations until a strong deal is reached, casting further confusion on the negotiation process following weekend statements in which Iran said it would “never” reenter the JCPOA.
- **Saudi Arabia** has invited **Chinese** President Xi Jinping to visit Riyadh as the kingdom looks to deepen ties with Beijing amid strained relations with the US.

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Americas

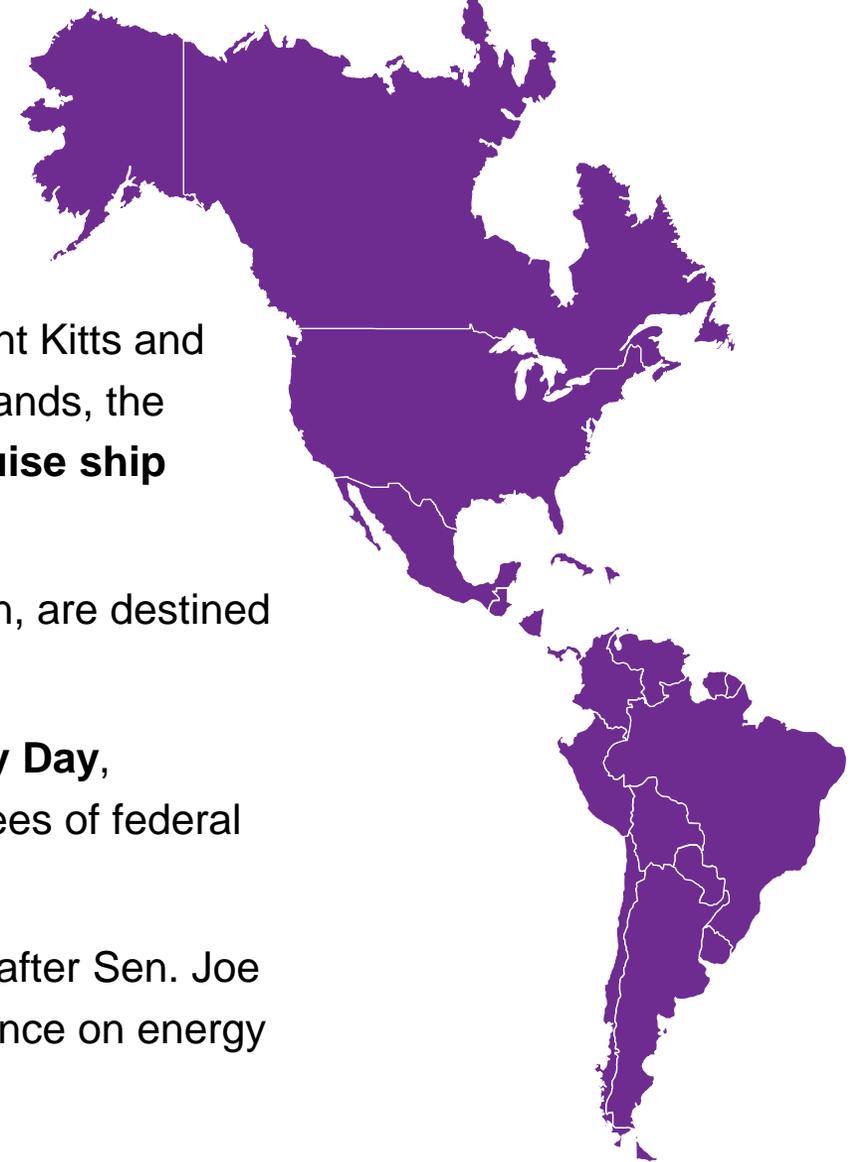


- **Brazilian** state-owned oil company is reportedly set to sell control of a Brazilian-Bolivian natural gas pipeline to **US** firm **EIG**.
- The **Brazilian** government is reportedly readying a package of \$32 billion in economic stimulus, including the early payment of some public pension checks; the move is part of a likely bid by President Bolsonaro to compete with his rival Lula, who has promised to increase state support for the poor.
- The **Argentine** government announced that it will ban the export of the forthcoming crop of soybean meal and oil, a move intended to preserve Argentine supply but that will further roil the soy markets amid already historic disruption related to the war in Ukraine.
- The **Peruvian** congress approved the start of impeachment proceedings against socialist President Castillo for the second time; the move passed the conservative-led Congress easily but will be 11 votes short of the threshold for impeachment.
- **Mexico announced that it will keep its procurement agreements with Russia** for Sputnik V vaccines; Mexico has largely refused to comply with the sanctions campaign against Russia.

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Americas: US

- The CDC moved several popular beach destinations including Jamaica, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Sint Maarten, the British Virgin Islands, the Bahamas, the Dominican Republic and the Turks and Caicos, as well as **cruise ship travel**, into categories at lower risk of spreading the coronavirus.
- As many as 16 million **low-income Americans**, including millions of children, are destined to fall off Medicaid when the nation's public health emergency ends.
- Vice President Harris will host a virtual summit today to celebrate **Equal Pay Day**, announcing moves to boost pay equity for new federal workers and employees of federal contractors.
- Sarah Bloom Raskin's nomination to the **Federal Reserve Board** is in peril after Sen. Joe Manchin III, a key Democratic vote, said he opposed her because of her stance on energy in an era of inflation.



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Risk Update: Iran Nuclear Negotiations

By Alexander Lucaci

Nuclear negotiations in Vienna are on the brink of collapse in the aftermath of Russia's invasion of Ukraine, as the EU and US escalate their coordinated sanctions campaign against Moscow. Just weeks ago, parties to the talks had reached the final stages of discussions to restore the JCPOA after several months of talks, before President Putin's decision to declare war on Ukraine threw the delicate arrangement into chaos.

Over the weekend, lead negotiators flew back to their respective capitals for consultations, with reports indicating that talks had broken down, or stalled, in the wake of new demands from the Russian delegation. The key issue now is Moscow's insistence that their trade with Iran would not be affected by the recent sanctions regime, and that the lifting of restrictions on Iran would coincide with

similar sanctions relief for Russia. Both US and European leadership have rejected these terms, stating that the sanctions imposed in response to Russia's invasion are unrelated to the nuclear negotiations. Iran's foreign minister traveled to Moscow on Monday to discuss the JCPOA, a signal that Iran and Russia may be aligning on this key aspect of negotiations that will remain a non-starter for both the US and EU.

Moscow's decision to hold the nuclear negotiations hostage is likely a strategic calculation to increase pressure on the West while also attempting to further its own economic and security interests. As long as the JCPOA talks are in limbo, there is a greater potential for unrest across the Middle East, and Iranian oil is prevented from coming onto the global energy market and driving down prices. The Kremlin has assessed that if the US is bogged down in the Middle East, it will have less bandwidth to deal with Russia's ongoing invasion of Ukraine and hold together international coalitions against Moscow. Furthermore, Moscow is looking for all available ways to retaliate against Western sanctions – keeping oil prices high is one area where they can have an impact. Iran has also decided to align

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Risk Update: Iran Nuclear Negotiations

with Moscow on these issues, an ominous sign for the future of nuclear negotiations. US officials reportedly are considering the possibility of a revived JCPOA without Russia as a partner, an idea that Iran's foreign ministry spokesman struck down in Moscow on Monday.

The potential for escalation across the Middle East is high, as Tehran feels emboldened by high oil prices and a strategic alignment with both Moscow and Beijing. Over the weekend, Iran claimed responsibility for a barrage of ballistic missiles that hit northern Iraq, only several kilometers from a US military base. Iran on Sunday also suspended diplomatic talks with Saudi Arabia without citing a reason, throwing cold water on a recent détente that had seen limited progress on regional security. Tehran may look to take advantage of Washington's distractions in Europe by reinforcing its proxy network in Yemen, Iraq, and Syria. Syria in particular could manifest as an even stronger bulwark for Iranian interests in the Levant, given that Moscow has established a key military presence in the country since at least 2015 and could work with Iranian counterparts to shore up the regime of Bashar al-Assad.

A key question in the short term is to what extent Moscow and Tehran coordinate negotiating positions in the nuclear talks, and whether Iran is willing to walk away from potential sanctions relief in order to align itself with Russia and China. Beijing has played coy since the beginning of the invasion, signaling that it respects Moscow's stated "security concerns" while also neglecting to provide material or rhetorical support for the invasion. Well-sourced reporting has indicated that President Xi was caught off-guard by Putin's decision to invade, and that the Chinese leader views the war as a reckless distraction. If these reports are true, China will have an important role to play in the coming days and weeks to either dissuade Russian escalation or maintain the strategic partnership through military equipment sales. On Monday, US National Security Adviser Jake Sullivan met with a high-level Chinese counterpart in Rome – the outcome of these talks may provide insight into which way Beijing is leaning on the nuclear negotiations in Vienna, as well as Russia's war against Ukraine.

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Ukraine War Update: Russian Anti-War Protest, Chinese Sanctions Worries, Ukrainian Refugee Visas

Viktor Zolotov, chief of Russia's national guard and a member of Putin's security council, said that Russia's military operation in Ukraine has been slower than expected, the strongest acknowledgement yet from Moscow that its invasion is not going to plan.

Political Developments

Russian and Ukrainian delegations held a fourth round of talks on Monday, by video link rather than in person in neighboring Belarus as in the past, but no new progress was announced. The talks are scheduled to resume on today.

Ukrainian president Volodymyr Zelensky will address a rare joint session of US Congress on Wednesday. Zelensky will speak virtually to all members of both chambers of Congress.

Hungary reaffirmed its non-engagement policy, citing a Russian strike near the Polish border as justification for its no-action commitment. The attack came after Russia said that western arms shipments into Ukraine were legitimate targets.

China seeks to avoid being impacted by US sanctions over Russia's war, per Foreign Minister Wang Yi , in one of Beijing's most explicit

statements yet on American actions that are spurring a historic sell off of Chinese stocks.

An anti-war protester interrupted a live news bulletin on Russia's state TV Channel One on Monday, holding up a sign behind the studio presenter and shouting slogans denouncing the war in Ukraine. The sign, in English and Russian, read: "NO WAR. Stop the war. Don't believe propaganda. They are lying to you here." Another phrase, which looked like "Russians against war," was partly obscured. State TV is the main source of news for many millions of Russians, and closely follows the Kremlin line that Russia was forced to act in Ukraine to demilitarize and "denazify" the country.

In unconfirmed reports, the head of the 5th Service of the Russian FSB, Sergei Beseda, and his deputy, Anatoly Bolukh, have been placed under house arrest in an investigation into the intelligence agency's failure to prepare the Kremlin for the realities of the assault.

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Ukraine War Update: Russian Anti-War Protest, Chinese Sanctions Worries, Ukrainian Refugee Visas

The report was first published by a Latvia-based Russian news site Meduza.

The UN's World Food Program plans to scale up its operations in Ukraine to provide emergency food or cash aid to 2-3 million people.

The number of refugees fleeing Ukraine climbed to more than 2.8 million, United Nations data showed on Monday, in what has become Europe's fastest growing refugee crisis since World War II.

More countries outside Europe are agreeing to accept Ukrainian refugees. New Zealand will issue 4,000 special visas to refugees from Ukraine, if they have family in the country. Japan said Ukrainian evacuees will be able to convert short-term entry visas into longer-term ones allowing them to work. Officials said applications would initially be limited to relatives and friends of the roughly 1,900 Ukrainians already in Japan. The US has stated it will welcome Ukrainian refugees but has not rolled out any special program.

As Russia blocked access to Meta Platforms Inc's flagship social media platforms, Facebook and Instagram, demand for Virtual Private Networks (VPNs) that encrypt data and obscure where a user is located spiked 2,088 per cent higher than the daily average

demand in mid-February, data from monitoring firm Top10VPN showed.

Battlefield Developments

The US Pentagon reported that nearly all of Russia's military offensives in Ukraine remain stalled. Russian troops were still about 15 kilometers from the center of Kyiv.

US-based Institute for the Study War military analysts assessed that Russian forces made small territorial gains in Luhansk Oblast on March 14 but did not conduct any major attacks toward Kyiv or in northeastern Ukraine. Ongoing Russian efforts to replace combat losses with both Russian replacements and non-Russian sources, including Syrian fighters and the Wagner Group, are unlikely to enable Russia to resume major offensive operations within the coming week. Russian and Belarusian forces increased their activity near the Ukrainian border in the last 24 hours in a likely effort to pin down Ukrainian forces but likely do not have the capability to open a new axis of advance into western Ukraine.

Russian forces continued air assaults on Ukrainian cities. At least two people are dead after a strike on an apartment building in a

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Ukraine War Update: Russian Anti-War Protest, Chinese Sanctions Worries, Ukrainian Refugee Visas

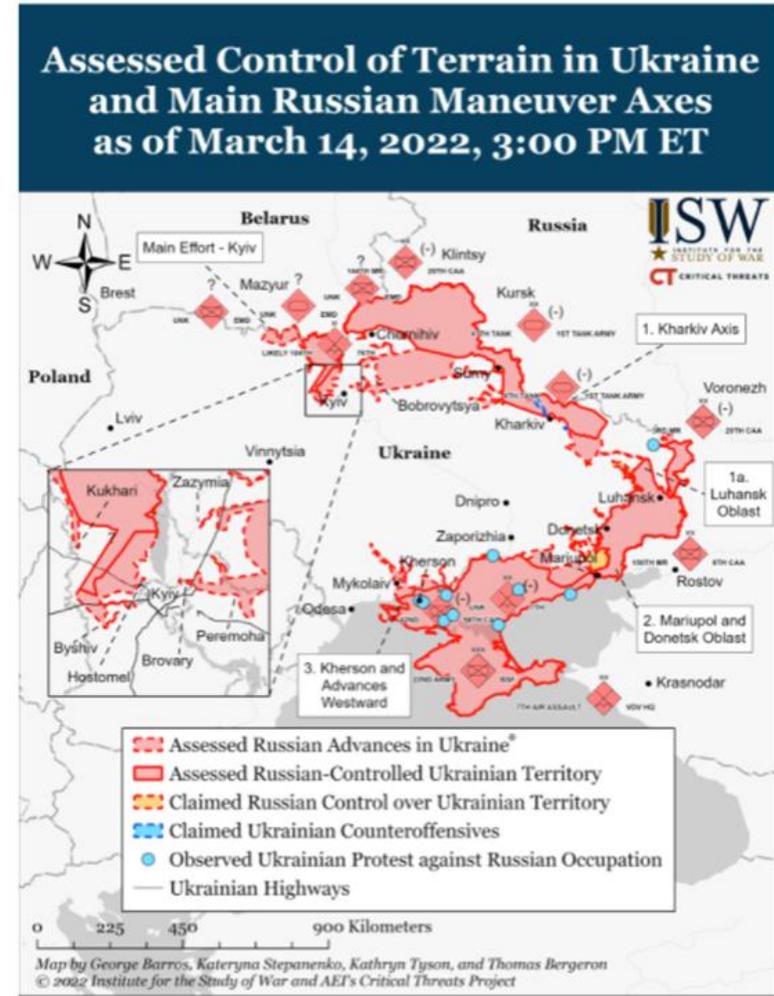
a western neighborhood of Kyiv. Three powerful explosions were heard before dawn in Kyiv in the capital. Drone video footage released by Ukrainian forces in Mariupol showed a desolate wasteland of bombed out buildings, many in flames, with smoke pouring into the sky. Russian forces fired rockets at the main civilian airport in Ukraine's eastern Dnipro region overnight, destroying its runway and damaging the terminal building.

Russia's missile attack on a Ukrainian military base near the Polish border was launched from long-range bombers flying inside Russian airspace, the Pentagon assessed, and did not disrupt shipments of Western military aid, despite Russia's claims.

Russian authorities denied asking China for military assistance to further its invasion of Ukraine and said it would continue fighting on its own.

Russian forces let a first column of cars escape Ukraine's besieged port of Mariupol on Monday but blocked an aid convoy trying to reach the city, Ukraine said, after 10 days of failed attempts to rescue civilians under relentless bombardment.

Ukraine hopes to open nine corridors on Tuesday to evacuate civilians trapped by Russian forces and will try to deliver humanitarian supplies to the besieged port of Mariupol.



Source: Institute for the Study of War

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Economic and Commercial Developments

EU member states had agreed on a fourth package of sanctions against Russia. The EU has banned top credit rating firms from rating Russia's sovereign debt and the country's companies as part of its latest sanctions package. Other measures in the package include an import ban on Russian steel and iron, an export ban on luxury goods, and a ban on investment in the energy sector.

Japan has decided to freeze assets of an additional 17 Russian individuals, bringing the total number targeted by sanctions over Russia's invasion of Ukraine to 61.

The US sanctioned 11 individuals who are current and former leaders in the Russian Ministry of Defense.

Citigroup is exiting from all its operations in Russia. UniCredit, Italy's second largest bank, is conducting an urgent review of its business in Russia and could decide to pull out of the country.

German pharmaceutical company Bayer threatened to suspend crop supply sales to Russia next year unless the country stops its attack on Ukraine.

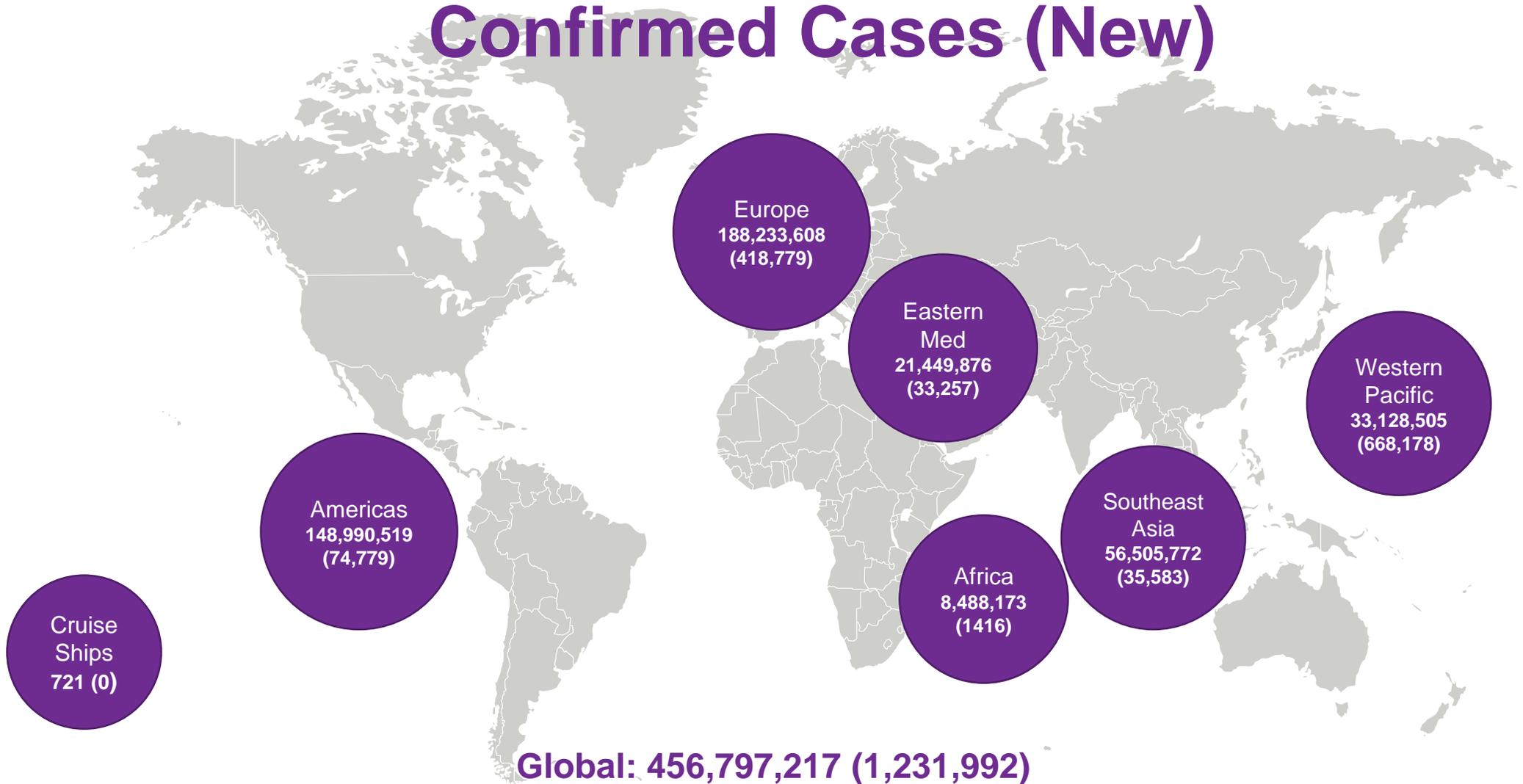
Pfizer will cease all planned investments with local suppliers in Russia and no longer hold any clinical trials in the country.

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Coronavirus Condition Updates

As of 4:22 pm CEST on March 14, 2022

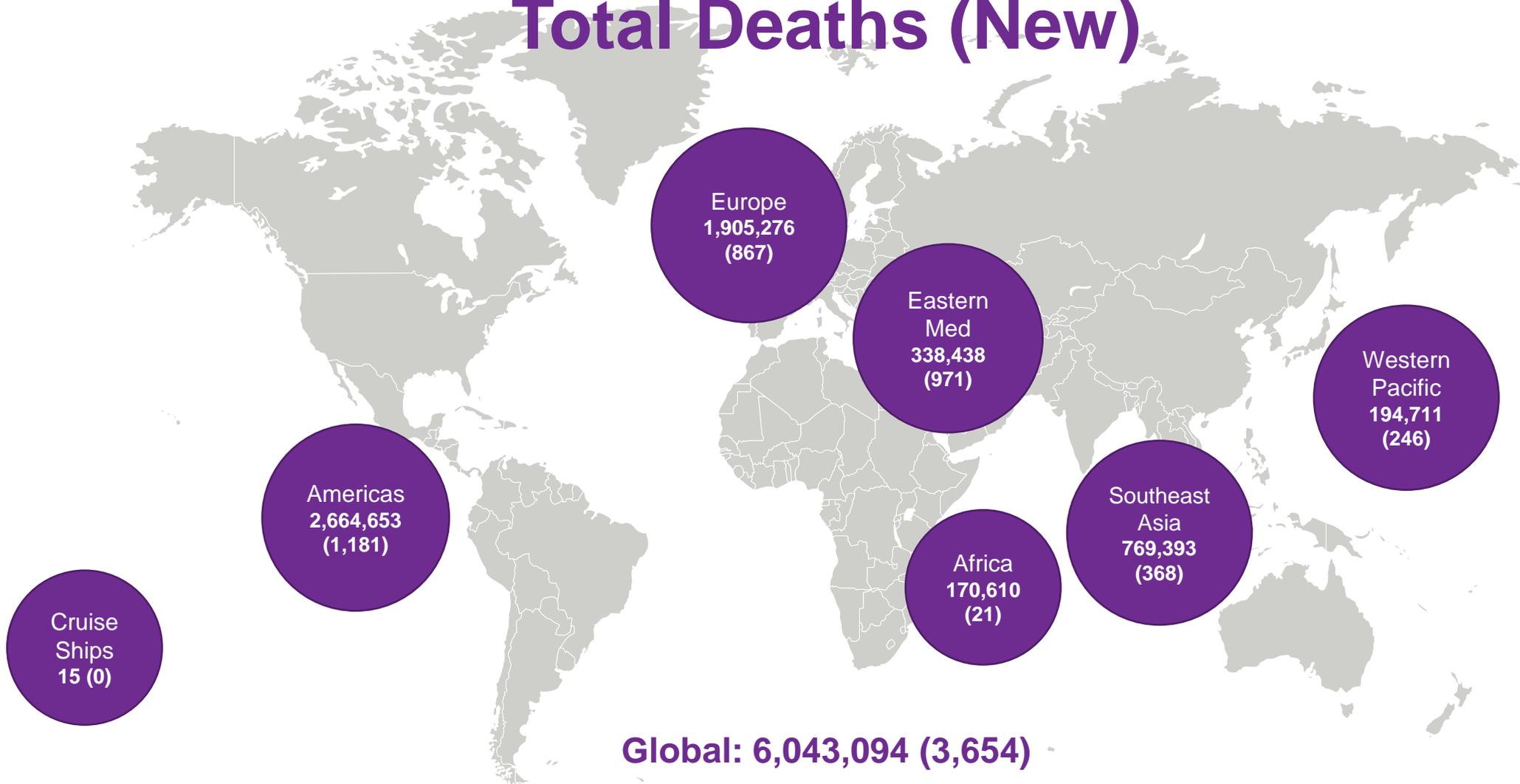
Confirmed Cases (New)



Reflects data as of 4:22 pm CEST on March 14, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 4:22 pm CEST on March 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.

To read additional analysis, visit the [Dentons Flashpoint portal](#) for insights into geopolitics and governance; industry and markets; cyber and security; science, health and culture; and economic and regulatory issues.

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