

Dentons Flashpoint

Global Situation Report

October 3, 2022

Global Situation Update: October 3, 2022

KEY TAKEAWAYS

Western governments impose extensive new sanctions on Russia.

Ukrainian President Zelensky seeks fast-track membership of NATO amid battlefield gains.

UK Prime Minister Truss pulls U-turn on tax cuts to stabilize markets.

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

Global Situation Update: October 3, 2022

WHAT WE'RE WATCHING

In Bosnia and Herzegovina (BiH), returns from the most important elections since the bloody civil war of the 1990s indicate the tripartite presidency will consist of two pro-EU, pro-NATO members, and one pro-Moscow Serb nationalist. BiH has one of the most complicated political systems in the world as the three collective presidents must represent Bosniaks, Croats and Serbs.

Although a mostly ceremonial and symbolic role, the presidency in BiH holds sway over the country's foreign and defense policies. Milorad Dodik, the Serb nationalist candidate that won a presidency seat, paid a visit to Russian President Putin earlier this week and many believe he is ultimately working for the secession of Bosnia's Serb majority region away from the country.



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

Global

Ukrainian President Zelensky announced a surprise bid for fast-track membership of the NATO military alliance on Friday and ruled out talks with President Putin in response to Russia's bid to annex Ukrainian territory.

- The US, UK, Canada and Australia imposed extensive new **sanctions on Russia** after President Putin proclaimed the annexation of four regions of Ukraine. Turkey rejected Russia's annexation move, calling the decision a "*grave violation*" of international law.
- Germany will deliver the first of four advanced IRIS-T air **defense systems to Ukraine** in the coming days to help ward off drone attacks.
- European countries have stepped up military patrols to protect energy supplies in the North Sea and off the coast of Italy in the wake of **sabotage of the Nord Stream pipelines** near Denmark.
- A US-led effort to win UN Security Council support for a resolution condemning **Russia's staged referendums** and its attempt to illegally annex four regions of Ukraine, failed to pass Friday when Russia, as anticipated, vetoed the measure. China, India, Brazil and Gabon abstained from the vote in the 15-member body.
- **Cholera cases** have surged this year, especially in places of poverty and conflict, with outbreaks reported in 26 countries and fatality rates rising sharply, per the WHO.

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

Markets & Business

Insurers are bracing for claims between \$28 billion and \$47 billion from Hurricane Ian, in what could be the costliest Florida storm since Hurricane Andrew in 1992.

- OPEC+ will consider an **oil output** cut of more than a million barrels per day (bpd) at their upcoming meeting on Wednesday, in what would be the biggest move yet since the COVID-19 pandemic to address oil market weakness.
- **Consolidated Edison Inc.** agreed to sell its renewable energy business to German energy company **RWE AG** for \$6.8 billion.
- **Moderna** has refused share with China the core intellectual property behind the development of its breakthrough COVID-19 vaccine, leading to a collapse in negotiations on its sale there.
- Russian gas giant **Gazprom PJSC** suspended its natural-gas deliveries to Italy over the weekend. The loss of remaining Russian gas deliveries would no longer be a major blow to Italy. Russian gas accounts for a single-digit percentage of Italy's gas supply.

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

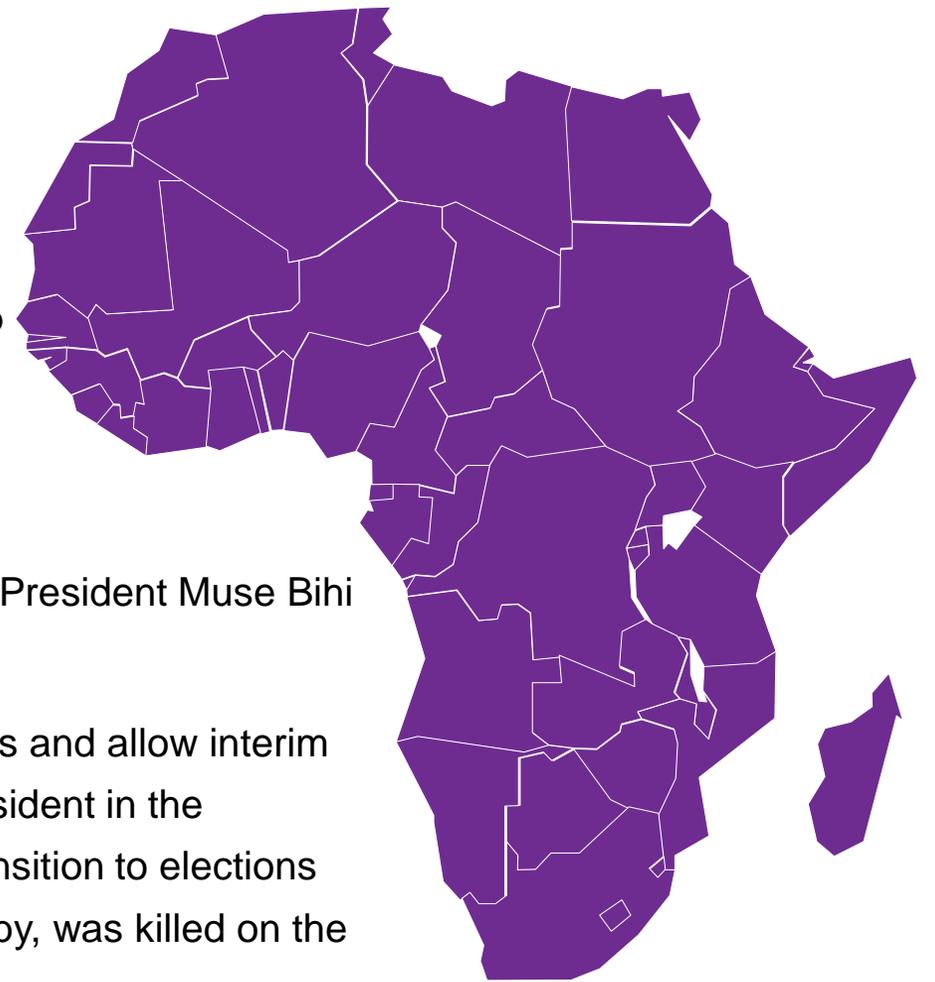
Environment, Sustainability & Governance

Penguins are dying from avian flu at the colony at Cape Town's Boulders beach, an important breeding site in South Africa, raising concerns for the species and for other seabirds.

- Nestle plans to stop sourcing from subsidiaries of Astra Agro Lestari (AAL), a major Indonesian palm oil producer accused by environmental groups of **land and human rights abuses**.
- French automaker Citroën says it used a specialized **honeycomb cardboard** in replacement of steel and metal for their new concept car, designed in anticipation of a resourceless world.
- More than 60 percent of France's refining capacity is offline as **strikes over pay** and unplanned maintenance pile pressure on the refined products sector.
- The World Bank will provide Egypt with \$400 million to develop **sustainable infrastructure** and lower carbon emissions in its transportation sector.

Africa

- **Burkina Faso's** junta leader Paul-Henri Sandaogo Damiba agreed to step down Sunday, two days after military officers announced he had been removed from power, The Economic Community of West African States condemned the seizure of power by the group of soldiers.
- Lawmakers in Somalia's breakaway region of **Somaliland** have extended President Muse Bihi Abdi's current term of office by two years ahead of its expiry in November.
- **Chad** has adopted resolutions that delay democratic elections by two years and allow interim leader Mahamat Idriss Deby to stay in power and be eligible to run for president in the eventual vote. The military authorities originally promised an 18-month transition to elections when Deby seized power in April 2021 after his father, President Idriss Deby, was killed on the battlefield during a conflict with insurgents.
- **Somalia's** government said it killed Abdullahi Nadir, one of the co-founders of Islamist militant group al Shabaab, in an operation with international partners. A fifth vessel chartered by the United Nations World Food Program arrived at **Ukraine's** Black Sea port of Chornomorsk and will deliver Ukrainian wheat to Somalia.



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

Asia

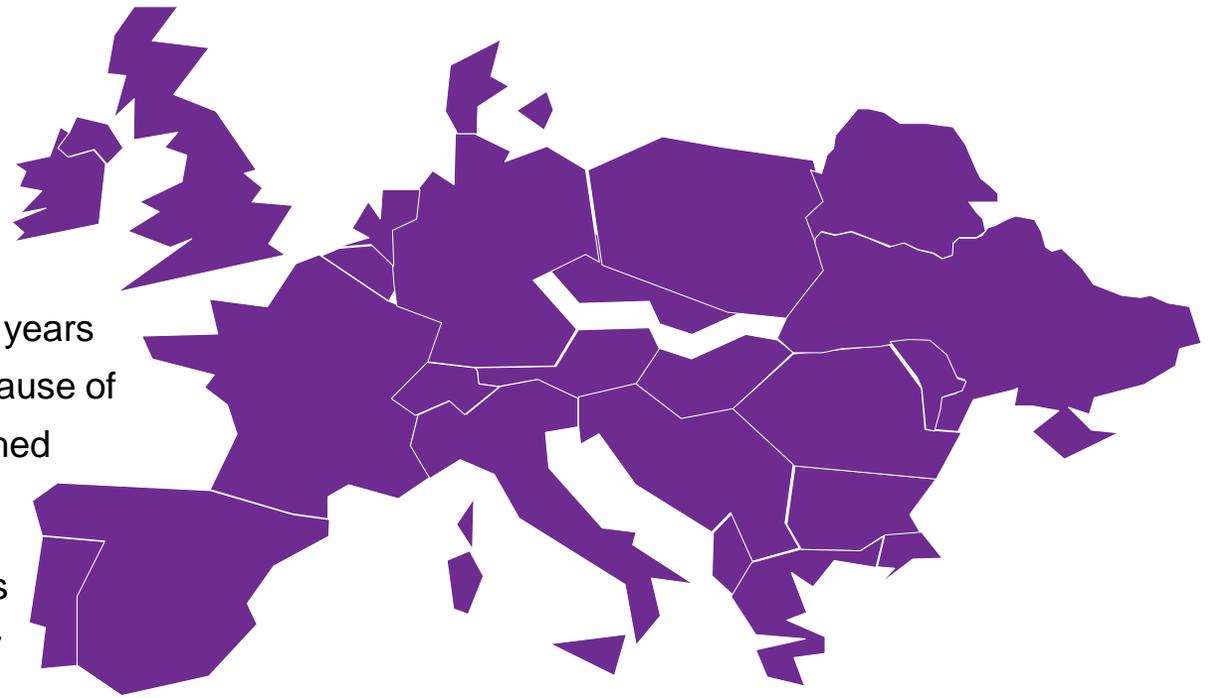
- **North Korea** fired two short-range ballistic missiles toward the sea off its east coast on Saturday, hours before South Korea staged a large military show, displaying stealth fighters and its own missiles.
- **US** Defense Secretary Austin that **China** is not planning an imminent invasion of **Taiwan** but is to establish a new normal with its military activities around the island.
- **China's** National Day Golden Week holiday, a traditional annual shopping and travel week, got off to a slow start on Saturday, with restrictive COVID-19 measures across the country and authorities urging people to spend the holiday in their home cities.
- **Chinese** enterprises operating in the **EU** have growing concern about calls for decoupling and the threat of trade protectionism, with a new survey by China Chamber of Commerce to the EU and global consultancy Roland Berger reporting that business sentiment has dropped to a three-year low.



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

Europe

- **Bulgarians** voted in their fourth national election in less than two years on Sunday, with little hope for a stable government emerging because of deep divisions within the political elite over how to tackle entrenched corruption.
- The center-right New Unity party of **Latvian** Prime Minister Karins won Saturday's election, putting him in a position to head another coalition government. The results mean Latvia should remain aligned with Baltic neighbors **Lithuania and Estonia** in pushing the **EU** for a decisive stance against **Russia**.
- **British** Prime Minister Truss was forced to reverse a cut to the highest rate of income tax that helped spark turmoil in financial markets and a rebellion in her party, a troubling start to her leadership role.
- **Ukrainian** forces captured Lyman seized by **Russian** forces in May and used it as a logistics and transport hub for Russian operations in the north of the Donetsk region. Losing it is Russia's largest battlefield loss since Ukraine's lightning counteroffensive in the northeastern Kharkiv region last month. Ukrainian forces are continuing their advance down the west bank of the Dnipro River, prompted widespread criticism of Russia's military command, and demands from President Putin's supporters to prepare a robust response, including the use of a low-yield nuclear weapon.



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

How do You Manage Incident Response?

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.

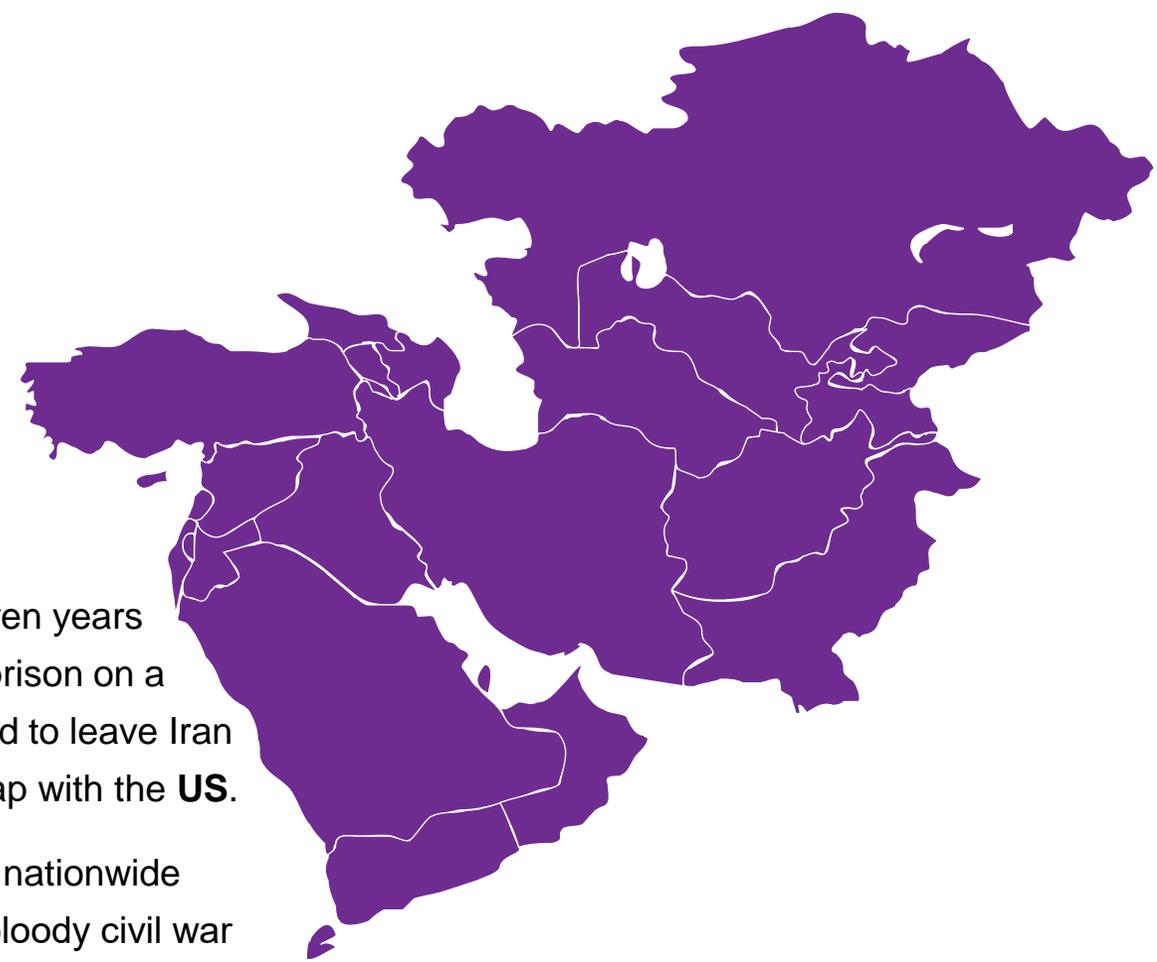
Dentons tabletop sessions are fluid, and designed to enhance preparedness with services, including:

- ❖ 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](#).

Middle East



- Both **Israeli and Lebanese** officials have given initial positive responses to a draft **US**-brokered deal demarcating a maritime border between the countries that may lead to profit-sharing in a disputed Mediterranean gas prospect.
- Siamak Namazi, an Iranian American imprisoned in **Iran** for nearly seven years on espionage-related charges has been allowed out of Tehran's Evin prison on a one-week furlough and his father has also been released and permitted to leave Iran to seek medical care. The release appears to be part of a prisoner swap with the **US**.
- **Yemen's** warring sides have failed to reach an agreement to extend a nationwide cease-fire, endangering the longest lull in fighting since the country's bloody civil war began.
- Protesters rallied across **Iran** over the weekend throughout the country's Kurdish region as demonstrations ignited by the death of a woman in police custody entered their third week. Iran's supreme leader Ayatollah Ali Khamenei responded publicly on Monday, breaking weeks of silence to condemn what he called "rioting" and accuse the **US and Israel** of planning the protests. **Germany, France, Denmark, Spain, Italy and the Czech Republic** have submitted proposals for new **EU** sanctions against Iran for suppressing protests over women's rights.

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

Americas



- **Venezuela** freed seven Americans, including five oil executives, in exchange for two relatives of Venezuelan President Maduro jailed in the **US** on drug convictions
- Protests over ongoing blackouts in **Cuba's** capital continued over the weekend, drawing some of the largest demonstrations since widespread anti-government rallies in July 2021.
- Ortega's government also announced on Friday that **Nicaragua** is suspending diplomatic ties with the **Netherlands**. Nicaragua also said it would not accept the new **US**-appointed ambassador Hugo Rodriguez as its representative in Managua.
- Former President Luiz Inacio Lula da Silva won the presidential vote in **Brazil** but did not secure enough votes for an outright victory, with right-wing President Jair Bolsonaro outperformed polling. A second round of voting is scheduled for the end of the month.
- Hurricane Orlene is headed towards **Mexico's** southwestern coast as a dangerous Category 3 storm and is expected to dump torrential rains, per the National Hurricane Center

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

Americas: US

- Around two-thirds of adults do not plan to get updated **COVID-19 booster shots** soon, according to a survey conducted by the Kaiser Family Foundation.
- **Household spending** rose by a solid 0.4 percent in August after dropping a revised 0.2 percent in July, per the Commerce Department.
- **Hurricane Ian** will likely weigh on US economic growth through the end of 2022, economists say, though rebuilding and recovery will nudge up economic output over the coming years.
- President Biden, in **Puerto Rico** to see hurricane damage, plans to announce today more than \$60 million in federal funding to shore up levees, strengthen flood walls and create a new flood warning system to help the island better prepare for storms.



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

US Pressure on Israel Intensifies Over its Academic and Scientific Ties with China

By Dan Arbell, Special Adviser to Dentons

“The US fears Beijing could access military technology through “dual-use” research efforts, as dual-use technologies can be found in Israeli academic and research programs dealing with cyber, space, communications and long-range observation systems.”

For the last five years, Israeli-Chinese relations have been high on the list of concerns for consecutive American US Administrations. Rapidly increasing great power competition has seen a rise in tensions between Washington and Beijing and as a result US pressure on Israel over its relations with China has intensified. Since 1992 when Israel and China officially established diplomatic relations, there have been tensions over security-military ties between the two countries (in the 1990s and 2000s), as well as technological ties (in the 2010s), coupled with growing Chinese investments and procurements in Israel in recent years. The new American focus in recent months has been on Israel’s academic and research ties with China.

New US Concerns

US pressure on Israel over its academic and scientific ties with China began during President Joe Biden’s visit to Israel in July and

intensified in recent months. A senior Israeli official described it as “a US request we cannot reject,” and senior US and Israeli officials have been engaging in discussions, looking for ways to deal with this problem. Israeli National Security Advisor Dr. Eyal Hulata visited Washington last week and met with Biden’s National Security Advisor Jake Sullivan, with this issue reportedly being raised.

The US fears Beijing could access military technology through “dual-use” research efforts, as dual-use technologies can be found in Israeli academic and research programs dealing with cyber, space, communications and long-range observation systems. The main American concern is over possible leakage of sensitive data to the Chinese of cyber capabilities, mini satellites and electronic warfare systems. This concern is further amplified by the nature of Israel’s civil-military intermingling, as well as by China’s military-civil fusion efforts, in which people move freely from the sector

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

US Pressure on Israel Intensifies Over its Academic and Scientific Ties with China

to defense sector, and systems which have commercial applications can be used in defense products.

Israeli-Chinese Scientific Cooperation

This new dispute is similar to previous US-Israel disputes over China, in which Washington has tried to limit and, in some cases, sever China's influence in Israel (through trade, investments, market penetration and joint projects). It further represents the Biden Administration's intensifying scrutiny over Israeli ties with China, and a widening of the US's areas of concern over these ties.

Spurring US pressure on this issue was a relatively new Israeli initiative launched in October 2021 aimed at increasing scientific collaboration with China. The initiative included financial support for Chinese undergraduates wishing to study in Israel, similar incentives for Chinese doctoral students to come to Israel, and funding for collaborative research projects in life sciences, medicine, exact sciences and technology.

US-Israel Engagement

Ahead of Biden's visit to Israel in July, the Administration was working with the Israeli government on formulating the Jerusalem

Declaration, a document signed by Biden and Israeli Prime Minister Yair Lapid on July 15, which lays out the areas of understanding and cooperation between the two countries. The declaration included an agreement on the launching of the US-Israel Strategic High-Level Dialogue on Technology, described as "*a partnership on critical and emerging technologies*" to bring the cooperation "*to new heights.*" Israel joined an exclusive club of countries, as the US to date has launched this dialogue framework with only three other states: India, Japan and South Korea. The first meeting of the bilateral US-Israel dialogue, chaired by Hulata and Sullivan, took place on September 28 at the White House.

At the meeting, the two sides pledged to establish focused working groups to advance technological cooperation on climate change, pandemic preparedness, artificial intelligence (AI) and the use of powerful quantum computers. In the White House's Fact Sheet from September 30 summarizing the first meeting of the dialogue, an emphasis was placed on the decision to adopt a work plan regarding "*trusted technology ecosystems,*" underscoring the need to manage risks to the two countries' respective technology ecosystems, "*including in research security, export controls and investment*

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

US Pressure on Israel Intensifies Over its Academic and Scientific Ties with China

screening.” These phrases point to a focus on China and growing Israeli alignment on the risks of Chinese technological cooperation.

The Israeli and Chinese Views

Israeli Prime Minister Lapid (and his predecessor Naftali Bennett) have been more sympathetic toward the US position on China-Israel relations than their predecessors, but at the same time are looking for solutions that will not hamper Israel’s technology sector. Israeli NSA Hulata public comments after the meeting of the dialogue group stated Israel’s desire for closer technological cooperation with the US in all areas yet did not mention China directly.

In the aftermath of Biden’s visit to the Middle East, the Head of the Chinese Communist Party’s International Affairs Department summoned Israel’s Ambassador to Beijing for a meeting in which he expressed China’s concerns over US pressure on Israel and warned Israel not to allow US pressure to damage the China-Israel relationship, stressing that it is a critical test point for the relationship and that Israel should not compromise the positive future China-Israel relations have. The Israeli ambassador assured the Chinese official that Israel has an independent foreign policy - including

toward China - yet added that China’s actions in the UN on the Palestinian issue do not help the relationship.

Path Forward

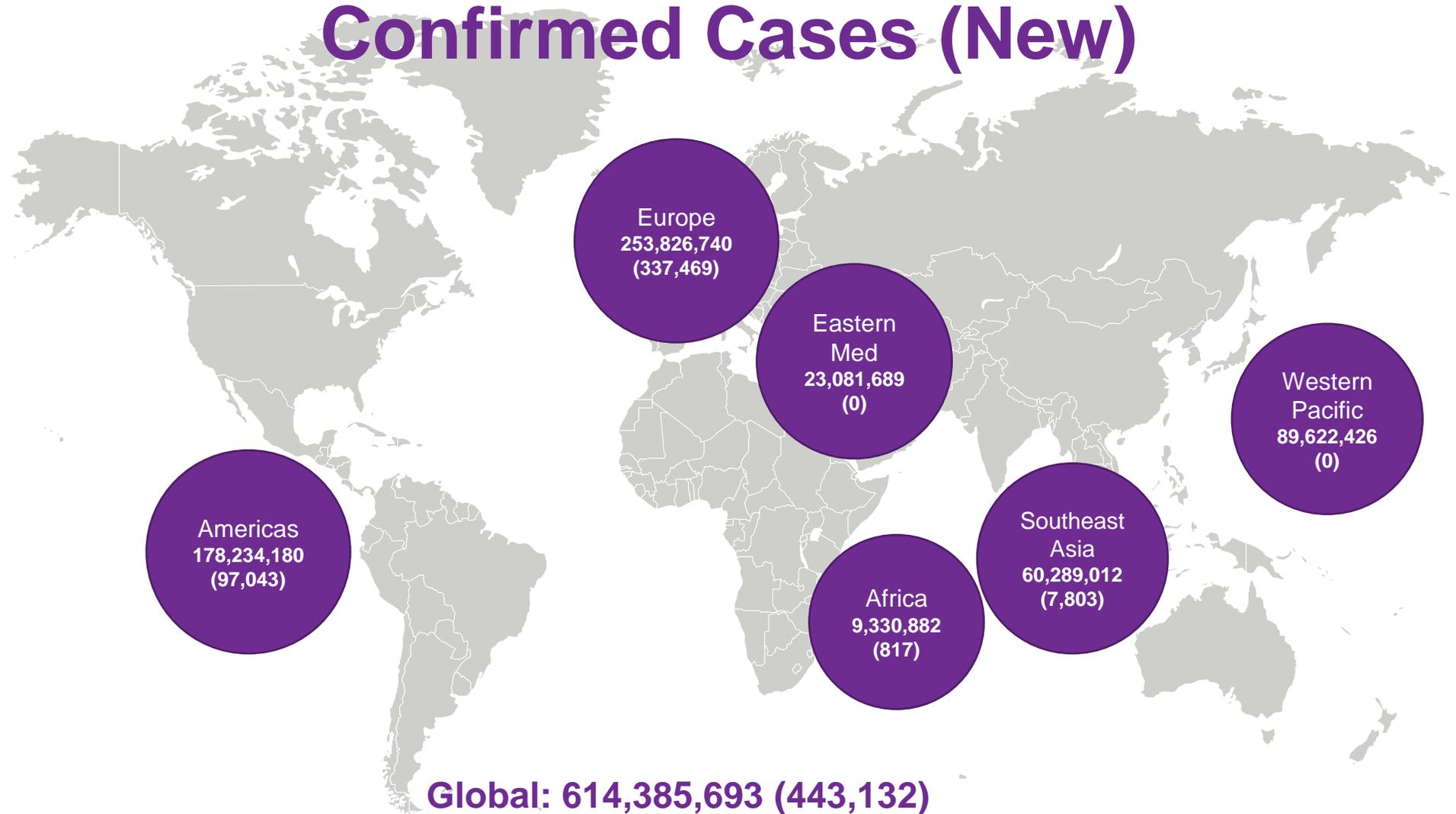
Bilateral cooperation between Israel and China is accelerating in the areas of high tech, agri-tech, biotech and food tech, as China is Israel’s third largest trading partner and its number one source of imports. Bilateral trade and mutual investments have increased substantially over the last five years (China’s are mainly in technology and infrastructure). The US has viewed this trend with great concern and in the past has issued ultimatums to the Israeli leadership over Israel’s relations with China. Israel has agreed to initiate a CFIUS-like process which would bring greater scrutiny of Chinese investments and deals in Israel. The new US focus on Israel-China academic and scientific relations is yet to be resolved, however. The Strategic High Level Dialogue group which kicked off its discussions last week in Washington and is scheduled to meet again in early 2023 in Israel will likely serve as a venue for airing out the differences between the US and Israel, as well as trying to find an accommodation which is acceptable to both sides.

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

Coronavirus Condition Updates

As of 6:20 pm CEST on September 30, 2022

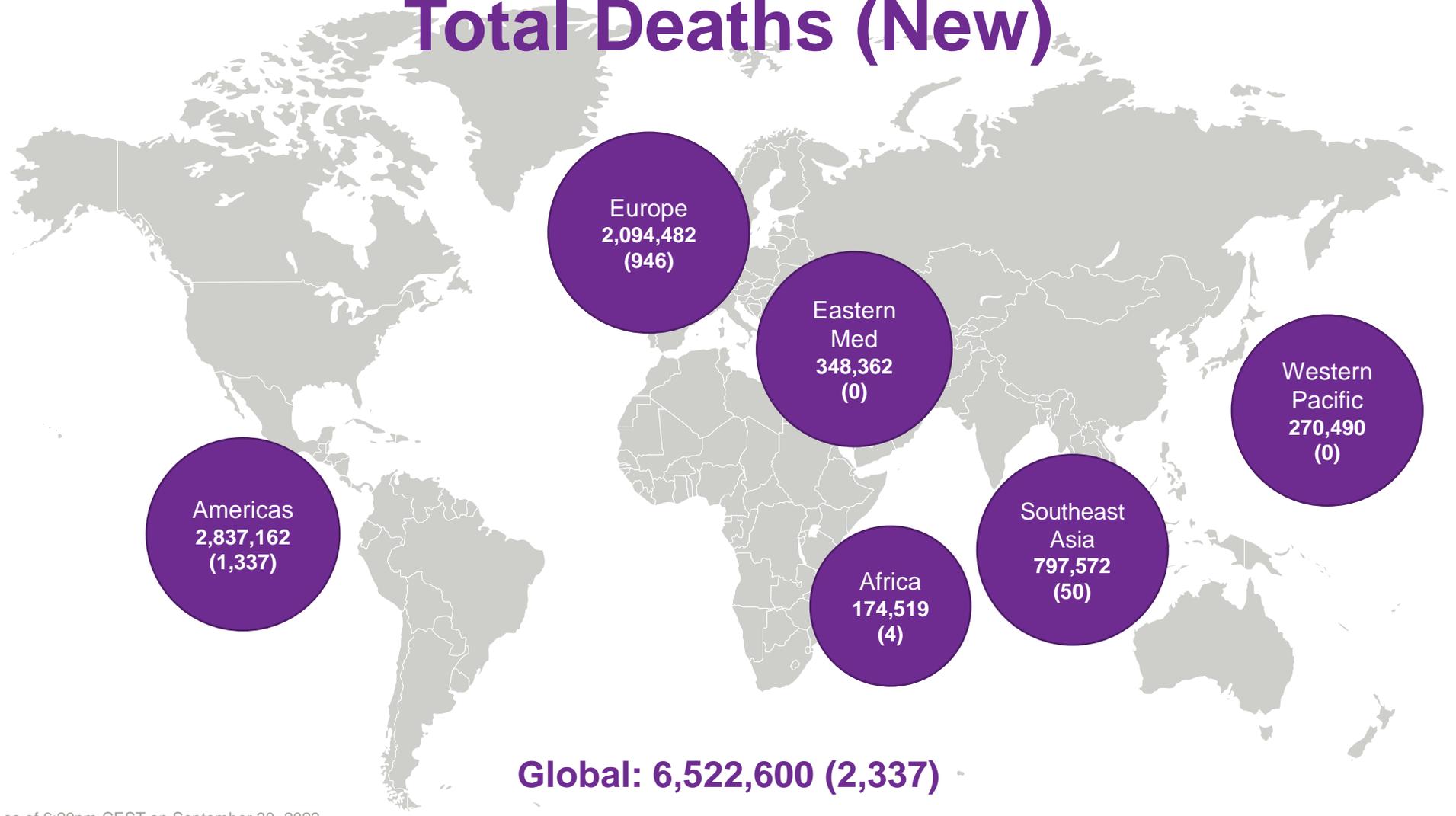
Confirmed Cases (New)



Reflects data as of 6:20pm CEST on September 30, 2022.
Data Source: World Health Organization

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

Total Deaths (New)



Reflects data as of 6:20pm CEST on September 30, 2022.
Data Source: World Health Organization

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

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.

Karl Hopkins

Partner and Global Chief Security Officer
Dentons
Washington, DC

D +1 202 408 9225
karl.hopkins@dentons.com

Melissa Mahle

Senior Analyst
Dentons
Washington, DC

D +1 202 408 6383
melissa.mahle@dentons.com