

# Dentons Flashpoint

## Daily Global Situation Report

November 4, 2021

# Global Situation Update: November 4, 2021

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## KEY TAKEAWAYS

COVID-19 cases decline across South and Central America for the 8th consecutive week.

A Pentagon report highlights China's rapid expansion of nuclear stockpiles.

The focus of the COP26 summit today is on energy, targeting coal use and financing of fossil fuel projects.

# Global Situation Update: November 4, 2021

## WHAT WE'RE WATCHING

Today, an important OPEC+ Ministerial Meeting will be held virtually to determine the levels of oil output for the month of December. The decision to pump more fossil fuel comes as world leaders meet to combat climate change. Yesterday at the COP26 summit, US President Biden blamed higher oil and gas prices on OPEC and Russia. Calls from Biden and oil refiners to alleviate short-term market tightness are not expected to be answered by OPEC+ producers.

With oil prices currently at three-year highs, the US, Japan and India are calling on OPEC to raise output more aggressively. Some OPEC+ members have signaled they may consider a marginal uptick to supply of between 600,000 barrels to 1 million barrels per day to help alleviate world markets.



**OPEC:** *Algeria, Angola, Congo, Equatorial Guinea, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Saudi Arabia, the UAE, and Venezuela*

**OPEC+:** *OPEC and Azerbaijan, Bahrain, Brunei, Kazakhstan, Malaysia, Mexico, Oman, Russia, South Sudan, and Sudan*

*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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**Globally, confirmed coronavirus cases topped 247.4 million with 5 million deaths; almost 6.8 billion vaccine doses have been administered.**

- The focus of the **COP26 summit** today is on energy. Poland, Vietnam, Chile and other countries will pledge today to phase out coal-fueled power generation and stop building new plants, in a deal that will commit 190 nations and organizations to quit burning coal.
- Britain will lead a non-binding deal among at least 19 countries to end the **financing of fossil fuel projects** abroad.
- The World Health Organization approved India's **Bharat Biotech's COVID-19 vaccine**, Covaxin, for emergency use.
- The UK medicines regulator has granted the first authorization to **Merck's antiviral pill for COVID-19**, a drug that has been hailed by public health experts as a new tool to combat the pandemic.

# Markets & Business

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## Credit Suisse plans to exit the prime brokerage business that left it with \$5.1 billion of losses this year.

- Chinese property developer **Kaisa Group Holdings Ltd** missed a payment on a wealth management product, adding to default worries for the debt-strapped firm.
- UK-based e-mobility firm **Bedeo** said on Thursday it has acquired **Protean Electric** from **China Evergrande Group's** automotive unit.
- Palestinian activists accused **Facebook** of censoring criticism of Israel following pressure from the Israeli government.
- **Nintendo Co Ltd** cut its full year Switch sales forecast by 6 percent and said it is struggling to meet demand for the year-end shopping season due to chip shortages.
- Swiss drugmaker **Novartis** is to sell its stake in domestic rival **Roche**, ending to a two-decade old investment now worth \$21 billion.
- **Ford** sales continued to improve following a steep drop in August as available inventory increased.

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# Environment, Sustainability & Governance

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**The body responsible for international accounting standards has announced it will create a new board to develop sustainability disclosure requirements to try to tackle greenwashing by companies, with the first set of climate standards from the International Sustainability Standards Board to come in the second half of next year.**

- European financial regulators in France, Britain, Sweden, the Netherlands and Switzerland say they are uncovering more cases of **greenwashing** by asset managers cashing in on booming demand for sustainable finance and prompting regulatory actions.
- The US announced its support for a **new capital market mechanism** that will issue investment-grade bonds and raise significant new finance for scaling **clean energy and sustainable infrastructure** in emerging economies.
- The Bank of Canada announced it would develop new models and data sources to better understand how **climate change is affecting the economy** and vowed to include these findings in its quarterly forecasts to help markets price risks.

# Africa

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- The **US** has asked Israeli officials to put pressure on **Sudan's** coup leader, General Abdel Fattah al-Burhan, to restore the civilian government.
- The **UN** launched a new finance mechanism at COP26 aimed to save **African** nations \$11 billion in borrowing costs over the next five years while furthering green investments.
- Marking the one-year anniversary of the start of **Ethiopia's** civil war with Tigray, Prime Minister Abiy Ahmed pledged to bury the government's enemies "*with our blood.*" The **UN** rights chief denounced "*extreme brutality*" in the war, a day after a report found crimes against humanity on both sides. The **US** Embassy in Addis Ababa has authorized the voluntary departure of some staff and family members as rebel forces make advances towards the capital.
- The party of deposed **Guinean** president Alpha Conde held its first conference since the coup, in which it called for Conde's release and a plan for a democratic transition.

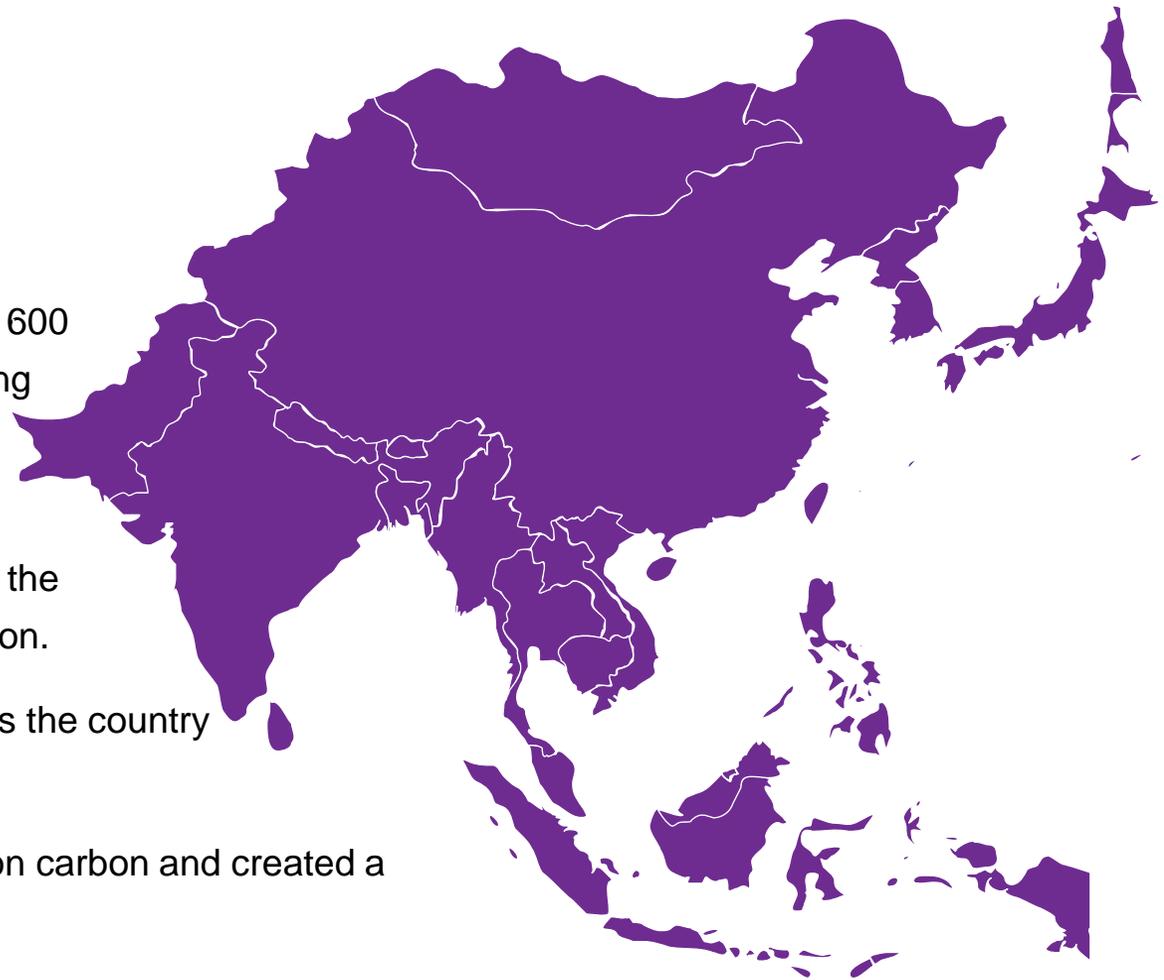


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# Asia

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- **Hong Kong** will begin rolling out booster shots next week. More than 600 local infections have been found in 19 of **China's** 31 provinces, making the current Delta-driven outbreak China's biggest since the virus first emerged in Wuhan; China recorded 93 new cases on Wednesday.
- The **Chinese** military began a week of live-fire ammunition training in the East China Sea, as the **US and Japan** also hold joint drills in the region.
- **Japan's** Takara Bio will begin producing mRNA vaccines next year, as the country seeks to reduce its reliance on vaccine imports.
- At COP26, **Indonesia** announced a new regulation that sets a price on carbon and created a carbon trading mechanism.
- According to the **US** Defense Department's annual report to Congress on **China's** military power, China is rapidly expanding its nuclear stockpile and may quadruple its store of nuclear warheads by 2030; a top Pentagon official also said Wednesday that China's advances in hypersonic missile technology represents a "fundamental change" in military balance of power.

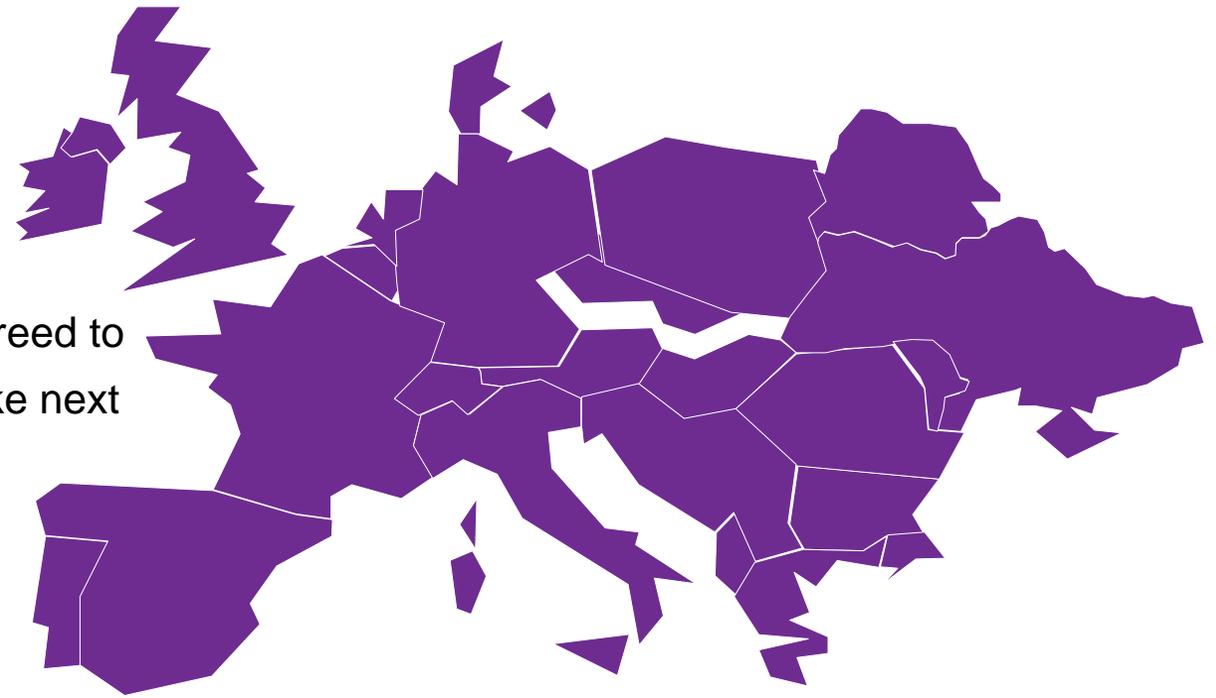


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# Europe

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- **Hungary's** government and private sector employers agreed to the framework for a nearly 20 percent minimum wage hike next year; the wage hike is part of Prime Minister Orban's economic efforts ahead of 2022 elections.
- **Turkish** authorities started legal proceedings against 30 people over Twitter posts suggesting that President Erdogan was dead.
- **Poland** announced plans to scrap a judicial disciplinary chamber that is key in its dispute with the **EU** over legal supremacy amid a broader judicial overhaul that will shrink the supreme court.
- The **Ukrainian** parliament approved President Zelenskiy's nominee Oleksii Reznikov as the new defense minister. A 55-year-old former lawyer and deputy prime minister, Reznikov will replace Andrii Taran who resigned this week under criticism for failing to move forward reforms. .



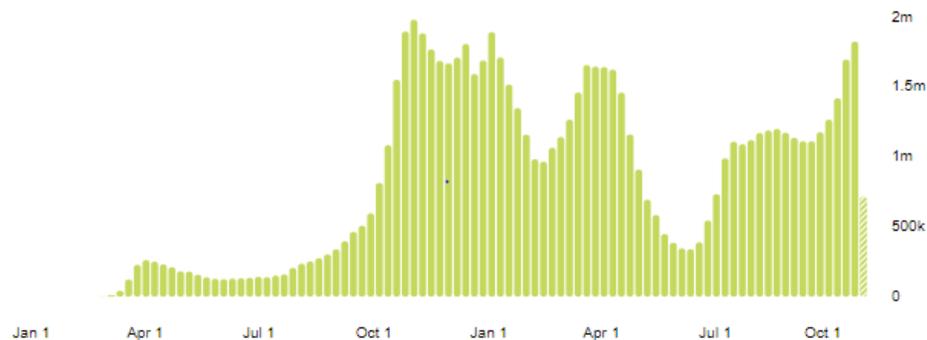
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# Europe

Countries across Europe have been reporting rises in coronavirus infections, prompting debate over whether to reintroduce restrictions and how to persuade more people to get vaccinated. Germany reported the highest daily increase since the start of the pandemic last year. Britain's new cases have persisted above 30,000 a day since early September. France reported 10,050 daily new infections, the highest since mid September.

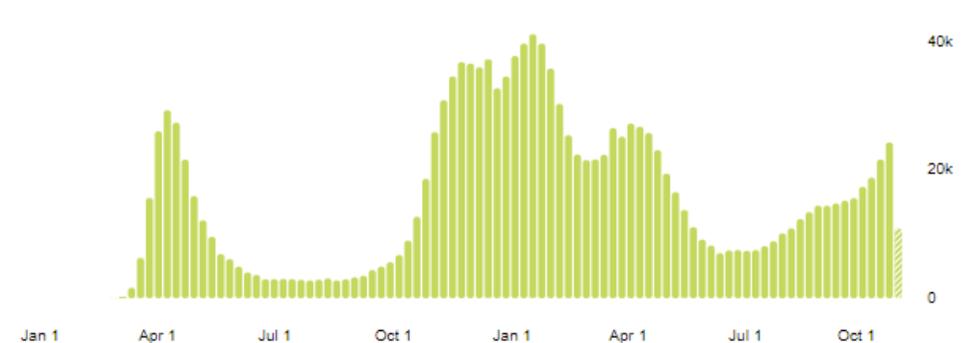
## Europe

77,527,689  
confirmed cases



## Europe

1,436,542  
deaths

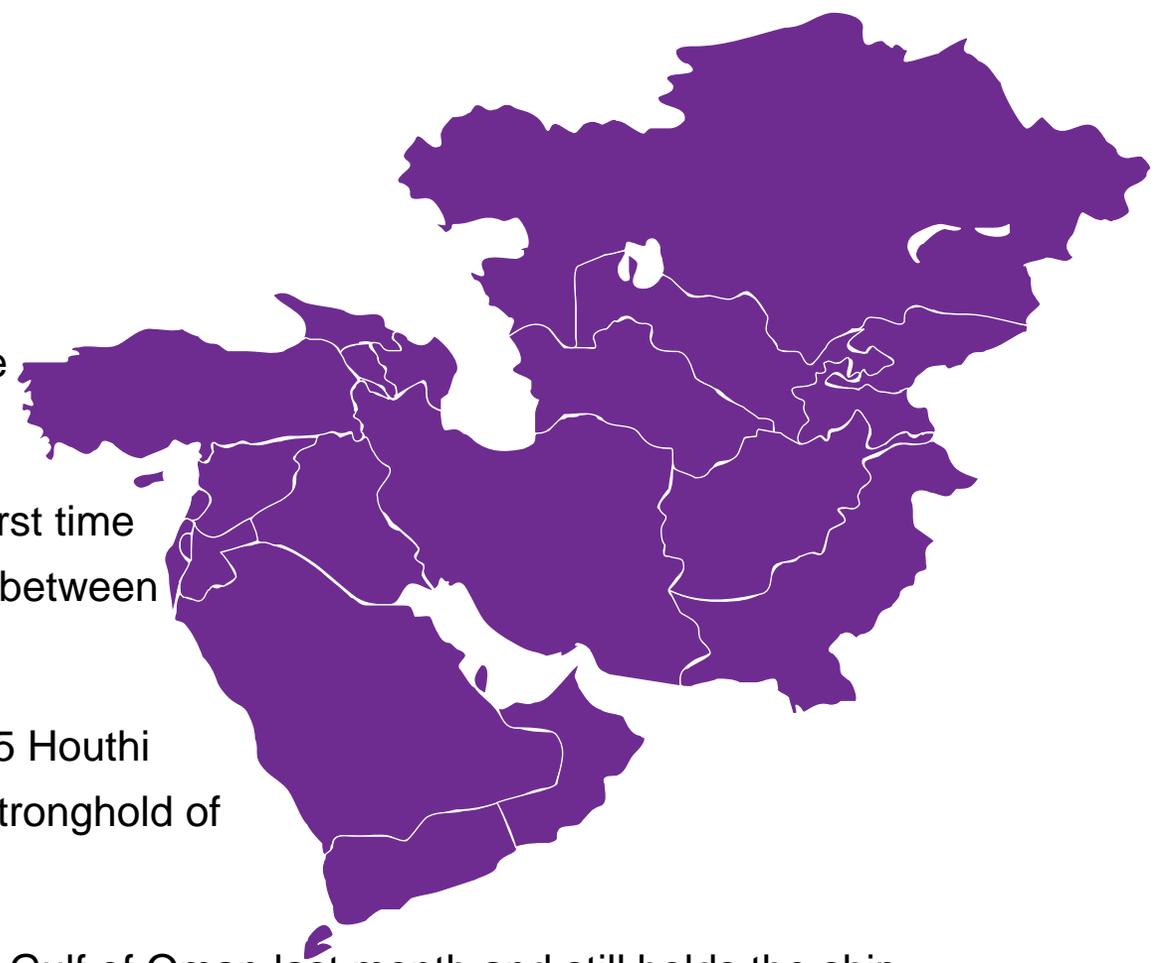


Source: WHO

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# Middle East

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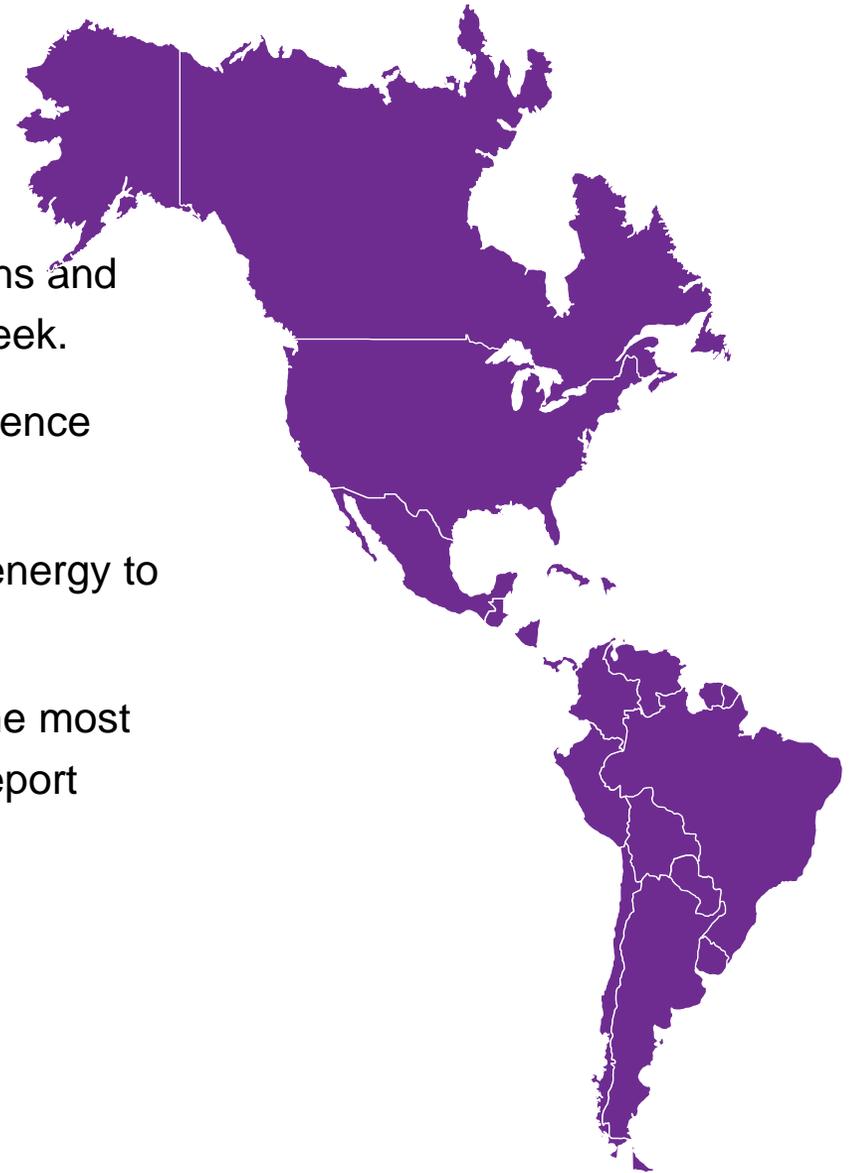
- **Saudi Arabia** approved the use of Pfizer's COVID-19 vaccine for children aged 5 – 11 years old.
- The economy ministers from **Israel and Jordan** met for the first time in over a decade, marking a further sign of warming relations between the two countries.
- The Saudi-led coalition fighting in **Yemen** said it had killed 145 Houthi fighters over the last 24 hours as fighting in the government stronghold of Marib escalates.
- **US** officials said that **Iran** seized a **Vietnamese** tanker off the Gulf of Oman last month and still holds the ship.
- **Egypt's** President Sisi ordered his administration to begin the process of moving offices to a new administrative capital outside of Cairo.
- **Syria** will lift subsidies on basic goods for its 800,000 richest citizens in a bid to balance state finances; even if conflict subsides, the economy will remain a major hurdle for Assad.

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# Americas

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- The Pan American Health Organization (PAHO) said that COVID-19 deaths and cases have now declined across the **Americas** for the 8th consecutive week.
- Hundreds of people marched in **Mexico's** capital yesterday to protest violence against women amidst a steady nationwide increase in femicides.
- **Mexican** lawmakers said they hoped to fully approve a radical reform of energy to April, the same day the **US** expressed concern over the proposal.
- The Inter-American Commission on Human Rights named **El Salvador** the most unsafe country for women in Latin America and the Caribbean in a new report published Wednesday.



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# How do You Manage Risks?

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*The coronavirus pandemic has not just added a new layer of risk for business leaders to navigate, but has accelerated drivers of change, including disruptive technologies, political and economic realignments and cultural priorities on equality, justice and conservation, while increasing vulnerabilities that bad actors seek to exploit.*

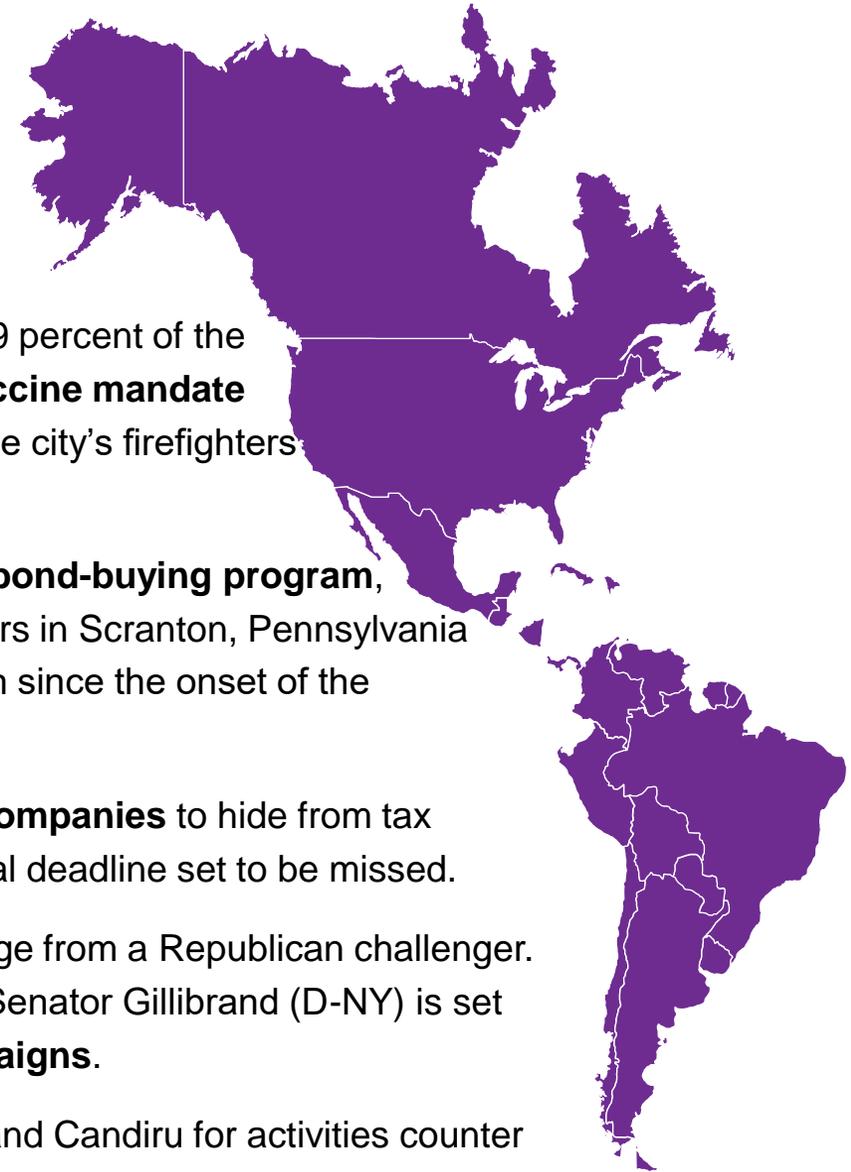
*Dentons Intelligence and Security Services Group offers bespoke services to provide business leaders with the intelligence they need to understand and thrive in complex operating environments.*

- ❖ due diligence and compliance investigations
- ❖ physical and cyber security assessments
- ❖ country and political risk assessments
- ❖ enterprise risk management and organizational resiliency advice
- ❖ crisis and incident response (physical security breaches and cyber incidents, insider threats and reputational impacts)

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

# Americas: US

- Across the nation, 222.3 million have received at least one dose of the **vaccine**; or 66.9 percent of the total population. New York City mayor elect Eric Adams says he plans to review the **vaccine mandate** for municipal workers, which have been unpopular among some unions representing the city's firefighters and police officials.
- The US Federal Reserve will start to wind down its pandemic-era \$120 billion monthly **bond-buying program**, a milestone for recovery. Growth in services sector hit a record high in October. Teachers in Scranton, Pennsylvania are on strike for better pay and healthcare in the **first major strike** by a teacher's union since the onset of the pandemic.
- The Corporate Transparency Act, a new law that will stop US businesses using **shell companies** to hide from tax authorities, faces delays for implementation at the Treasury department, with a key legal deadline set to be missed.
- Democratic New Jersey Governor Phil Murphy narrowly fended off an **election** challenge from a Republican challenger. Michelle Wu became the first woman and person of color to serve as Boston's mayor. Senator Gillibrand (D-NY) is set to introduce legislation barring foreign nationals from **financing US referendum campaigns**.
- The Commerce Department **blacklisted Israeli cyber intelligence companies** NSO and Candiru for activities counter to US national security and foreign policy interests, saying the US has evidence that both companies were used to "*maliciously target government officials, journalists, businesspeople, activists, academics, and embassy workers.*"



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## Defining a Level of Acceptable COVID-19 Risk for a Return to “Normal”

***“If risk thresholds can be established at the federal level, there will be a clearer pathway for a “return to normal.” US businesses will be able to make return to office plans based on specific local criteria and will not be left to react based on what other companies are doing.”***

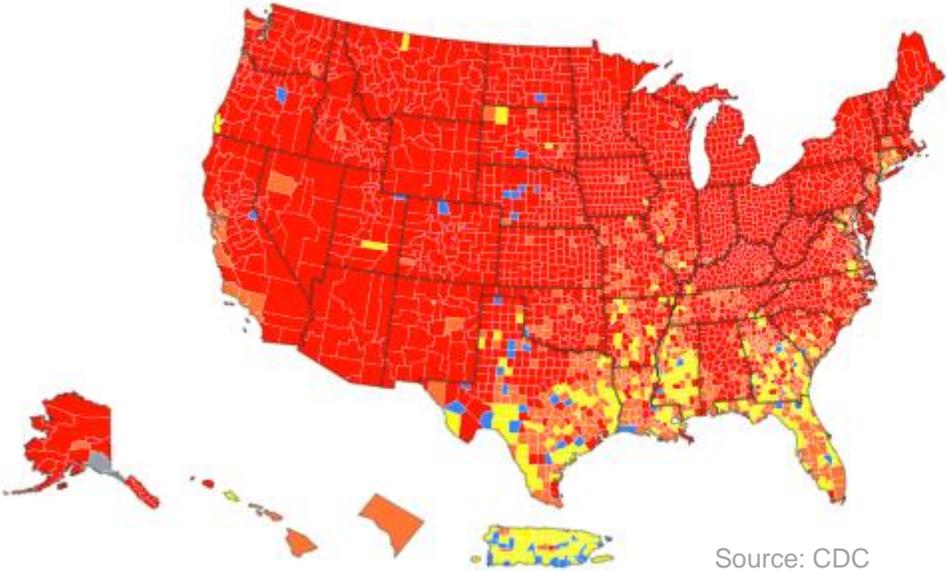
With the race to develop a vaccine, manufacture and distribute billions of doses, an expectation emerged that, in time, vaccines would provide the exit-ramp from the public health crisis to a return to normal. In the US, President Biden set 70 percent of the eligible population as the vaccination goal. While the US is still short of this goal (just 59 percent of the population has been fully vaccinated), the recommendation this week by the US Centers for Disease Control and Prevention for use of the Pfizer/BioNTech vaccine for children ages five and older will provide a significant boost to overall vaccination rates and relief to many families.

Despite the positive vaccine developments, US public health officials are not stepping forward with recommendations to political leaders to lift mitigation measures. The reality is that COVID-19 continues to spread uncontrolled within

American communities. According to the CDC, 73 percent of US counties continue to have “high” community transmission rates. Less than 10 percent have moderate or low rates of spread.

Views of public health officials are evolving, with a growing consensus that herd immunity will not be attainable in the US anytime soon because of the high transmission rate of the Delta variant, waning immune protection from vaccination and significant pockets of the unvaccinated. In addition, the longer the virus circulates, the greater the chance that new variants will emerge, reversing gains as we saw in the UK in June and the US in August when new infections spiked with the spread of the Delta variant. Currently, epidemiologists are watching AY.4.2, which some are calling “Delta Plus,” as it contains mutations that might give the virus survival advantages.

# Defining a Level of Acceptable COVID-19 Risk for a Return to “Normal”



Source: CDC

Community Transmission in US by County

	Total	Percent	% Change
High	2353	73.03%	-3.01%
Substantial	547	16.98%	1.46%
Moderate	246	7.64%	1.21%
Low	71	2.2%	0.4%

How is community transmission calculated?

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# Defining a Level of Acceptable COVID-19 Risk for a Return to “Normal”

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If herd immunity is not feasible to defeat COVID-19, what is the alternative? Many experts believe that COVID-19 will become an endemic disease, one we will have to learn to live with, like the seasonal flu. If this is the case, the challenge becomes establishing a public health policy that is sufficiently agile to adjust to new waves of infections so that hospital systems do not become swamped, but not so onerous that community buy-in becomes unsustainable. Experts are considering a combination of criteria to establish thresholds for action to stabilize hospitalization rates and reduce deaths during surges, including vaccination rates, local transmission rates, hospitalizations and deaths stratified by age and vaccine status, and incidents of long COVID.

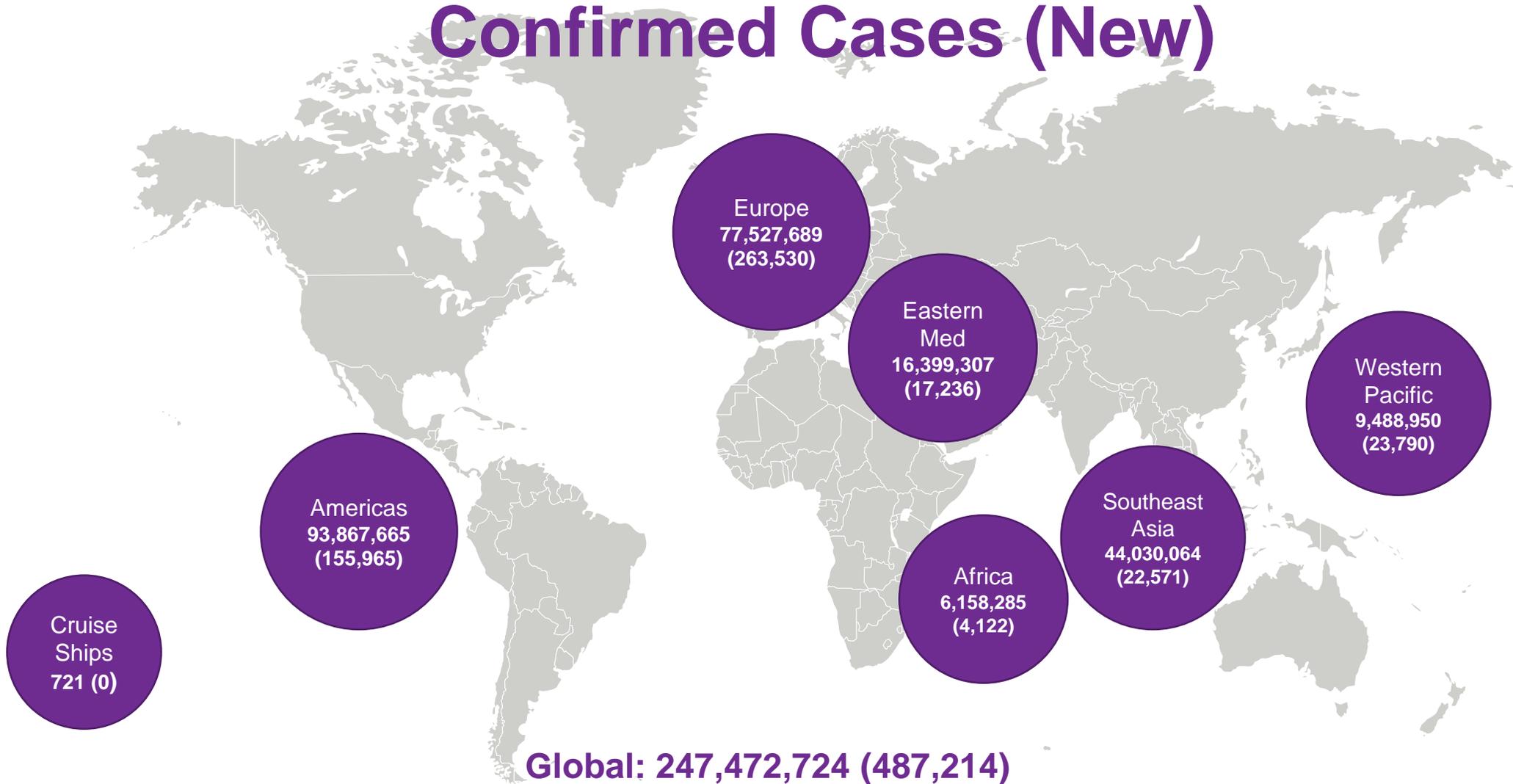
If risk thresholds can be established at the federal level, there will be a clearer pathway for a “return to normal.” US businesses will be able to make return to office plans based on specific local criteria and will not be left to react based on what other companies are doing.

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# Coronavirus Condition Updates

As of 5:21 pm CEST on November 3, 2021

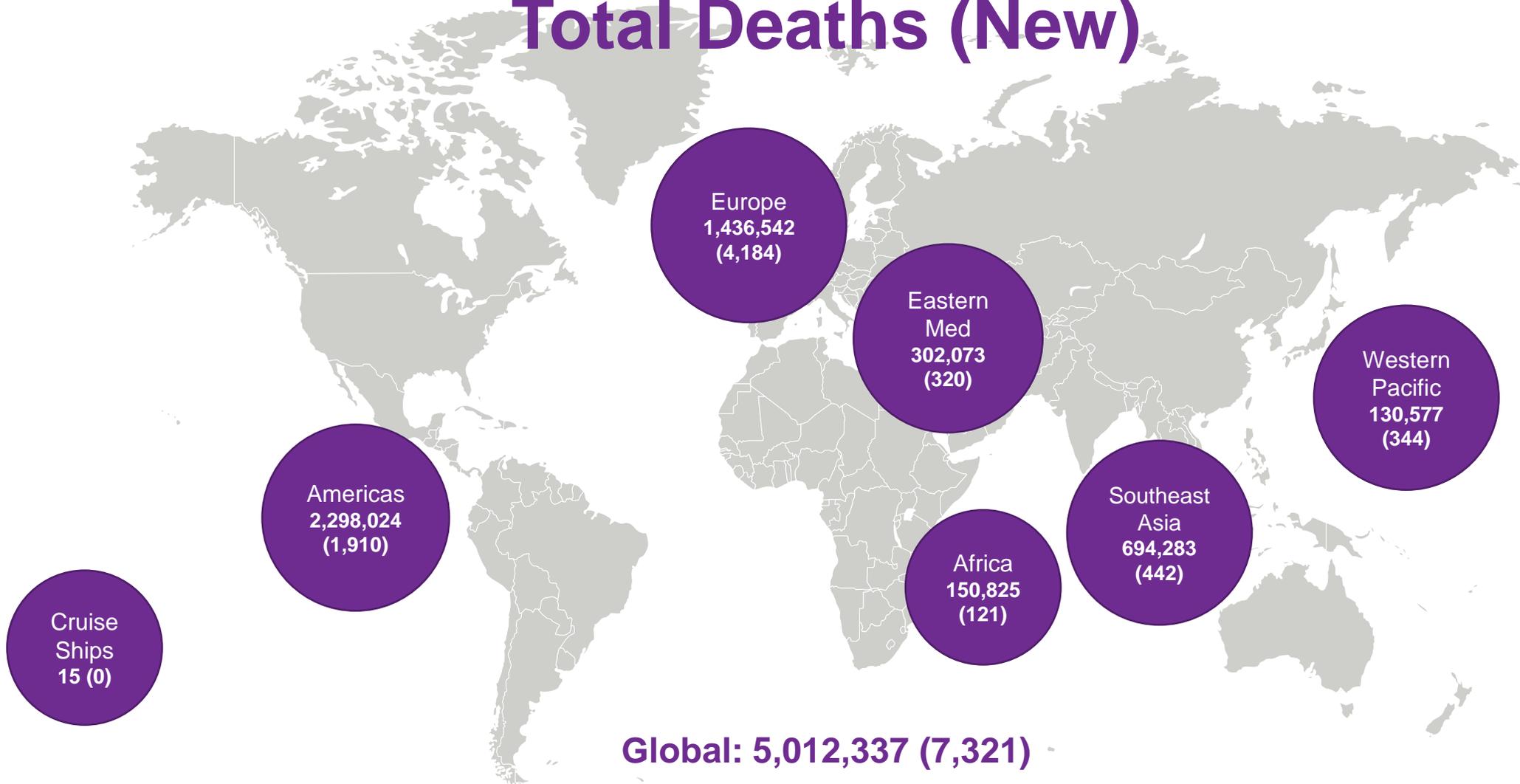
# Confirmed Cases (New)



Reflects data as of 5:21 pm CEST on November 3, 2021.  
Data Source: World Health Organization

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# Total Deaths (New)



Reflects data as of 5:21 pm CEST on November 3, 2021.  
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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