

Dentons Flashpoint

Daily Global Situation Report

October 18, 2021

Global Situation Update: October 18, 2021

KEY TAKEAWAYS

NATO's new strategic doctrine expands to include China.

France's Valneva's COVID-19 vaccine elicits stronger immune response.

China's economy recorded a steeper-than-expected economic slowdown in Q3.

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 18, 2021

WHAT WE'RE WATCHING

Today, the US and 30 other countries are taking coordinated steps to address the threat of ransomware against public and private entities. The group of “like minded” nations met virtually last week and are now working together to disrupt ransomware operators, combat the illicit use of virtual currency by cybercriminals and more. At the Counter Ransomware Initiative meeting, which did not include China and Russia, one European country proposed to establish benchmarks for expected cybersecurity spending, akin to NATO commitments to defense spending.

The enhanced coordination takes place as the US Treasury just estimated that ransomware payments in the first half of 2021 totaled \$590 million, which is more than in all of 2020. Tomorrow, six of the most senior cybersecurity officials in the US will discuss the next generation of public-private cybersecurity partnerships at a leading American university, which could help provide a blueprint for other cyber allies.

Counter Ransomware Initiative countries



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

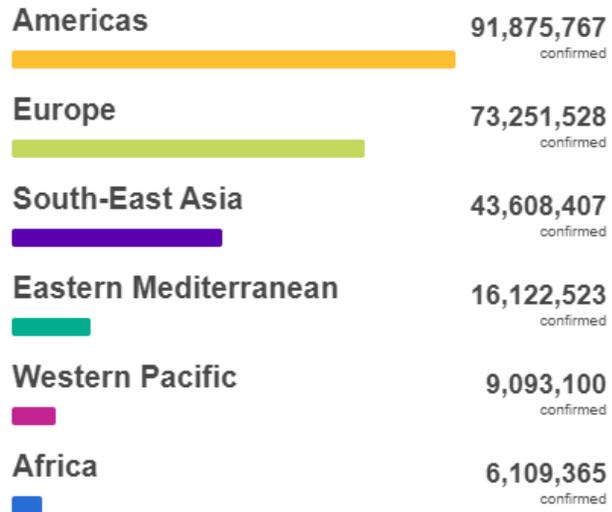
Global

Globally, confirmed coronavirus cases topped 240.0 million with 4.8 million deaths; more than 6.4 billion vaccine doses have been administered.

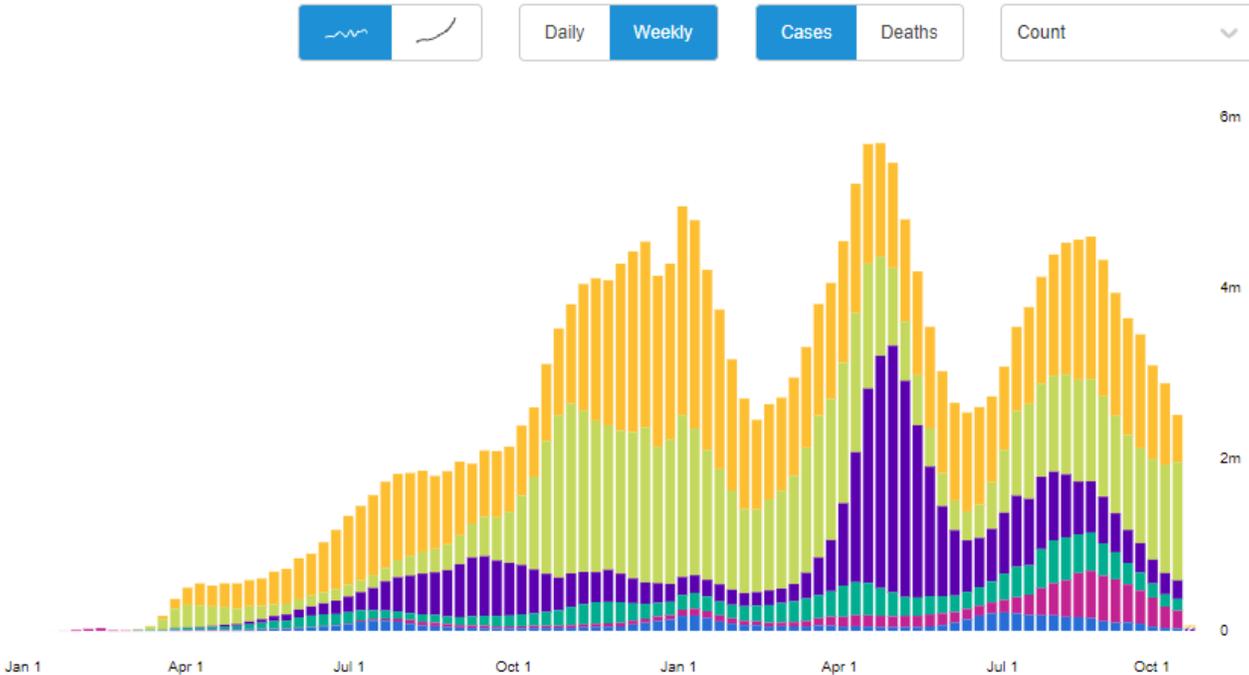
- Secretary-general Jens Stoltenberg revealed a significant broadening of **NATO's objectives in its new strategic doctrine**, reflecting the US's geostrategic pivot to Asia and the impact on European security through China's cyber capabilities, new technologies and long-range missiles.
- France's **Valneva's COVID-19 vaccine** elicits a stronger immune response and far fewer side effects than the Oxford/AstraZeneca jab, according to newly released trial results.
- Two activists opposing the **2022 Olympic Games** over China's human rights record were arrested in Athens on Sunday ahead of today's torch-lighting ceremony.

Global

Situation by WHO Region



Source: World Health Organization
Data may be incomplete for the current day or week.



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

Markets & Business

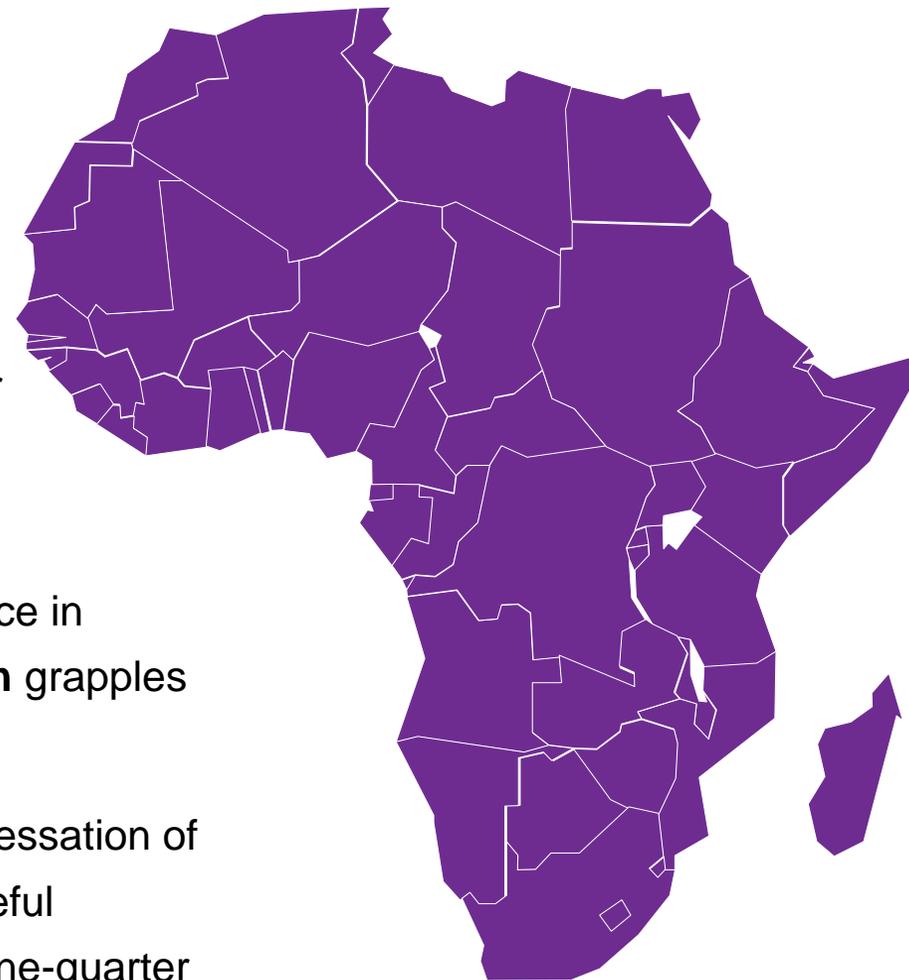
BioNTech/Pfizer and Moderna will dominate the COVID-19 vaccine market next year, generating \$93.2 billion in combined sales, almost double the amount in 2021, according to a new forecast by Airfinity, a health data analytics firm.

- **World shares** dipped on Monday after data showed slower-than-expected growth in China's economy last quarter and surging oil prices fed inflation concerns.
- **Facebook** plans to hire 10,000 in the EU over the next five years, to help build the so-called metaverse - a nascent online world where people exist and communicate in shared virtual spaces.
- **Ford** announced it would invest up to 230 million pounds (\$316 million) to build electric car components at its Halewood factory in northern England.
- **Supply chain problems** that are dragging on the economy's post-lockdown recovery will persist for at least a year, according to a survey of chief financial officers at top British companies.
- **Goldman Sachs** has received regulatory approval to take full ownership of its securities joint venture in China, allowing the investment bank to expand in the country as Beijing eases restrictions on foreign firms in its finance industry.

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

Africa

- Police in **Democratic Republic of Congo** used tear gas to break up clashes between supporters of the president and an opposition leader on Saturday, as lawmakers selected a new head of the electoral commission.
- Thousands of demonstrators gathered in front of the presidential palace in Khartoum on Saturday calling for the military to seize power as **Sudan** grapples with the biggest political crisis in its two-year-old transition.
- **Central African Republic** President Touadera declared a unilateral cessation of fighting against armed groups, saying he hoped it would lead to peaceful dialogue. Armed groups control large swathes of territory and about one-quarter of the nearly 5 million population has been displaced.
- Opposition candidate and former prime minister Jose Maria Neves won **Cape Verde's** presidential election on Sunday; the ruling party has conceded.



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

Asia

- Southeast Asian countries will invite a non-political representative from **Myanmar** to a regional summit this month, delivering an unprecedented snub to the military leader who led a coup against the elected government.
- The **Chinese** military on Sunday condemned the **US and Canada** for each sending a warship through the Taiwan Strait last week, calling it a threat to peace and stability in the region.
- A US intelligence report reports that the **Chinese** military launched a rocket carrying a hypersonic glide vehicle that flew through low-orbit space, circling the globe before cruising towards its target, which it missed by about two dozen miles, assessing that China had made astounding progress on hypersonic weapons and was far more advanced than US officials realized.



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 Risks?

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.

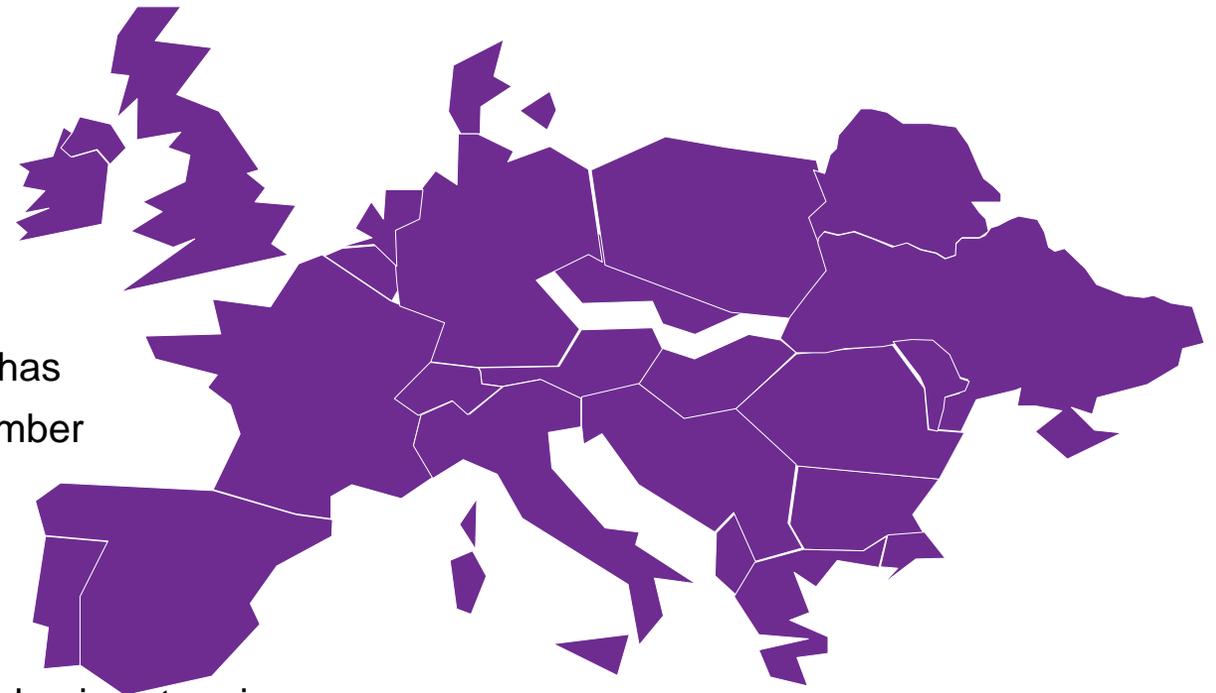
Dentons Intelligence and Security Services Group offers bespoke services to provide business leaders with the intelligence they need to understand and thrive in complex operating environments.

- ❖ 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](#).

Europe

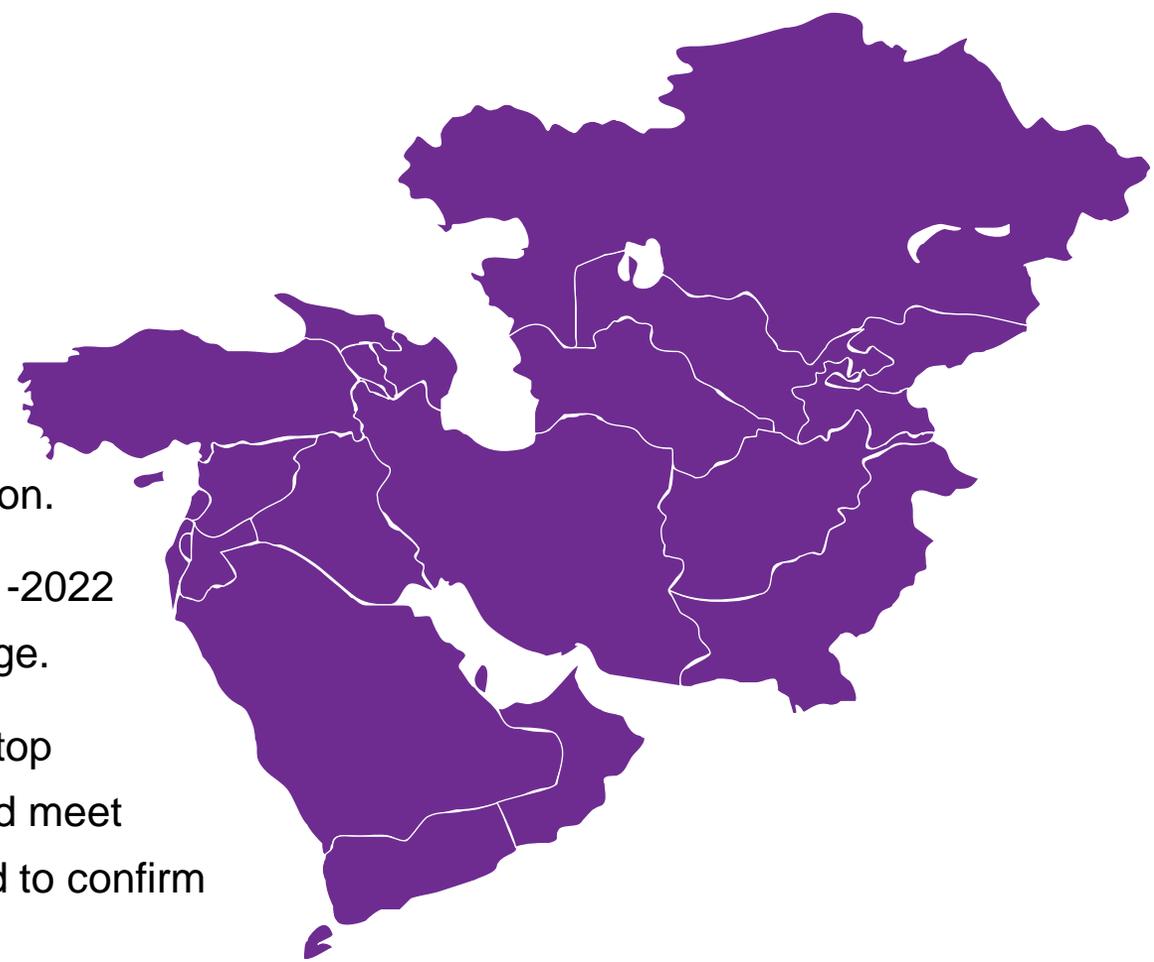
- France's ambassador has been ordered out of **Belarus** and has already left the country, increasing tensions between **EU** member states and Belarus.
- **British** police are questioning a 25-year-old man they say stabbed to death a Conservative member of parliament as authorities seek to determine whether he was motivated by Islamic extremism.
- **Germany's** Green party on Sunday followed its prospective partner, the center-left Social Democrats, in clearing the way for official three-way negotiations with the business-friendly Free Democrats to form the next government.
- The Organization for Security and Cooperation on Europe has suspended its monitoring mission in eastern **Ukraine** following protests near its headquarters in separatist-controlled Donetsk, citing security concerns.
- The governor of the Bank of England warned on Sunday that it “*will have to act*” to curb inflationary pressure. House prices in the **UK** have hit records across all sectors and regions for the first time in nearly 15 years, with buyers jostling to scoop up a home ahead of predicted interest rate rises.



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

Middle East

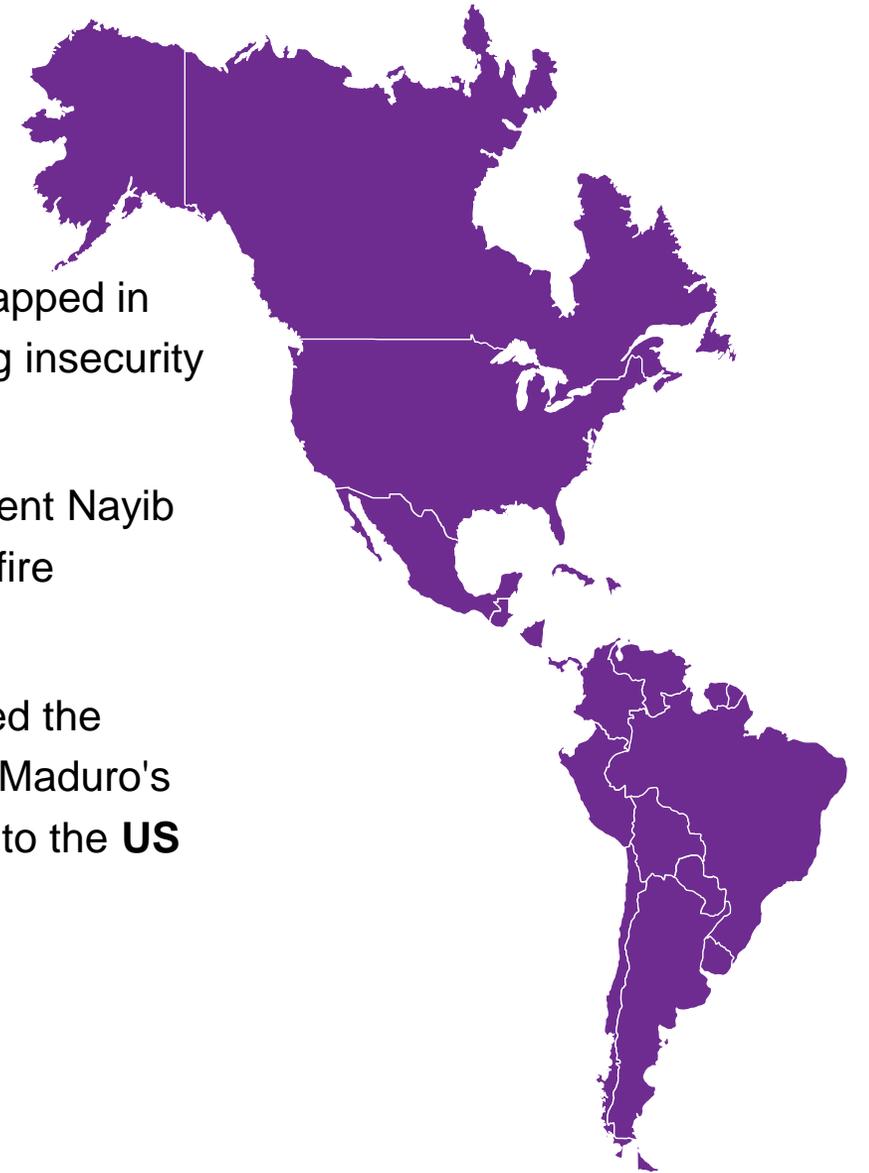
- The UN Special Envoy for **Syria** announced that the Assad government and opposition co-chairs of the Syrian Constitutional Committee had agreed to draft a new constitution.
- **Iraq's** agriculture ministry announced it would reduce its 2021-2022 winter crop planting area by 50 percent due to a water shortage.
- Speaking ahead of the **EU** foreign ministers meeting, the EU top diplomat Josep Borrell hoped EU and **Iranian** diplomats would meet soon to discuss a potential return to nuclear talks but declined to confirm reports of a meeting in Brussels on Thursday.



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

Americas

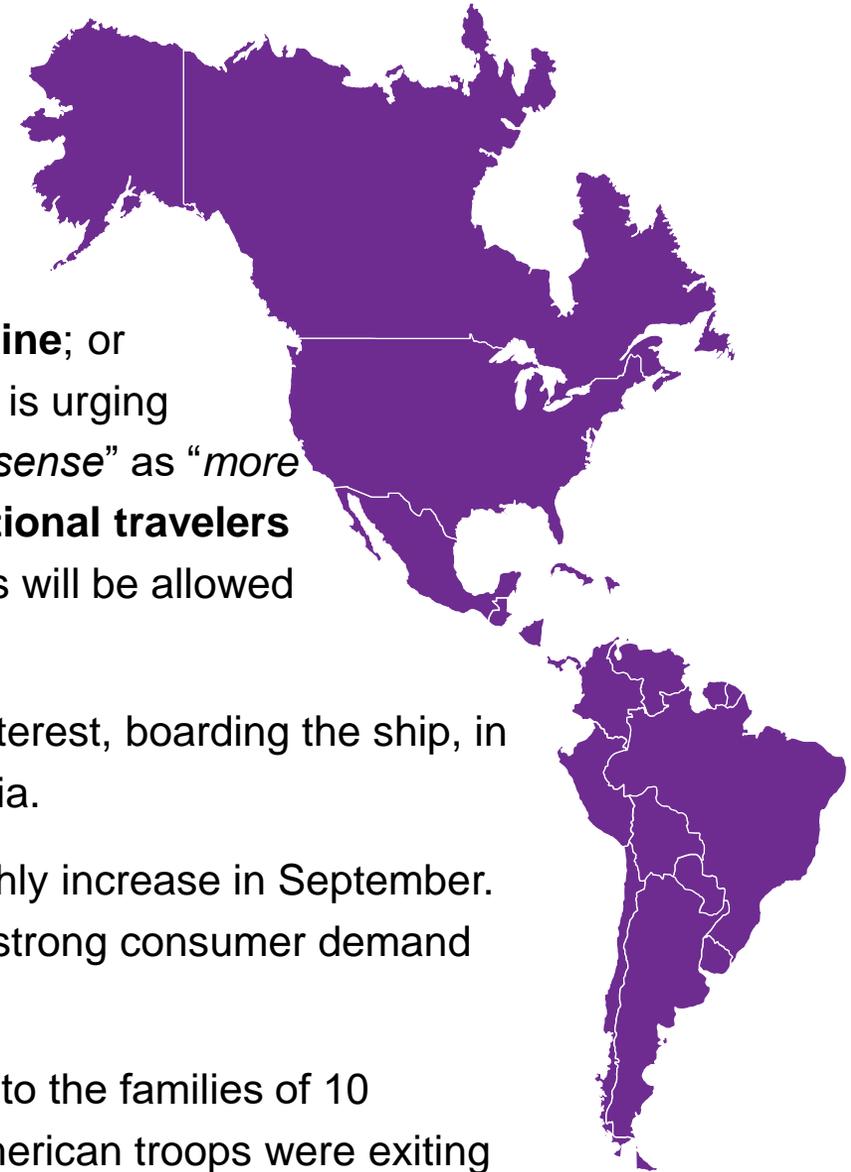
- A missionary group including 16 Americans and one Canadian were kidnapped in **Haiti** on Saturday while on a trip to an orphanage, the last sign of growing insecurity caused by gang activity.
- Thousands of people in **El Salvador** protested on Sunday against President Nayib Bukele, unhappy with his decision to adopt bitcoin as legal tender and to fire Supreme Court judges, viewed by critics as a power grab.
- The chair of the **Venezuelan** opposition negotiating team on Sunday urged the government to resume talks as soon as possible, after President Nicolas Maduro's administration suspended talks when its envoy Alex Saab was extradited to the **US** from **Cape Verde** on money laundering charges.



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

Americas: US

- Across the nation, 218.8 million have received at least one dose of the **vaccine**; or 65.9 percent of the total population. Top infectious-disease expert Dr. Fauci is urging **police officers** to get vaccinated, saying the resistance “*doesn’t make any sense*” as “*more police officers die of COVID than they do in other causes of death.*” **International travelers** who are fully vaccinated with mixed doses of approved coronavirus vaccines will be allowed into the US, per updated guidance from the CDC.
- The Coast Guard has named the vessel operator and owner as parties of interest, boarding the ship, in relation to the investigation into the massive **oil spill** of the coast of California.
- **US industrial production** is expected to post its seventh consecutive monthly increase in September. The measure of output at factories, mines and utilities has been buoyed by strong consumer demand for manufactured goods, despite supply chain disruptions.
- The US has pledged to make undisclosed “*ex gratia condolence payments*” to the families of 10 **Afghan** civilians who were killed in a mistaken drone strike in August, as American troops were exiting the country, per the Pentagon.



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

The World Energy Outlook and the Road to COP26

By Briana Boland

Every year, the International Energy Agency's (IEA) World Energy Outlook (WEO) report is highly anticipated by energy analysts and industry leaders. But this time, the WEO holds even greater significance, published just weeks ahead of the critical COP26 Climate Conference in Glasgow and in the midst of energy supply crises around the world. Clearly targeted to tee up discussions at COP26, the 2021 WEO provides a detailed overview of the current state and likely trajectories of the global energy sector, issuing stark warnings on the likelihood of market turbulence ahead and the need to accelerate investments in clean energy.

Addressing the Present State of Global Energy Markets

Following the roller coaster of 2020, the WEO reflects on the emissions and investment impact of the COVID-19 pandemic, providing a picture of the present situation of energy markets and emissions. While the IEA noted some optimism about the continued growth of renewable energy sources such as wind and solar PV during the lockdowns of 2020, it also noted that 2021 is seeing a large rebound in fossil fuel use – meaning that 2021 is set to log the second-largest annual increase in global CO2 emissions in history.

For all the good news of the economic rebound from COVID-19, recovery packages have only rallied about one-third of the clean energy investments needed to truly “jolt the energy system onto a new set of rails,” with progress in developing countries stalling most noticeably.

The IEA also directly addressed the source of recent sharp price increases in gas, coal, and electricity markets, pushing back on popular media narratives framing the volatility as the first supply crisis of the clean energy transition. Rather, the WEO describes

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

The World Energy Outlook and the Road to COP26

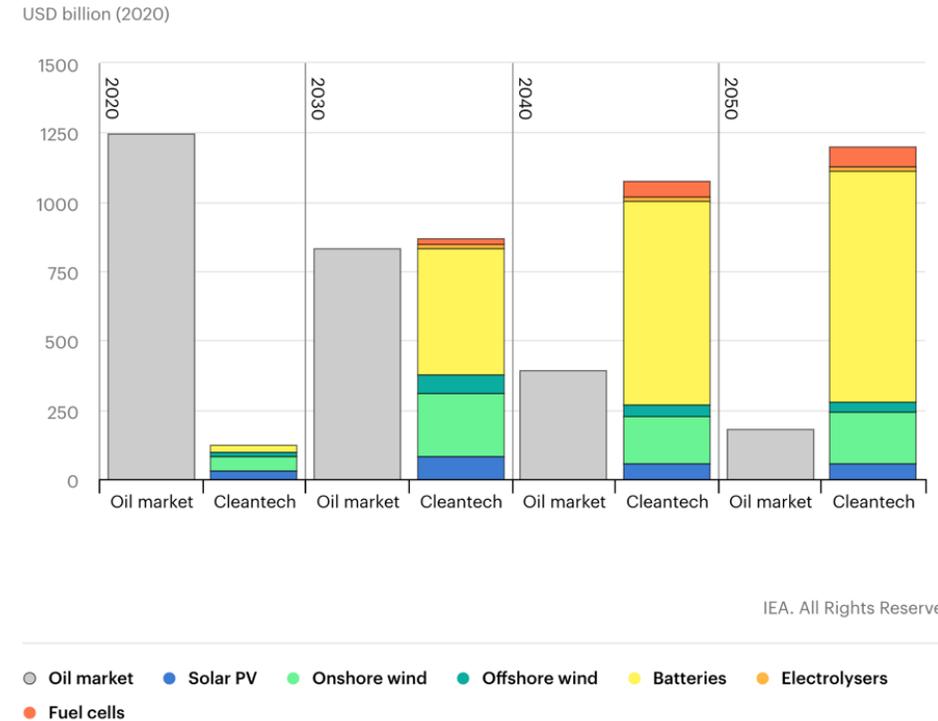
the present market situation as the outcome of three main factors. First, the pace of economic rebound – which is being fueled by fossil fuels, not clean energy. Second, the concurrence of extreme weather events in different parts of the world – for example, floods have been damaging energy infrastructure, while droughts elsewhere have reduced hydropower capacity. And finally, a confluence of planned and unplanned delays across the whole energy sector, from unexpected outages to planned maintenance that had been put off until this year due to COVID-19. Though the IEA maintained that current energy troubles should not be blamed on clean energy, the WEO also warns that increased energy market turbulence should be expected.

Takeaways for Fossil Fuel Producers

Following the IEA’s groundbreaking Net Zero 2050 report published earlier this year – and cited frequently in the WEO –the IEA again argued against investments in fossil fuels as a key part of averting the worst impacts of climate change. In fact, the 2021 WEO concludes that current oil and gas spending is “reasonably well aligned” with the levels called for in the Net Zero report.

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

Estimated market sizes of oil and selected clean energy technology equipment in the Net Zero Scenario, 2020-2050



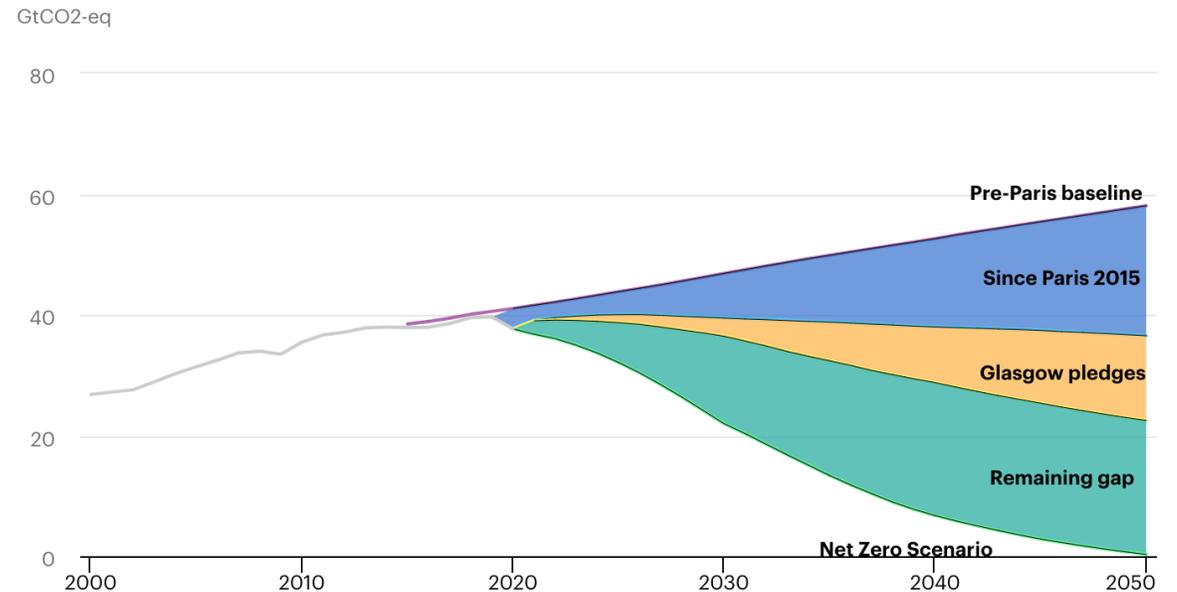
The World Energy Outlook and the Road to COP26

The WEO also warns, however, that with energy demand forecast to continue growing, significantly more investment is needed in clean energy to offset a drop in fossil fuel market share. “The world is not investing enough to meet its future energy needs, and uncertainties over policies and demand trajectories create a strong risk of a volatile period ahead for energy markets.” Current spending on oil and natural gas looks targeted at a market of falling demand – but even factoring in full government follow-through on climate pledges and rapid growth in the electric vehicle industry, the IEA expects oil demand to keep rising until 2025. The need for investment to bridge this supply-demand gap is a key message of the WEO ahead of COP26.

A Call to Action Ahead of COP26

The 386-page WEO provides a trove of detailed analysis for policymakers at COP26 who may discuss the specifics of different energy industries and emissions scenarios. For those who may not delve into the weeds, the report also pushes high-level and government buy-in. Above all of the

Global emissions by scenario, 2000-2050



IEA. All Rights Reserved

- Historical
- Net Zero Scenario
- Announced Pledges Scenario
- Stated Policies Scenario
- Pre-Paris baseline

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

The World Energy Outlook and the Road to COP26

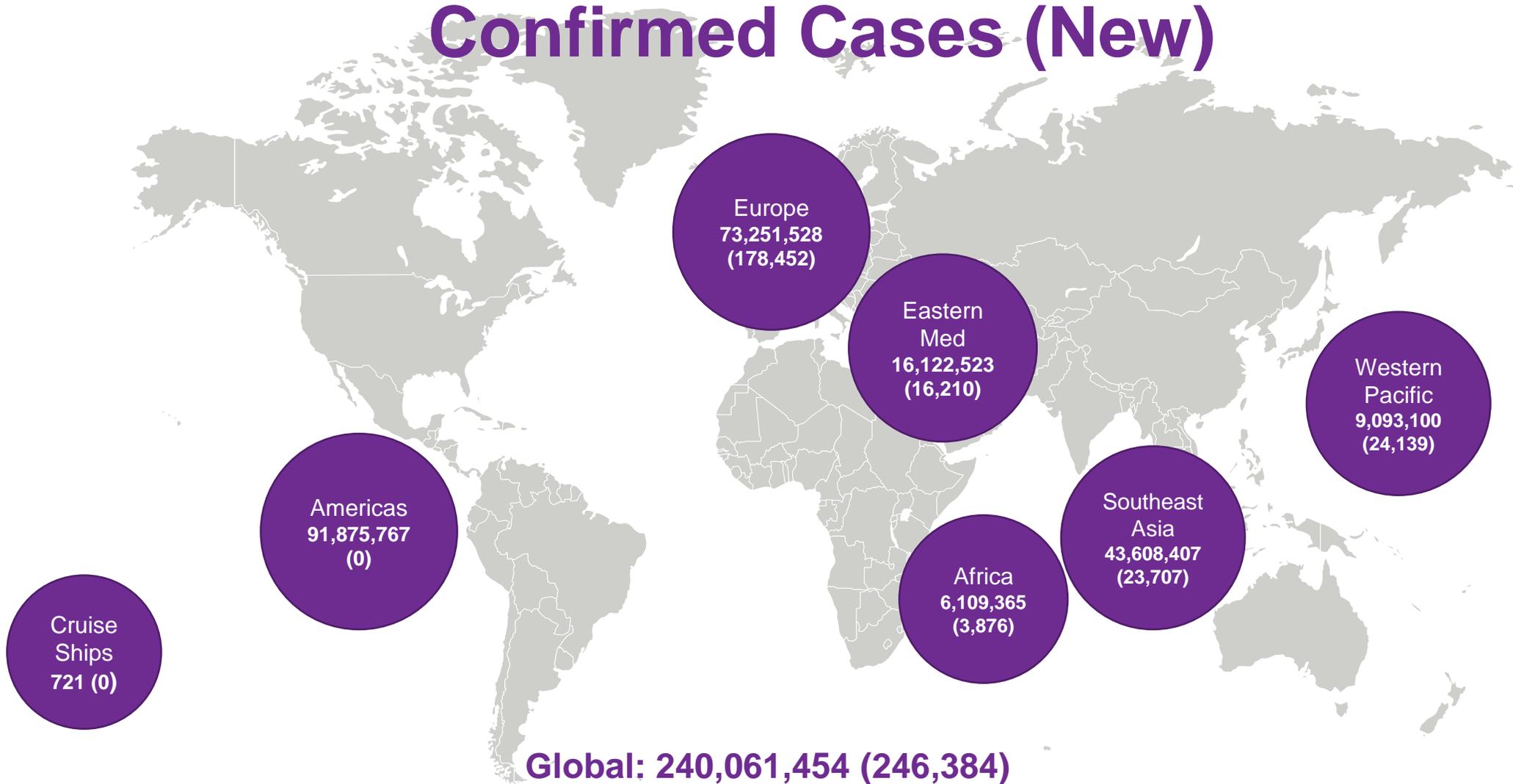
deep analysis, the WEO conveys a clear overarching theme: rapid action, major investments, and ambitious targets are all of critical importance to achieve a scenario that avoids immense climate impact. With COP26 starting on October 31, the next two weeks are the final period for last ditch efforts to influence the climate conference and increase pressure on delegates.

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 10:38 am CEST on October 18, 2021

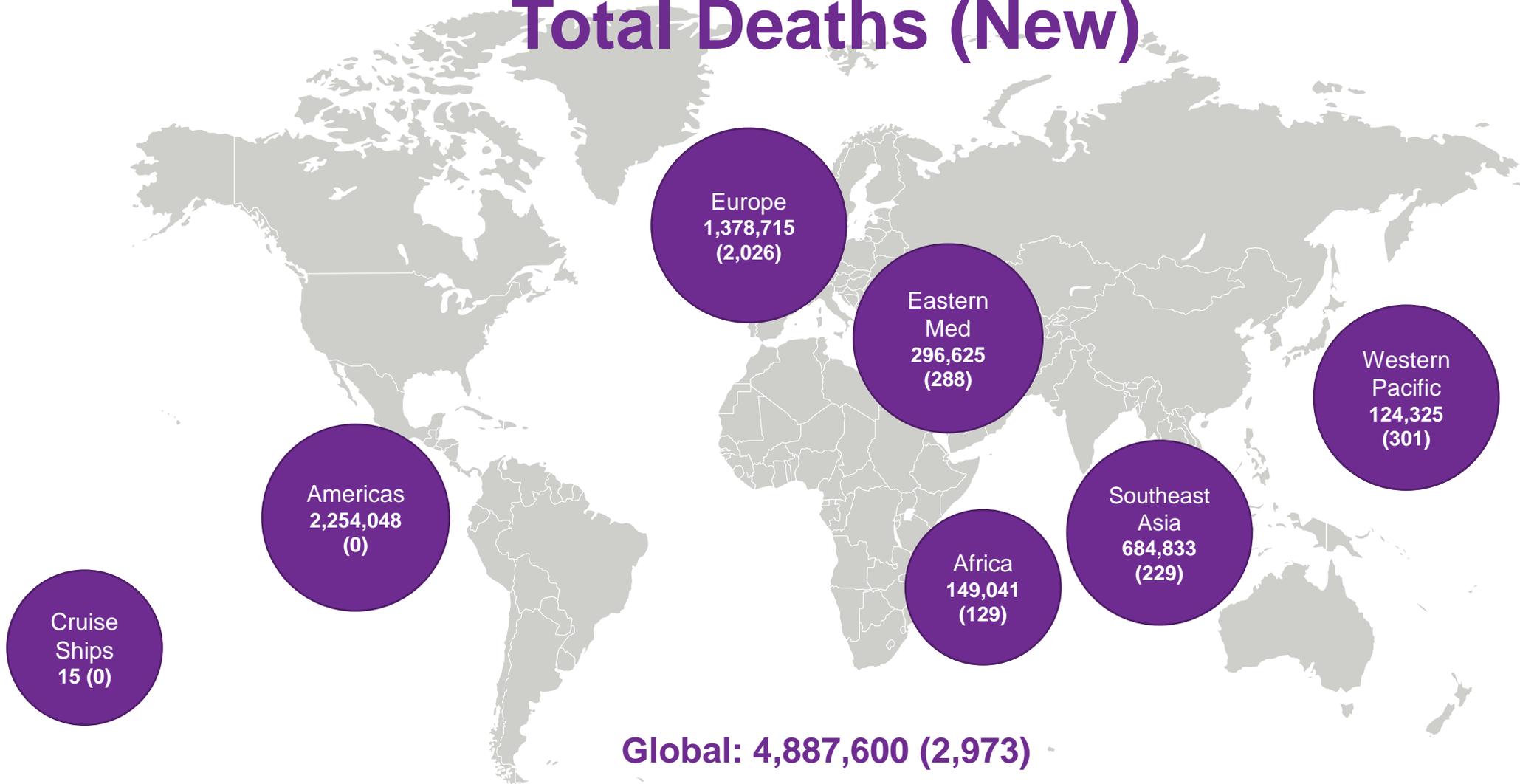
Confirmed Cases (New)



Reflects data as of 10:38 am CEST on October 18, 2021.
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 10:38 am CEST on October 18, 2021
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