

# Dentons Flashpoint

## Daily Global Situation Report

April 4, 2022

# Global Situation Update: April 4, 2022

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## KEY TAKEAWAYS

Sri Lanka imposed a state of emergency and curfew as the economic crisis spurs unrest.

Ukrainian forces liberate the Kyiv Oblast.

The US estimates 7.1 percent annual revenue loss caused by climate change by end of century.

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

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## WHAT WE'RE WATCHING

Hungarian Prime Minister Viktor Orbán appears set to win his fourth consecutive term in office. Returns from yesterday's parliamentary elections indicate his right wing Fidesz–KDNP alliance is strongly ahead of a six-party opposition coalition, which was the strongest challenge to his dominance in a decade. The longest serving national leader in the European Union, Orbán will win amid record voter turnout and his positions on the Ukraine war.

The prime minister will likely further consolidate his dominance over Hungarian politics via a conservative media empire and changes to political rules. There will be more friction with Brussels over a range of issues, from social to trade, as Orbán pursues his 'Eastern Opening' policy of closer economic ties with Russia, China, and Turkey.



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# Global

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## World leaders are condemning mounting evidence of Russian atrocities against civilians amid the withdrawal from the outskirts of Kyiv.

- European leaders are urging renewed discussions on halting **gas supplies from Russia**.
- EU leaders failed to secure a pledge of non-interference in the Ukraine war from China, following a virtual **EU-China summit** of the two powers on Friday.
- The continued existence of an **independent Ukrainian state** with its capital in Kyiv is no longer in question at this time, although much fighting remains, and the war could still turn Russia's way.

# Markets & Business

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**The Financial Conduct Authority and Bank of England will undertake reviews into the governance, market oversight and risk management of the London Metal Exchange after a massive short squeeze led to weeks of turmoil that paralyzed the nickel market.**

- China's largest electric vehicle maker **BYD Co Ltd** announced that it has stopped making combustion engine vehicles and now produces full electric and heavily electrified plug-in hybrid cars only.
- **Tharisa Plc**, the South African miner run by the Pouroulis family, plans to start producing platinum in Zimbabwe within 24 months after acquiring a controlling interest in the Karo mine.
- Canada plans to invest in **General Motors Co's** multi-billion-dollar plan to build two plants, including one that will produce electric commercial vehicles.
- Germany will face a steep recession if there is a stop to imports or delivery of **Russian gas and oil**, a top German bank lobby warned.
- Spain plans to invest 11 billion euros (\$12.4 billion) to develop **microchips and semiconductors** as part of a series of strategic projects to overhaul its economy.

# Environment, Sustainability & Governance

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**The first ever such assessment of the impact of climate change on the US economy by the Office of Management and Budget found the cost to the budget by the end of the century could total 7.1 percent annual revenue loss, equal to \$2 trillion a year in today's dollars.**

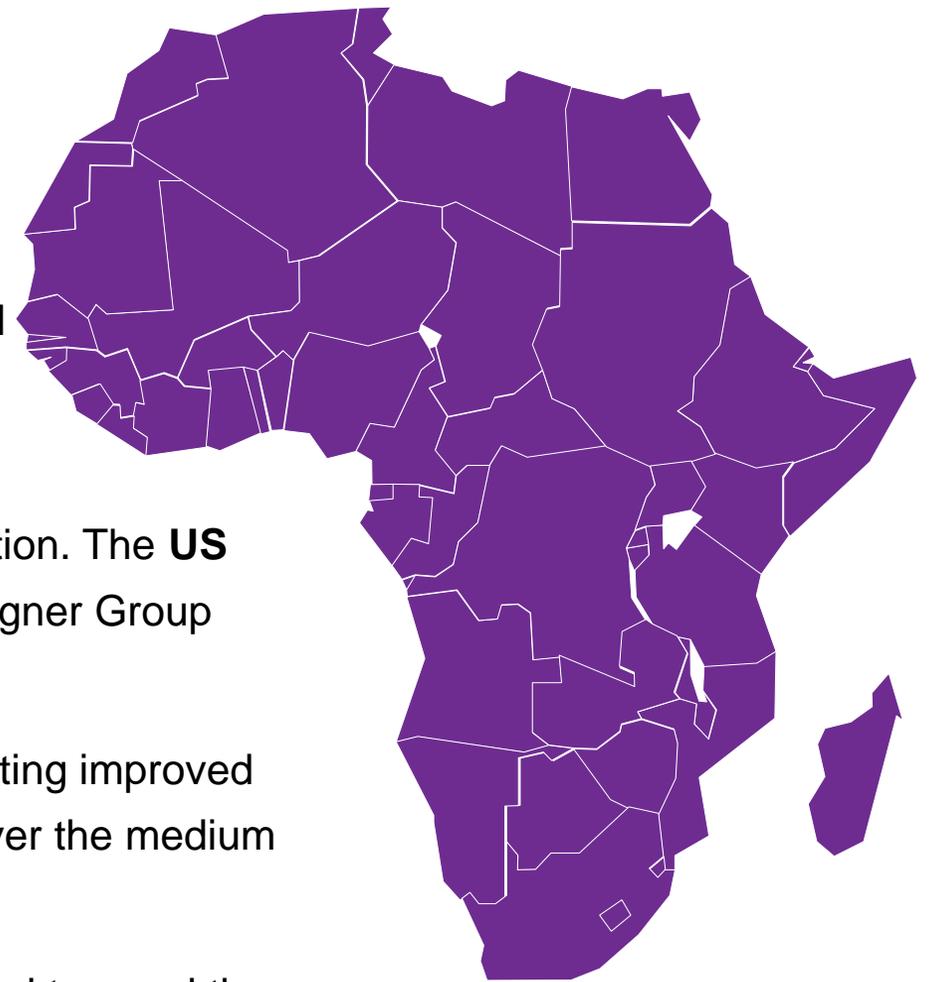
- Portugal aims to accelerate its **energy transition** and increase the proportion of renewable sources by 20 percent to 80 percent of its electricity output by 2026, four years earlier than previously planned.
- A group of Dutch investors, including Aegon and NN Group and PGGM and MN Services, managing assets worth nearly 1.5 trillion euros threatened to oppose **oil and gas sector executives' pay plans** if their companies failed to set climate change goals in line with the Paris Agreement on global warming.

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# Africa

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- After intense fighting over the weekend, the M23 rebel group declared a unilateral ceasefire with the army in eastern **Democratic Republic of Congo**.
- **Mali's** military said it has killed over 200 Islamist militants in an operation. The **US** expressed concern that “*unaccountable forces*” from the **Russian** Wagner Group were fighting with the Mali military.
- Moody's revised **South Africa's** outlook to "stable" from "negative", citing improved fiscal outlook that will help the government stabilize its debt burden over the medium term.
- **Sudan's** military leader General Abdel Fattah al-Burhan has threatened to expel the United Nations' special representative, accusing him of overstepping his mandate.
- **Burkina Faso's** interim president, Paul-Henri Damiba, said that the 36-month transition timeline to democracy could be revised if the security situation improves.



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# Asia

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- **Sri Lanka's** government imposed a weekend curfew over the weekend, even as hundreds of lawyers urged President Gotabaya Rajapaksa to revoke a state of emergency introduced following unrest over fuel and other shortages in a deep economic crisis.
- **Hong Kong's** leader Carrie Lam, who has governed the global financial hub through the unprecedented political crackdown and COVID-19, announced she will not seek a second five-year term of office.
- In continued escalation of tensions, **North Korea** condemned the **South Korean** defense minister's remarks about its ability to strike against the North and warned it would destroy major targets in Seoul if the South takes any "*dangerous military action*" such as a preemptive strike.
- **China** has sent the military and thousands of healthcare workers into Shanghai to help carry out COVID-19 tests for all of its 26 million residents as cases continued to rise on Monday.

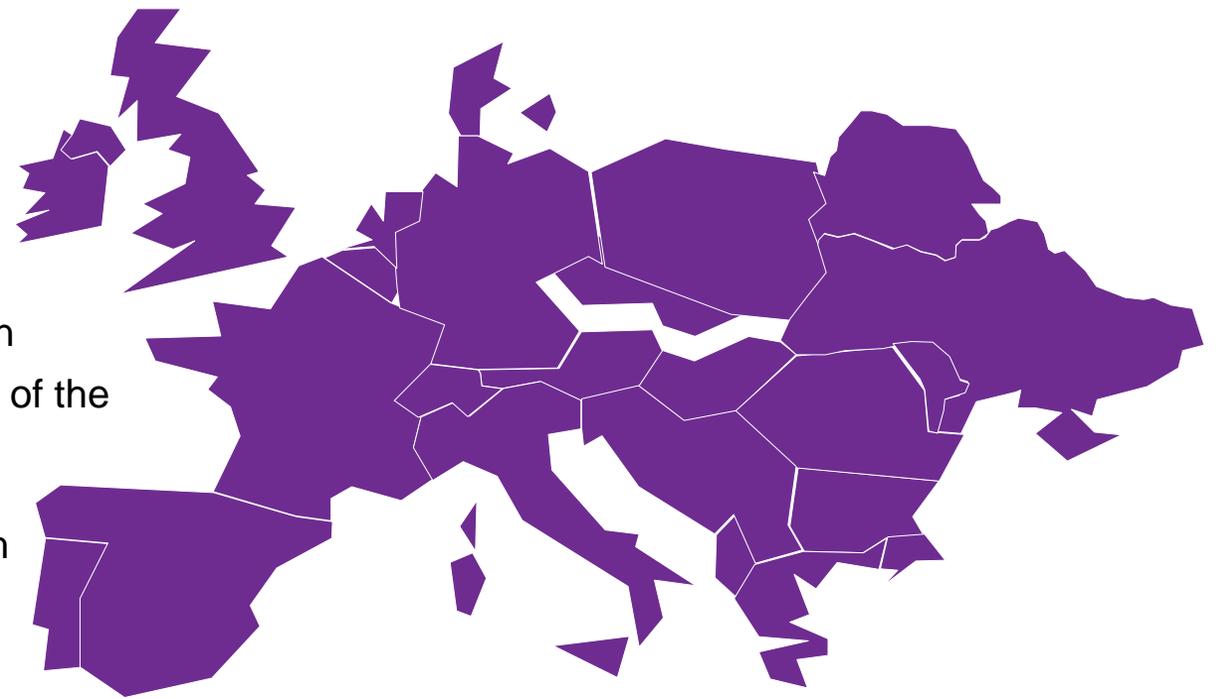


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# Europe

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- Inflation in March reached 7.5 percent on an annual basis, an all-time high for the **eurozone**, threatening to undo the gains of the post-pandemic recovery.
- Incumbent Hungarian Prime Minister Orbán has won a fourth consecutive term in office, his fifth in total, after a dominant performance at the polls from his nationalist Fidesz party. Orbán used his victory speech to attack the **EU** and **Ukrainian** President Zelensky, reaffirming his alignment towards **Russia**.
- Russia's invasion of Ukraine dominated the **EU-China** summit, the first held since 2020. Chinese President Xi called on the EU to have an "*independent*" policy towards China, in a nod to Europe's close ties with the **US**. The EU told Beijing not to allow Moscow to circumvent Western sanctions imposed over **Russia's** invasion of **Ukraine**.
- The US Ambassador to the UN Linda Thomas-Greenfield announced during a visit to **Moldova** that the **US** would donate \$50 million (€45.25 million) in aid to help Moldova cope with the spillover effects of the war in Ukraine.



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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:*

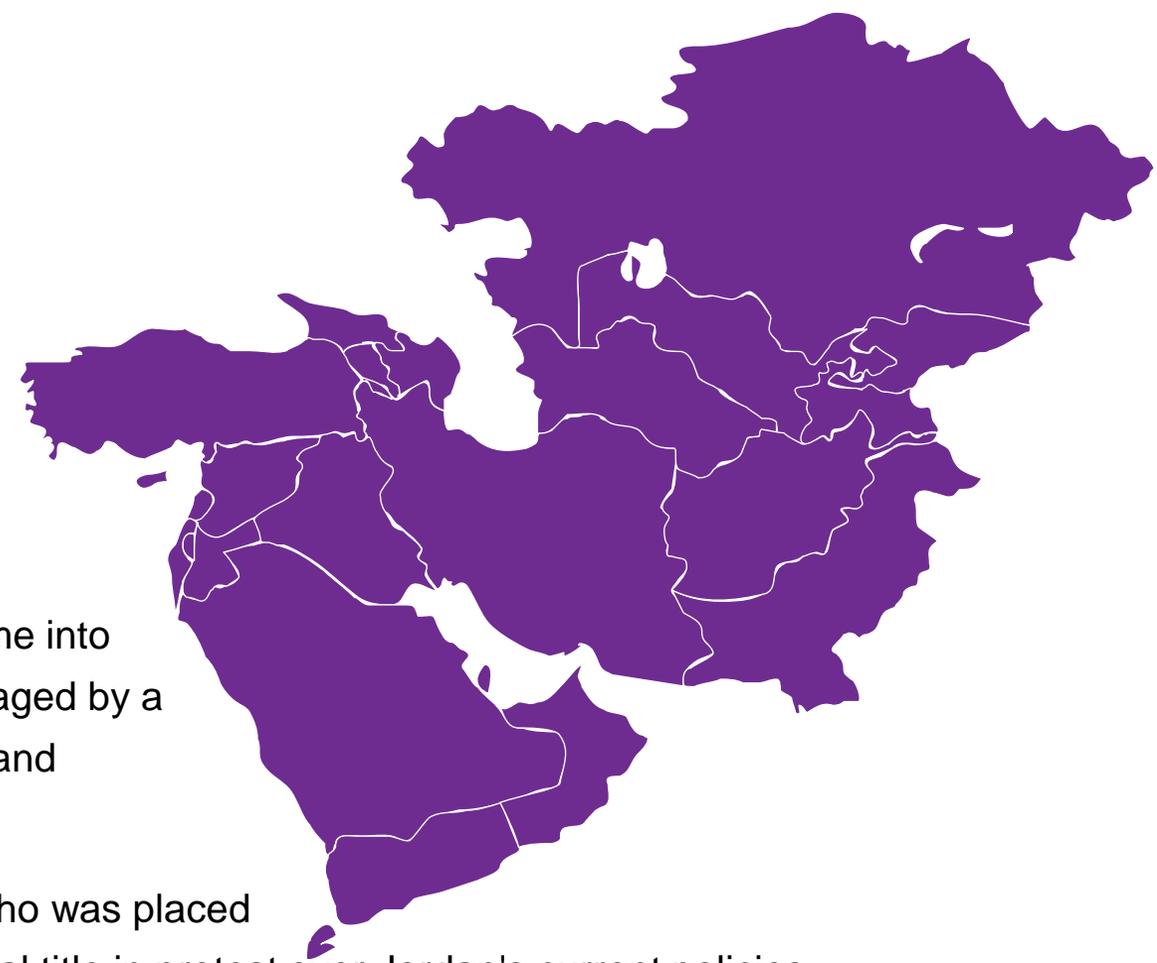
- ❖ Ransomware tabletop exercises
- ❖ Post-tabletop action reports
- ❖ Maturity assessments for preparedness
- ❖ Supply-chain attack simulation
- ❖ Comprehensive incident response plan
- ❖ Threat analysis and monitoring

*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

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- **Pakistan** Prime Minister Imran Khan blocked a no-confidence vote he was poised to lose on Sunday and advised the president to order fresh elections, fueling anger among the opposition and deepening the country's political crisis.
- **Yemenis** welcomed a nationwide UN-brokered ceasefire that came into effect on Saturday evening as a glimmer of hope in a country ravaged by a seven-year civil war that has forced millions into hunger, poverty and homelessness.
- Prince Hamza bin al-Hussein, a former heir to **Jordan's** throne who was placed under house arrest last year, announced he was giving up his royal title in protest over Jordan's current policies.
- Nuclear talks between **Iran** and world powers in Vienna have stalled with both sides saying the other is responsible for talking the next steps. Iran wants the **US** to lift the foreign terrorist organization designation against Iran's Islamic Revolutionary Guard Corps.

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# Americas

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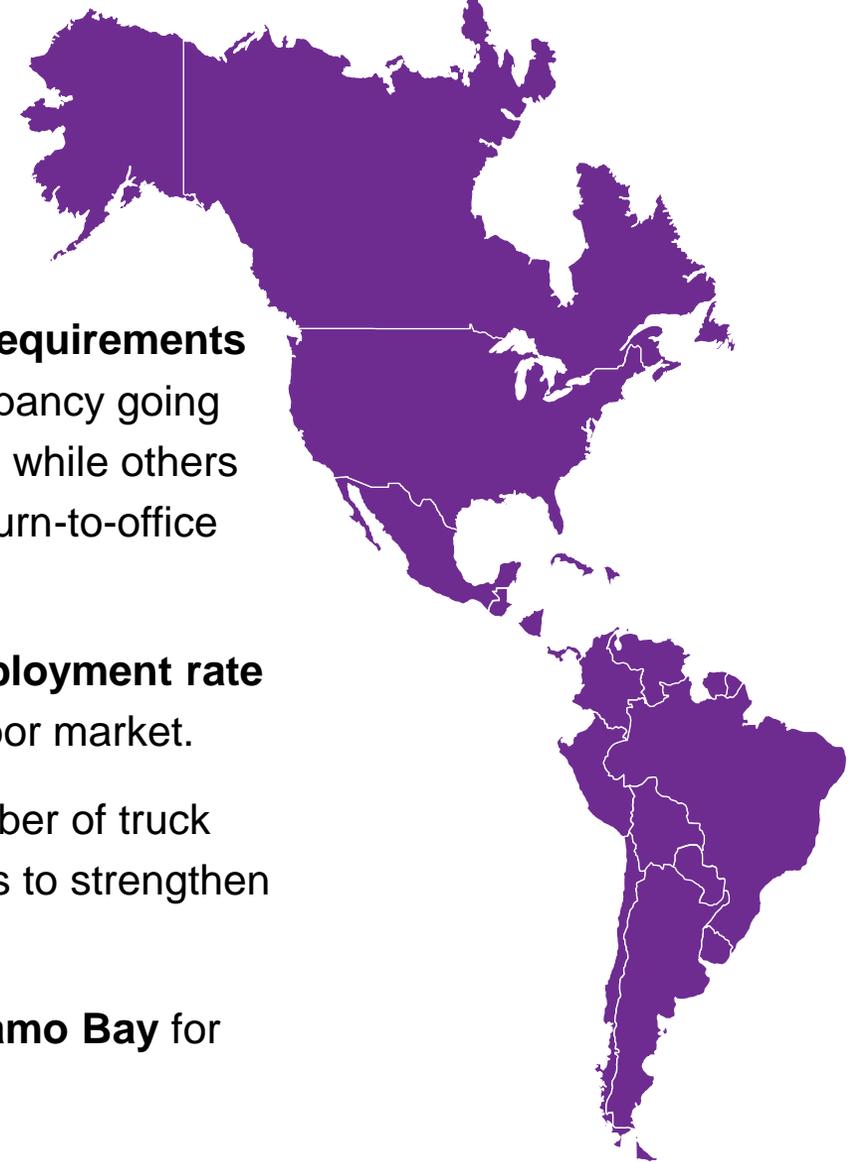
- Anti-establishment economist Rodrigo Chaves won **Costa Rica's** presidency on Sunday, in a close race as the country is buffeted by growing social discontent and mounting national debt.
- **Peru** will suspend taxes on the country's most consumed fuels to fight surging prices.
- **Mexico**, which has been subsidizing gasoline to soften price spikes, announced the policy would not apply in the **US** border region this week, citing shortages as more Americans drive south to fill their tanks.
- **Brazilian** health agency Anvisa issued a new set of rules for incoming international travelers, easing restrictions related to the COVID-19 pandemic as the health crisis subsides in the South American nation. Vaccinated Brazilians and foreigners are now exempt from presenting proof of a COVID-19 test with a negative.



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# Americas: US

- US companies are relaxing many of the vaccine and other **COVID-related requirements** that had become a staple of corporate life in the pandemic. With office occupancy going up, many companies are making masks optional in the office for all workers, while others dropped testing requirements for the unvaccinated or simplified the daily return-to-office questionnaires.
- US employers maintained a brisk pace of hiring in March, driving the **unemployment rate** to a new two-year low of 3.6 percent while also boosting wages in a tight labor market.
- The Biden Administration will announce today new plans to step up the number of truck drivers by drawing in more women and veterans, as the White House moves to strengthen **national supply chains**.
- The US repatriated to Algeria Sufiyan Barhoumi, who was held at **Guantanamo Bay** for nearly two decades after being accused of conspiring with al Qa'ida.



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# Renewed Palestinian-Israeli Violence Does Not Stop Enhancement of Arab-Israeli Normalization

By Dan Arbell, Special Advisor to Dentons

***Renewed terrorist attacks against Israeli civilians in recent days and simmering tensions between Israelis and Palestinians inside Israel and across the Occupied Territories as Ramadan begins have overshadowed, yet not hindered, the continued progress in Arab-Israeli normalization of recent weeks.***

Most notably is the convening of the historic Negev Summit from March 27 to 28 in Sde Boker (in close proximity to the gravesite of David Ben-Gurion), hosted by Israel's Foreign Minister, who was joined by the US Secretary of State and the foreign ministers of the UAE, Bahrain, Egypt and Morocco (three signatories of the Abraham Accords in 2020 and Egypt, who has been seeking to build upon its "cold peace" with Israel). The summit was followed just days later by the initialing of a bilateral UAE-Israel Free Trade Agreement.

## ***The Negev Summit***

The Negev Summit, hosted in Sde Boker by Israeli Foreign Minister Yair Lapid, was the first time that senior official representatives of the six countries - the US, the UAE, Bahrain, Morocco, Egypt and Israel - met in a joint forum for formal and informal meetings. For three of the four Arab foreign ministers (Emirati FM bin-Zayed, Bahraini FM Al-Zayani and Moroccan FM Bourita) it was a first official visit to Israel. As the summit began, a terrorist attack was carried out in the city of

Hadera by two Israeli Arabs affiliated with the Islamic State resulting in the killing of two Israeli police officers. The foreign ministers issued a strong condemnation of the attack that very night.

The summit was historic in nature, cementing what the participants see as the emergence of a new regional order in which Israel is regarded by moderate Sunni Arab States as an integral part of the region and a partner for collaboration and cooperation. At the conclusion of the summit, the representatives of the six countries announced that the six-party forum will become a permanent forum to be convened annually. In addition, the representatives announced the establishment of six working groups in areas of security and counterterrorism, energy, tourism, health, education, and food and water security.

The theme of building a new regional security architecture was articulated by Israel's foreign minister and supported by several Arab

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ministers. Israel's immediate aim was to showcase the new forum as a united front against Iran. The six countries agreed to engage in discussions designed in the future to lead to a new regional framework of collaboration and cooperation against ballistic missiles, drones and piracy in the Red Sea.

The five ministers from the region underscored the importance of continued US engagement in the region. All participants strongly denounced terrorism and the use of violence, with the Emirati foreign minister and Moroccan foreign minister stating that the holding of the summit is the best message and response to those elements trying to undermine stability and peace. Israel's foreign minister was lukewarm in his comments on the Israeli-Palestinian conflict, while all Arab foreign ministers emphasized the importance of addressing the issue and advancing the two-state solution based on the 1967 border. Secretary Blinken, meanwhile, noted that while Arab-Israeli normalization is important it is no substitute for dealing seriously with the Palestinian issue.

The Negev Summit was unprecedented in terms of the countries which assembled together to advance Arab-Israel ties. Beyond the symbolism, several concrete decisions were adopted by the

participants, which will be followed up in the coming months in the working groups that were established. The summit reflected the new regional trend of close Arab-Israeli engagement on a wide range of issues, from security to society to the economy. Emirati Foreign Minister bin-Zayed underscored the importance of changing the regional narrative from one of conflict and war to one of dialogue and peace. Progress on the Palestinian issue, although mentioned by all participants in the summit, no longer serves as a pre-condition for Arab countries and Israel to advance their bilateral ties and to work together for the sake of a more secure, stable and prosperous region.

## ***A UAE-Israel Free Trade Agreement***

On April 1, after four rounds of negotiations which lasted five months, Israel's Economy Minister and the UAE's Minister of State for Foreign Trade met in Jerusalem and signed a bilateral Free Trade Agreement (FTA). It was the leaders on both sides, Emirati Crown Prince Mohammed bin Zayed (MBZ) and Israeli Prime Minister Naftali Bennett, who instructed their representatives to conclude talks swiftly, a relatively quick time frame for bureaucracies on both sides.

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Trade between the two countries reached 900 million USD in 2021, the first full year after the signing of the Abraham Accords in September 2020. While the ambitious goal set by the Emirati Economy Minister Touq Al-Marri of one trillion USD of economic activity between the two countries over the next decade is still far away, the FTA is a step in the right direction, as mutual investments and joint funds for research and development are also part of the new economic landscape.

The FTA will officially take effect only after the two governments ratify it, a process which may take several more weeks. The agreement covers the areas of regulation, customs, services, government procurement, e-commerce and the protection of intellectual property rights. According to statements made by representatives of the two countries, nearly 95 percent of products traded between the two countries, including food, agriculture, cosmetics, medical equipment and medication, will be exempt from customs. Some of these products will be exempt immediately and others will be gradually granted exemptions. Israeli exports of agricultural and food products will be entirely free of tariffs. Analysts believe that Israeli access to goods coming from the UAE could have a noticeable effect on lowering the high cost of living in Israel.

## *Steps Forward*

As relations between Israel and the countries which signed the Abraham Accords advance, it is interesting to witness the improvement in relations between Israel and the countries it signed peace treaties with in 1979 and 1994. It seems that Egypt and Jordan feel more comfortable in advancing their relations with Israel now that three other Arab countries have warm ties with the Jewish state. Prior to the Negev Summit, Israeli PM Bennett participated in a trilateral summit hosted in Sharm el-Sheikh by Egyptian President al-Sisi, with Emirati Crown Prince MBZ joining as well. Jordan was invited to participate in the Negev Summit. but its foreign minister joined King Abdullah II in his visit to Ramallah and meeting with PA President Mahmoud Abbas that same day. Nevertheless, meetings and telephone conversations between Jordan's King and Israeli leaders have become very frequent in recent months, especially as the two sides are also making efforts to calm tensions during Ramadan and prevent an escalation in violence, which has the potential of undermining much of the progress that was achieved since September 2020.

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# Ukraine War Update: Liberation of Kyiv, Atrocities in Bucha, Battle for Donbas

*World leaders are condemning mounting evidence of Russian atrocities against civilians amid the withdrawal from the outskirts of Kyiv. NATO Secretary-General Jens Stoltenberg said the images show "a brutality against civilians we haven't seen in Europe for decades."*

## **Political Developments**

Ukraine accused Russian forces of carrying out a "massacre" in Bucha, located 23 miles northwest of Kyiv, where a mass grave has been discovered, along with executed citizens laying in the streets. The Ukrainian military took control of the town after Russian forces withdrew.

Germany's defense minister says European officials should talk about halting gas supplies from Russia in light of the attacks on civilians in Bucha. French President Macron called for a new round of sanctions, echoing Germany. Poland called for the creation of an international commission of inquiry into "genocide" committed by the Russian army in Ukrainian cities, including Bucha. Japan called for investigations by the International Criminal Court over Moscow's "war crimes." Israel, which has sought to remain neutral, condemned

the reported atrocities in Ukraine, with Foreign Minister Lapid saying deliberate harm to civilians is a war crime.

Russia reiterated its request for the UN Security Council to convene a meeting over what it called the "criminal provocations by Ukrainian servicemen and radicals" in the town of Bucha, per the Russian foreign ministry.

Ukrainian President Volodymyr Zelenskyy appeared in a video at the Grammy Awards asking for support in telling the story of Ukraine's invasion by Russia.

In a video address over the weekend, Zelenskyy said his country needs more modern weapons to continue fighting Russia's invasion and that Western allies have been holding back in their support. Germany has declined to send Ukraine German Marder infantry vehicles.

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# Ukraine War Update: Liberation of Kyiv, Atrocities in Bucha, Battle for Donbas

The White House said it is up to Ukrainian President Zelensky to decide if the political endgame is to allow Russia to occupy the eastern part of Ukraine, while stating that the US will continue to assist Ukraine with military, economic and humanitarian aid to enable Kyiv to counter Russian attempts to consolidate control over the Donbas.

Mikhail Khodorkovsky, the self-exiled Russian oligarch and vocal Kremlin opponent, called on Russian billionaires and officials who have fled Russia to publicly denounce President Vladimir Putin's war in Ukraine as criminal.

Kremlin spokesman Peskov said in televised remarks on Sunday that the sanctions against President Putin were going "*beyond the edge of reason*," adding that they showed that the West is "*capable of any stupidities*." A human rights group tracking the detention of anti-war activists in Russia said that 208 people were detained across the country in protests held on Saturday.

EU leaders failed to secure a pledge of non-interference in the Ukraine war from China, following a virtual summit of the two powers on Friday.

## *Battlefield Developments*

The Institute for the Study of War (ISW) assesses that Ukraine has won the Battle of Kyiv. Russian forces are completing their withdrawal, but not in good order. Ukrainian forces are continuing to clear Kyiv Oblast of isolated Russian troops left behind in the retreat, which some Ukrainian officials describe as "*lost orcs*." Russian forces had attempted to conduct an orderly retreat from their positions around Kyiv with designated covering forces supported by artillery and mines to allow the main body to withdraw. The main body of Russian troops has withdrawn from the west bank of the Dnipro and is completing its withdrawal from the east bank, but the retrograde has been sufficiently disorderly that some Russian troops were left behind.

The Ukrainian military says that its forces have retaken some towns in the Chernihiv region and that humanitarian aid is being delivered. Russian forces also withdrew from the Sumy region, in Ukraine's northeast.

British military intelligence assessed Russian forces are continuing to consolidate and reorganize as they focus on the eastern Donbas region. Troops including Wagner mercenaries are being moved into

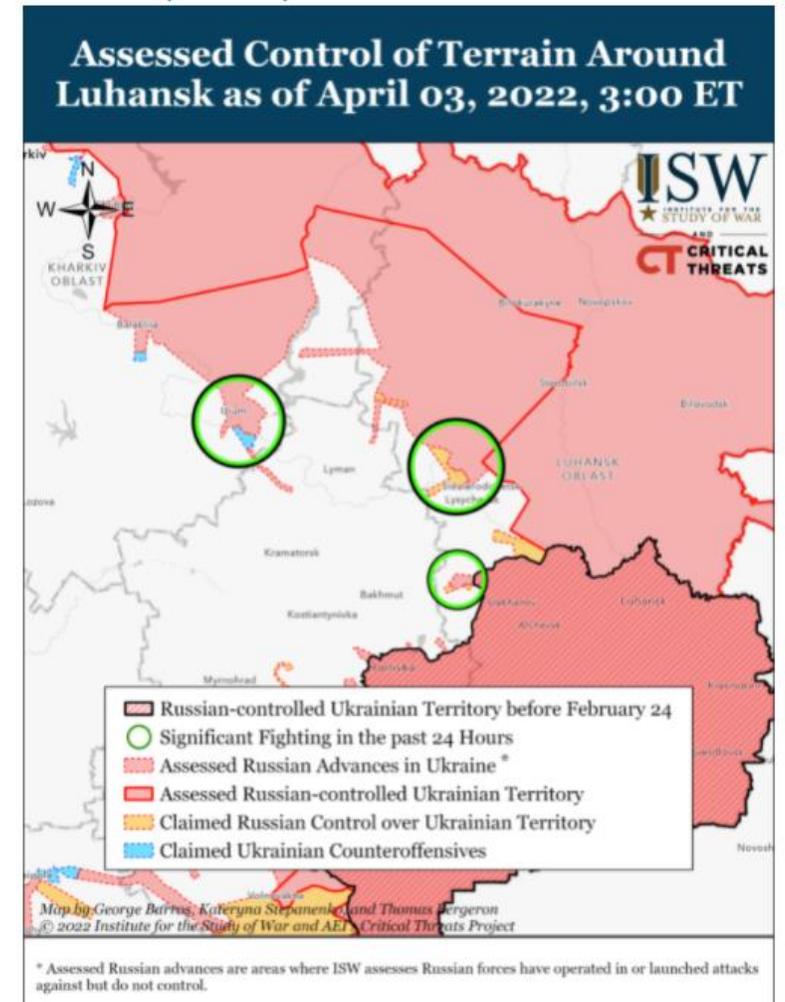
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# Ukraine War Update: Liberation of Kyiv, Atrocities in Bucha, Battle for Donbas

the area. Britain's Defense Ministry assessed that Russia's navy is strategically blockading the Black Sea and the Sea of Azov to prevent Ukraine from rearming. The besieged port city of Mariupol continues to be hit by "intense, indiscriminate strikes" but Ukrainian forces "maintain a staunch resistance."

Russia's missiles struck an oil refinery and fuel storage facilities in Odessa on Sunday, in the first major strikes on the strategic Black Sea port city's downtown.

ISW assesses that the continued existence of an independent Ukrainian state with its capital in Kyiv is no longer in question at this time, although much fighting remains, and the war could still turn Russia's way.



Source: [Institute for the Study of War](https://www.instituteforthe studyofwar.org/)

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# Ukraine War Update: Liberation of Kyiv, Atrocities in Bucha, Battle for Donbas

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If a ceasefire or peace agreement freezes a line like the current front-line trace, Russia will be able to exert much greater pressure on Ukraine than it did before the invasion.

## **Humanitarian Developments**

The governor of the Kharkiv region says Russian troops fired on a convoy of buses that was trying to evacuate patients from a hospital heavily damaged in shelling.

A Red Cross evacuation mission to help civilians escape Mariupol has not yet arrived at the besieged port city. Attempts on Friday and Saturday were unsuccessful, with the convoy facing unsafe conditions on the roads.

## **Economic Developments**

The governor of Ukraine's central bank urged the central banks of the European Union, the United States, Japan and Britain to ban transactions in the Russian or Belarusian rouble over Russia's war on Ukraine.

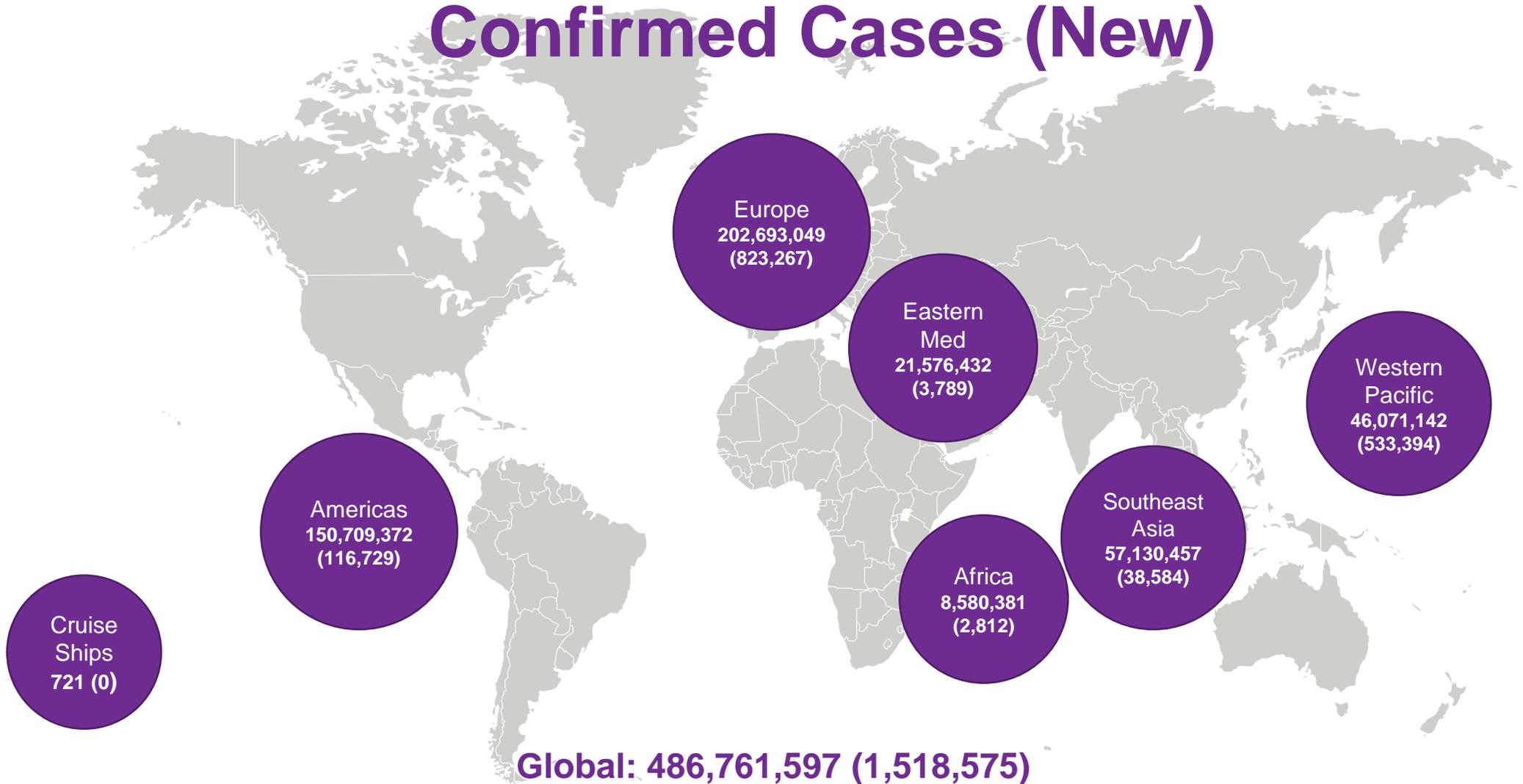
Lithuania's energy ministry said they had completely abandoned Russian gas imports in response to the war in Ukraine.

ExxonMobil has suspended its liquefied natural gas project in Russia's Far East after the firm announced plans to quit the country following Western sanctions.

# Coronavirus Condition Updates

As of 5:59 pm CEST on April 1, 2022

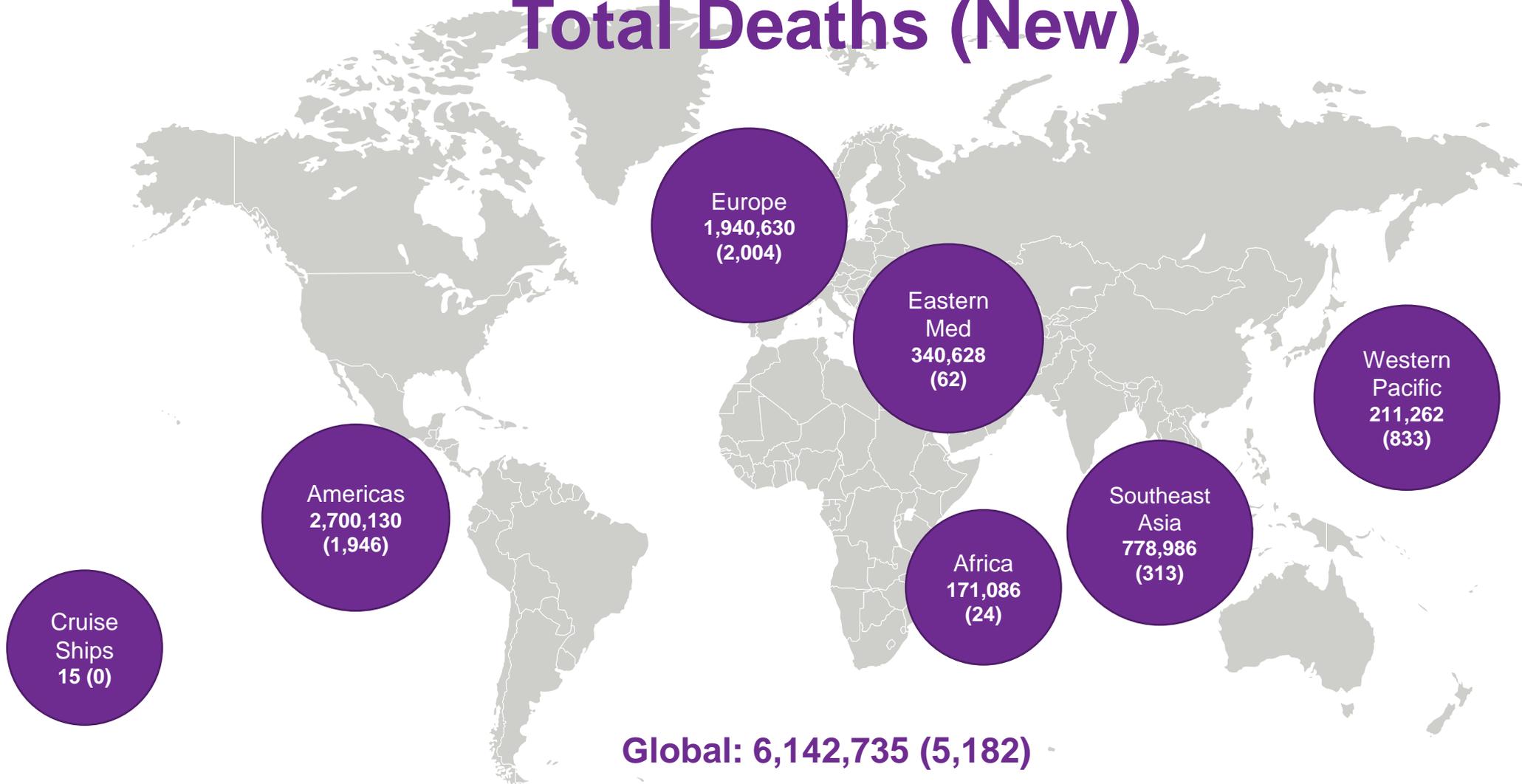
# Confirmed Cases (New)



Reflects data as of 4:59 pm CEST on April 1, 2022.  
Data Source: World Health Organization

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# Total Deaths (New)



Reflects data as of 4:59 pm CEST on April 1, 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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