

Dentons Flashpoint

Daily Global Situation Report

February 1, 2022

Global Situation Update: February 1, 2022

KEY TAKEAWAYS

Russia and the US spar at the UN Security Council over Moscow's troop build-up near Ukraine.

BA.2 Omicron subvariant is more transmissible than BA.1 and more able to infect vaccinated people.

Seven EU countries call on the EU to toughen requirements for aviation sustainable fuels.

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WHAT WE'RE WATCHING

Today, Lunar New Year celebrations across much of Asia are accompanied by widespread business and government shutdowns. In China, an annual two-week festival marks Chūn Jié, or "Spring Festival," while in Vietnam, Tết is the most celebrated and important holiday. The new year lull across the region will make global supply chain problems even worse amid factory closures, port delays and backups due to the pandemic.

Output from manufacturers in China and nearby nations will decline significantly this month. The possibility of power cuts in China that coincide with the start of the Beijing Winter Olympics on February 4 will further cloud the ability of manufacturers to predict output levels.



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 373.2 million with 5.6 million deaths; more than 9.9 billion vaccine doses have been administered.

- Tensions between Russia and the US over Moscow's troop build-up near **Ukraine** were aired at the UN Security Council yesterday, with both countries accusing each other of being "*provocative*." Russia responds in writing to the US proposal on de-escalation. British Prime Minister Johnson is in Kyiv today in support of Ukraine's sovereignty as part of the West's diplomatic efforts to stop a possible Russian invasion which Moscow says there is no proof it is planning.
- The Spanish medicines agency said on Tuesday it had authorized pharmaceutical firm Hipra to carry out **phase III trials of the COVID-19 vaccine** it is developing. China's two most widely used COVID-19 vaccines, developed by Sinovac and Sinopharm, were shown to be effective against the Delta variant of the coronavirus, a study based on real-world data in China.
- The COVID-19 situation at the **Beijing Winter Olympics** is within the "expected controllable range" despite increasing positive cases being detected, per organizers; 200 COVID cases have been detected among airport arrivals and those in the Games "closed loop" bubble that separates all event personnel, including athletes, from the public.

Global

The BA.2 subvariant of the Omicron coronavirus variant, which has quickly taken over in Denmark, is more transmissible than the more common BA.1 and more able to infect vaccinated people, per a Danish study.

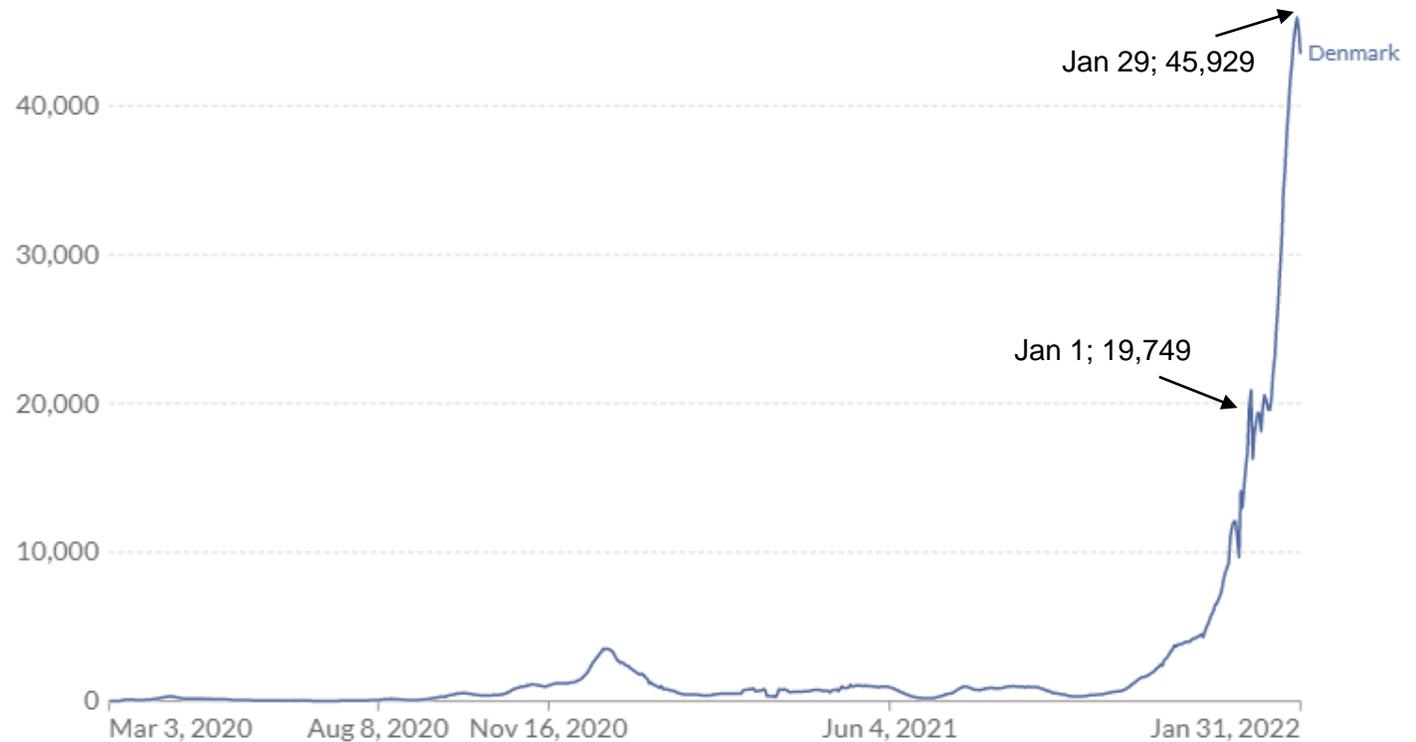
Daily new confirmed COVID-19 cases

7-day rolling average. Due to limited testing, the number of confirmed cases is lower than the true number of infections.

Our World
in Data

LINEAR LOG

+ Add country



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Markets & Business

The planned acquisition of German chip supplier Siltronic by larger rival GlobalWafers has collapsed after German authorities withheld approval of the transaction over supply chain security concerns.

- Thirteen US states and two Latin America and Caribbean nations on Monday filed separate briefs in support of a \$10 billion lawsuit from Mexico that accuses US gun makers **Smith & Wesson** and **Sturm, Ruger & Co** of facilitating the trafficking of weapons to drug cartels, leading to thousands of deaths.
- **Twitter** has taken legal action against a German ruling coming into force today that obliges social media firms to block or delete criminal content quickly and report particularly serious criminal offences to the police.
- The **New York Times Company** will buy **Wordle**, the daily word game that has become an overnight sensation, as part of an effort to grow to 10 million digital subscribers by 2025.
- **Sony** is buying video game developer **Bungie** for \$3.6 billion, marking the latest deal in a wave of consolidation that has swept the gaming sector this month.

Environment, Sustainability & Governance

The European Court of Auditors found that EU countries often still tax and subsidize their energy sources in contradiction with their committed climate goals, and a majority spend more supporting fossil fuels than renewables.

- Seven EU countries are calling on the EU to toughen requirements for **aviation sustainable fuels** and the EU should let member states set their own tougher requirements.
- India will allocate an additional 195 billion rupees (\$2.62 billion) to boost **investment in solar equipment manufacturing**.
- Peru will temporarily suspend Repsol's offshore oil unloading operations following a spill of over 10,000 barrels that has caused widespread **environmental damage**.
- Austria, Denmark, Sweden and the Netherlands have urged the European Union not to label gas energy projects as **green investments**, as Brussels attempts to finalize divisive rules on whether the fuel deserves a sustainable badge.

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Africa

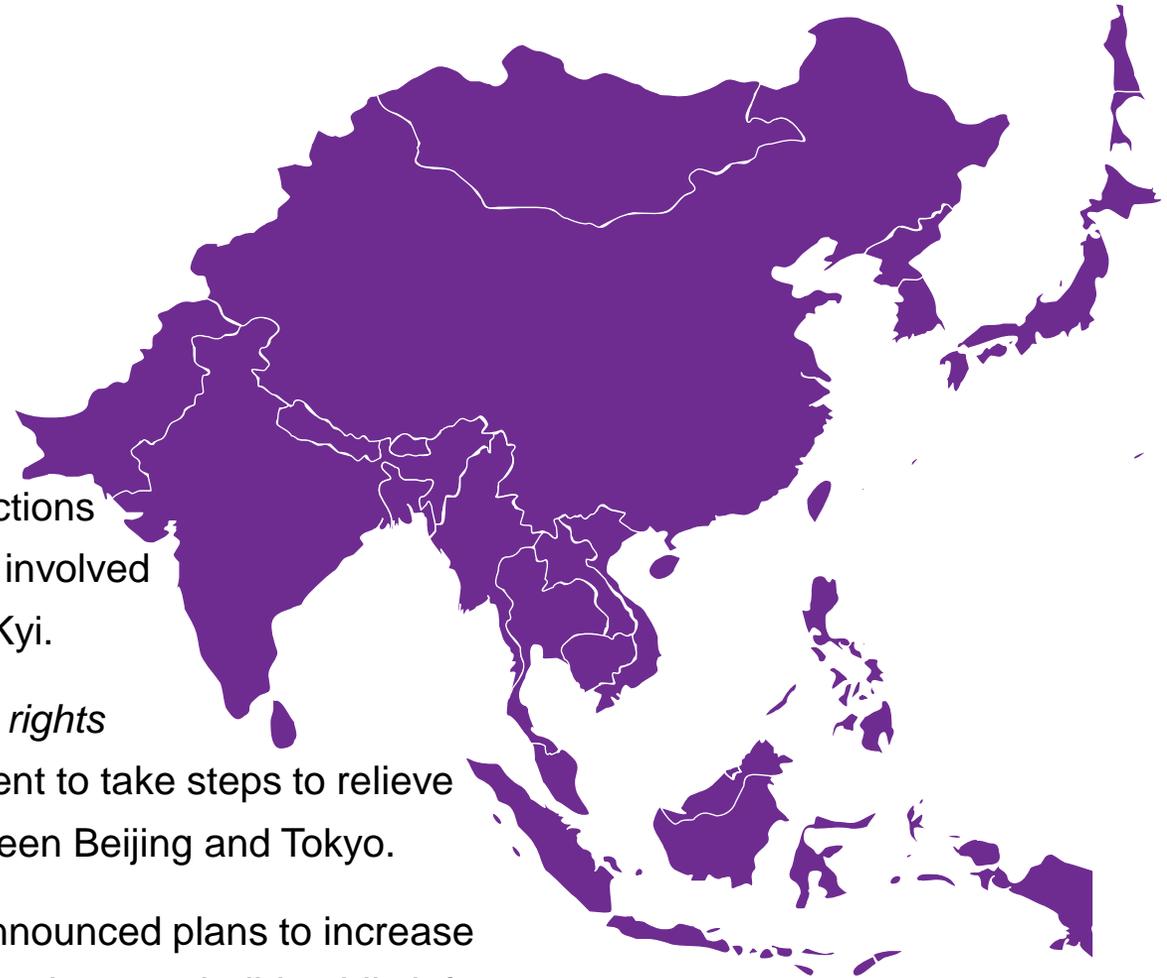
- The **EU** has agreed to impose travel bans and asset freezes on five members of **Mali's** junta after the military rulers backtracked on an agreement to organize elections in February. Mali's military junta announced the expulsion of the **French** ambassador.
- TotalEnergies plans to restart a \$20 billion liquefied natural gas project in the north of **Mozambique** that was halted by an insurgent group with links to Islamic State almost a year ago.
- A long-awaited trial in **Burkina Faso** over the 1987 assassination of revolutionary leader Thomas Sankara is being suspended until "the restoration of the constitution", a court said Monday, a week after a military coup.



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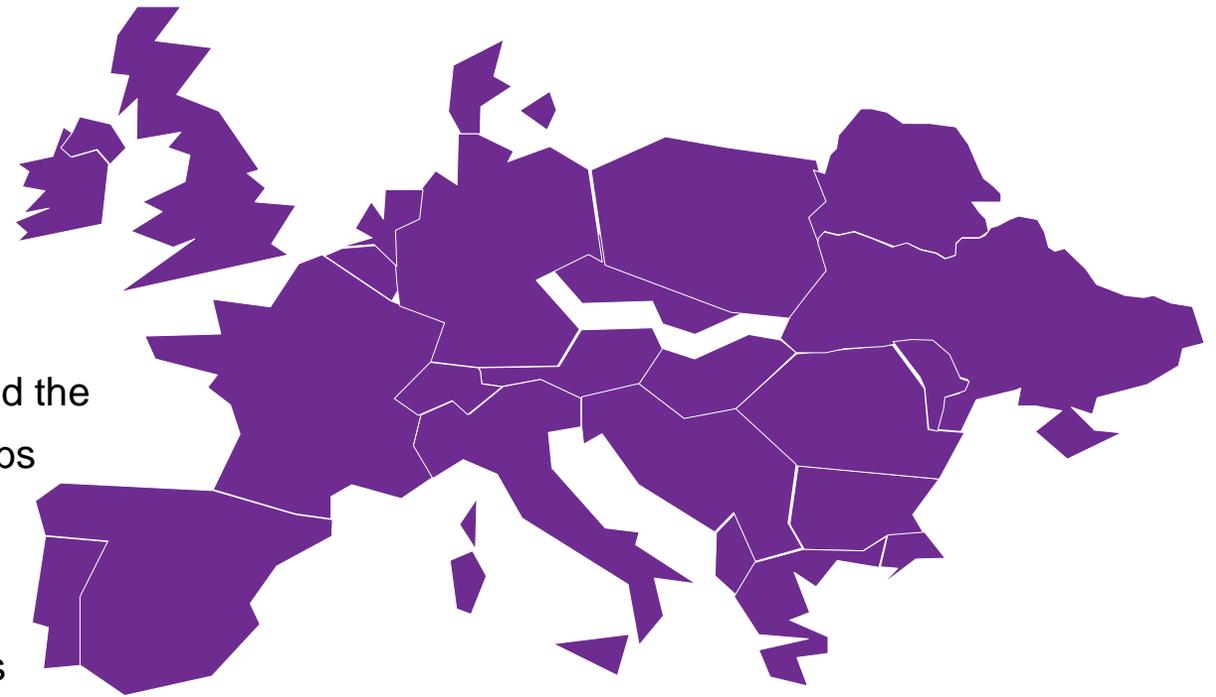
Asia

- Streets in **Myanmar's** main cities were nearly deserted today as opponents of military rule called for a "*silent strike*" to mark the first anniversary of a coup that snuffed out tentative progress towards democracy. The **US, Britain and Canada** imposed sanctions against additional officials in Myanmar, targeting judicial officials involved in prosecutions against deposed Nobel laureate Aung San Suu Kyi.
- **Japan's** parliament adopted a resolution on the "*serious human rights situation*" in **China** and called Prime Minister Kishida's government to take steps to relieve the situation, in an action likely to further increase tensions between Beijing and Tokyo.
- Ahead of a series of state-level elections, **India's** government announced plans to increase spending to 39.45 trillion rupees (\$529.7 billion) in the coming fiscal year to build public infrastructure and drive economic growth; the costs will widen the fiscal deficit beyond targeted numbers.



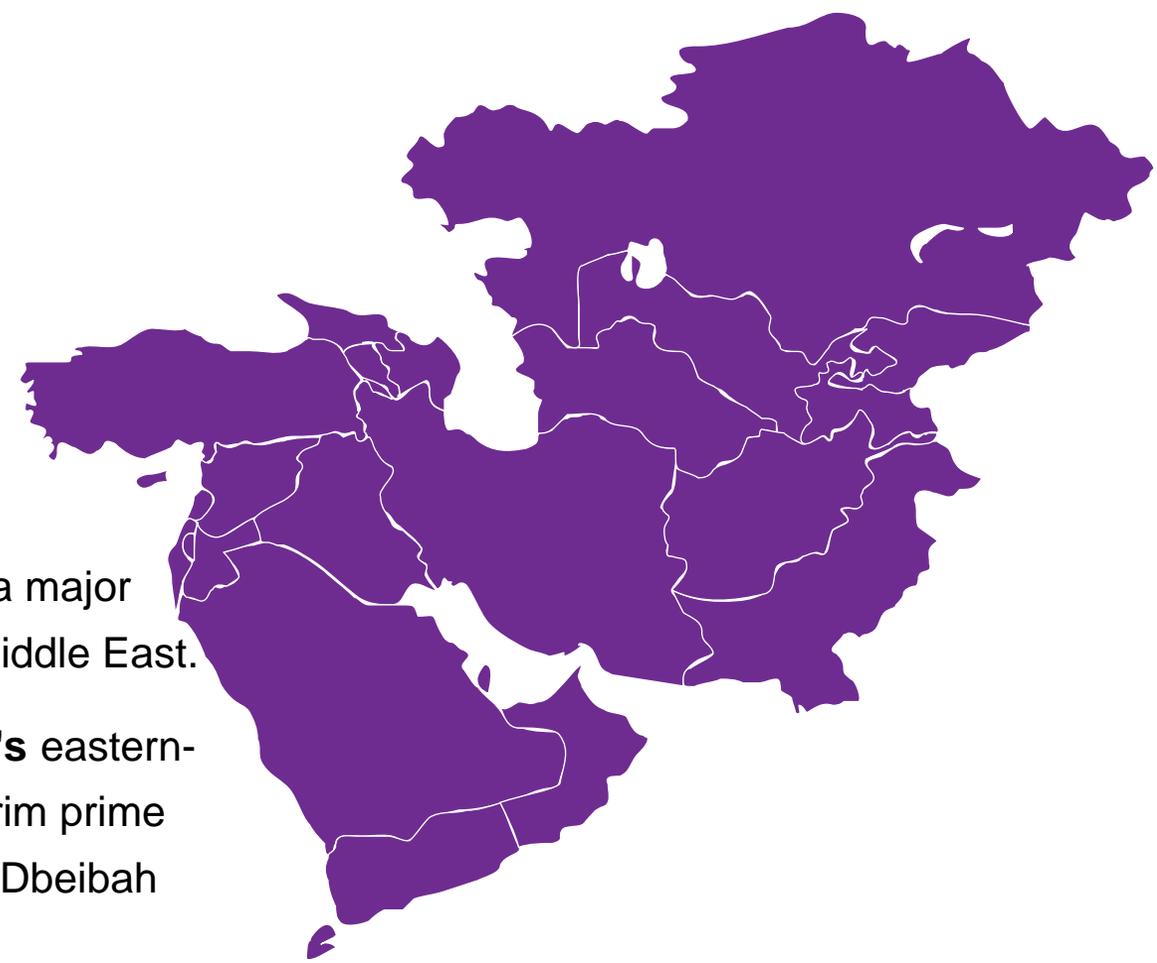
Europe

- **Euro zone** unemployment fell to its lowest level on record in December, another indicator of strong economic recovery and the effectiveness of part-time work schemes used to preserve jobs during pandemic lockdowns.
- Amid tension with **Russia**, **Ukrainian** President Zelenskiy signed a decree to boost his armed forces by 100,000 troops over three years and raise soldiers' pay.
- **Hungarian** parliamentary ministers criticized Hungarian Prime Minister Orbán's meeting with Russian President Putin today, saying it risks EU unity over the Ukraine crisis. Orbán said he planned to discuss an increase in natural gas supplies from Russia amid Europe's energy price hikes.
- **Austria** is set this week to become the first country in Europe to introduce a national COVID-19 vaccine mandate for adults. **Russia** continues to report daily record highs of new infections, as the Omicron variant of coronavirus spread across the country. **Italian** police say they have broken up a ring of businessmen accused of cheating the government out of €440 million in tax credits granted as part of government measures to help struggling businesses during the pandemic.



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Middle East



- Indirect talks between the **US and Iran** on returning to the 2015 nuclear agreement are entering the "*final stretch*," with all sides having to make tough political decisions, per the US.
- **US** President Biden announced plans to designate **Qatar** as a major non-NATO ally, granting a special status to a key ally in the Middle East.
- With internal disagreements escalating, the speaker of **Libya's** eastern-based parliament said the chamber would choose a new interim prime minister next week, but the current incumbent Abdulhamid al-Dbeibah rejected the move.
- **Israel** accused Amnesty International of anti-Semitism in response to a new report in which the human rights organization says that Israel's treatment of Palestinians, including those with Israeli nationality, amounts to systematic oppression and apartheid.

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How do You Manage Political Risk?

Today, the economic and political changes affecting international business are more complex than ever. Conflicts, coups and the coronavirus pandemic continue to impact governments and people worldwide and shape the business landscape in 2021.

Dentons offers business leaders routine and one-off political risk assessments on specific interests. Many clients also retain our team of attorneys and former intelligence and military professionals, equipped with the latest big data analytics tools, deep substantive knowledge and extensive networks of contacts, to provide services, including:

- ❖ Political and country risk forecasts and analysis
- ❖ Comprehensive project analysis
- ❖ Market-entry assessments
- ❖ Coronavirus vaccine tracker and return-to-work monitoring
- ❖ Legislative and government action forecast
- ❖ Investment risk analysis

All interaction with Dentons is attorney-client privileged

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

Americas

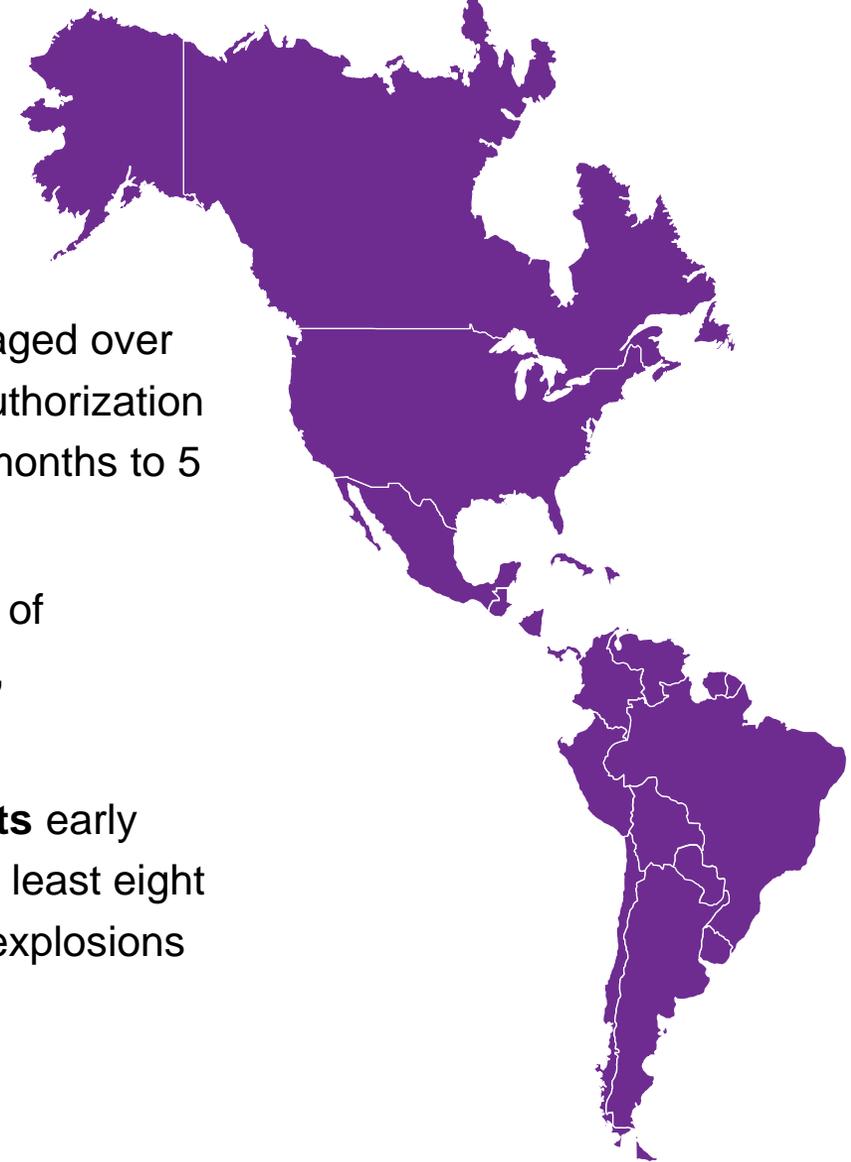
- A prominent **Argentine** lawmaker rejected a \$44.5 billion agreement struck in principle with the IMF late last week and resigned, a sign of growing cracks in the ruling coalition.
- **Jamaica** will roll out its digital currency in the first quarter of this year as part of an effort to lower transaction costs and provide financial services to citizens who do not use banks.
- **Mexico's** economy contracted for a second straight quarter in the last three-month period of 2021, putting it in a technical recession and joining regional powerhouse **Brazil**, whose economy fell back into negative territory last year.
- **Peru's** prime minister Mirtha Vásquez resigned on Monday after less than four months in the job, plunging the turbulent leftwing government of President Pedro Castillo into a fresh crisis.



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Americas: US

- The FDA granted full approval to Moderna's **COVID-19 vaccine** for people aged over 18 years. Pfizer and BioNTech are expected to submit an emergency use authorization request as early as Tuesday to the FDA for vaccines for **children** aged six months to 5 years.
- The CDC advised against **travel** to a dozen countries because of high rates of coronavirus infection, including Mexico, Brazil, Singapore, Ecuador, Kosovo, Philippines and Paraguay.
- At least six historically Black colleges and universities received **bomb threats** early Monday, prompting campus closures and investigations. In early January, at least eight historically Black colleges and universities received threats. There were no explosions then, and all of the schools reported all-clears by later in the day.
- Biden administration is cracking down on **power plant pollution**, with the Environmental Protection Agency affirmed its authority to curb mercury from smokestacks, reversing a 2020 Trump Administration policy.



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The Future of Work: Pay Transparency

“Businesses face a complex risk environment when assessing the impact of increased salary transparency on compliance, reputation and social responsibility, talent acquisition and retention and the bottom line.”

In 2022, the US labor market is expected to heat up as economic recovery fuels job creation and companies face increased competition in hiring new talent and retaining existing employees. A subtle shift in the negotiating power between employers and employees is evident, as workers have more choices and screen companies for their policies on a range of issues, including inclusiveness and diversity, sustainability and, increasingly, pay transparency. Prospective employees have some tools to investigate the market rate for job types and company-specific compensation rates through online companies like Glassdoor, which allows users to anonymously submit and view salaries as well as search and apply for jobs on its platform. New labor laws are also injecting transparency into salaries. The White House is also focused on the issue. Overall, the trend towards greater transparency is strengthening. Businesses face a complex risk environment when assessing the impact of increased salary

transparency on compliance, reputation and social responsibility, talent acquisition and retention and the bottom line.

Regulatory Measures Driving Increased Transparency

The public sector has long had transparency into salary, with all government jobs requiring advance publication of salary ranges. When an individual applies for a government position, that position’s job description includes a salary range, for example, for GS-10 positions, a range of \$50,748.00 per year at Step 1, with a maximum possible base pay of \$65,976.00 at a Step 10. The story is different in the private sector. According to a fall 2021 survey of human resources professionals conducted by Salary.com, only 35 percent said their company has a transparent pay policy. According to PayScale, a compensation software and data company, nearly half of employers never share pay ranges with employees or do not have them to begin with.

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The adoption of a new law in New York City in January is part of an emerging trend to require companies to be more transparent. The New York City law, which will go into effect in May 2022, requires any employer trying to fill a position based in New York City to advertise the minimum and maximum salary. New York City joins other jurisdictions mandating increased transparency.

- In 2018, California led the way with the [Equal Pay Act](#) which prohibits employers from requesting applicants' salary history and requires that companies provide a salary range to applicants upon request.
- In 2019, Washington State introduced the [Equal Pay and Opportunities Act](#) which requires pay ranges for particular positions upon request after making a job offer and prohibits employers from asking for an applicant's wage history.
- In 2020, Maryland and the Ohio cities of Toledo and Cincinnati adopted laws banning employers from asking candidates about their salary history and requiring disclosure of pay range to applicants upon request (Maryland) or after making an offer and if the applicant asks for it (Ohio).

- In 2021 Colorado, Nevada and Connecticut adopted legislation requiring salary range disclosures. Colorado's law, the [Equal Pay for Equal Work Act](#), also requires companies with at least one employee in the state to post pay for any remote job that could potentially be performed in the state.
- In 2022 and 2023, New York City and Rhode Island, respectively, will see new legislation go into effect also requiring disclosure of pay ranges. Massachusetts, South Carolina and New York state are considering legislation impacting salary transparency.

The White House plans to convene stakeholders on Equal Pay Day later this spring, bringing together partners across the government, non-profit and private sectors to focus on gender and racial pay gaps. Last week, on the occasion of the 13th anniversary of passages of the Lilly Ledbetter Fair Pay Act, President Biden called on Congress to pass the Paycheck Fairness Act, which would close loopholes allowing employers to justify gender pay disparities, strengthening provisions for holding employers accountable for systemic pay discrimination, and helping level the playing field for women and people of color by making it easier for workers to

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ask employees about their salary history in the hiring process and promote pay transparency by requiring more employers to report pay data to the government. The measure would also protect workers from facing retaliation if they discuss their salary with co-workers.

Risks and Opportunities for Employers

Publicizing salaries can be time-saving for employers by attracting applicants and weeding out those whose expectations do not match. However, it can also present challenges with downside risks. Many companies do not have established bands for salaries or have specialized or unique job requirements which do not easily translate into pre-set salary ranges. Others operating in different states have different policies and bands, which becomes more controversial with remote working. Employees reaching the top of their pay band could lose motivation or leave if they do not see opportunities for promotion.

Employers worry about workplace dynamics with conflicts over perceived or real pay disparities. According to the Fair Pay Impact Report published in 2021 by PayScale, based on an online salary survey taken between May 2017 and May 2021, perceptions can be misleading. More than half of employees surveyed (51 percent)

believe they are underpaid when they are actually paid at market or above market rates. Meanwhile, 28 percent of underpaid employees believe they are being compensated fairly. Payscale's analysis shows that employees who believe they are underpaid are 49.7 percent more likely to look for another job. According to Payscale's Compensation Best Practices Report, over 80 percent of employers say that they pay employees equitably based on salary data to keep employees engaged. Where they fall short is in pay communications.

One factor frequently cited in the debate in support of salary transparency is the positive impact it would have in exposing gender and minority pay gaps. PayScale's CEO Scott Torrey assessed in a 2020 interview that most employers want to pay all employees fairly, but unconscious bias can seep in. PayScale found in a 2018 survey that women and people of color are less likely to receive a pay raise when they ask for one, compared to white men. PayScale's analysis concluded that openly sharing employee salaries could be a top solution to closing the gender pay gap.

Women's rights advocates have urged companies to adopt full pay transparency policies, so that employees know what each of their colleagues make, as a tool to close the pay gap, which is even

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The Future of Work: Pay Transparency

worse for women of color. A recent report by the Institute for Women's Policy Research highlights the gap for Black women. Before the pandemic, Black women were paid just 63.0 percent of White men's median annual earnings—\$24,110 less—even when they were able to obtain full-time year-round work. That represents a wage gap of 37.0 percent for Black women and White men and is much larger than the 17.7 percent wage gap between all women and all men. The Institute for Women's Policy Research sees salary transparency laws as an important first step, but insufficient alone. Companies have to be able to see the problem before they can fix it and should analyze and publish pay gap data openly. In other words, companies should let their data speak to the extent that they are upholding their inclusion and diversity programs in terms of eliminating salary gaps.

Some private companies, like Whole Foods, are leading the charge by adopting transparency policies beyond what states and local governments are beginning to mandate. While not every business leader thinks full transparency on salaries is a good idea, being transparent on the process by which pay is determined is a step

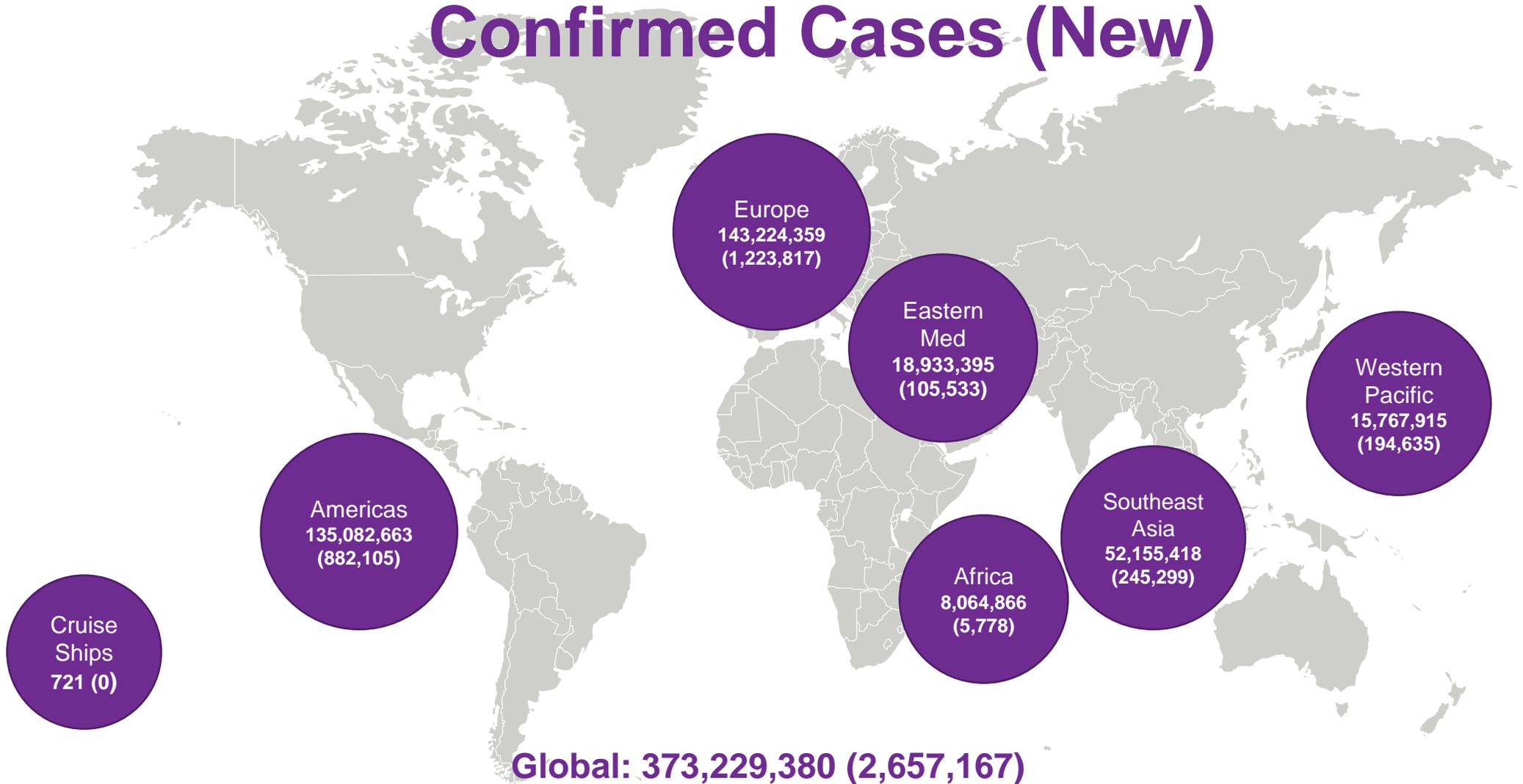
companies can take to reduce risks. Furthermore, having an open and honest discussion about pay can give a company a competitive advantage in a tight labor market.

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Coronavirus Condition Updates

As of 4:57 pm CEST on January 31, 2022

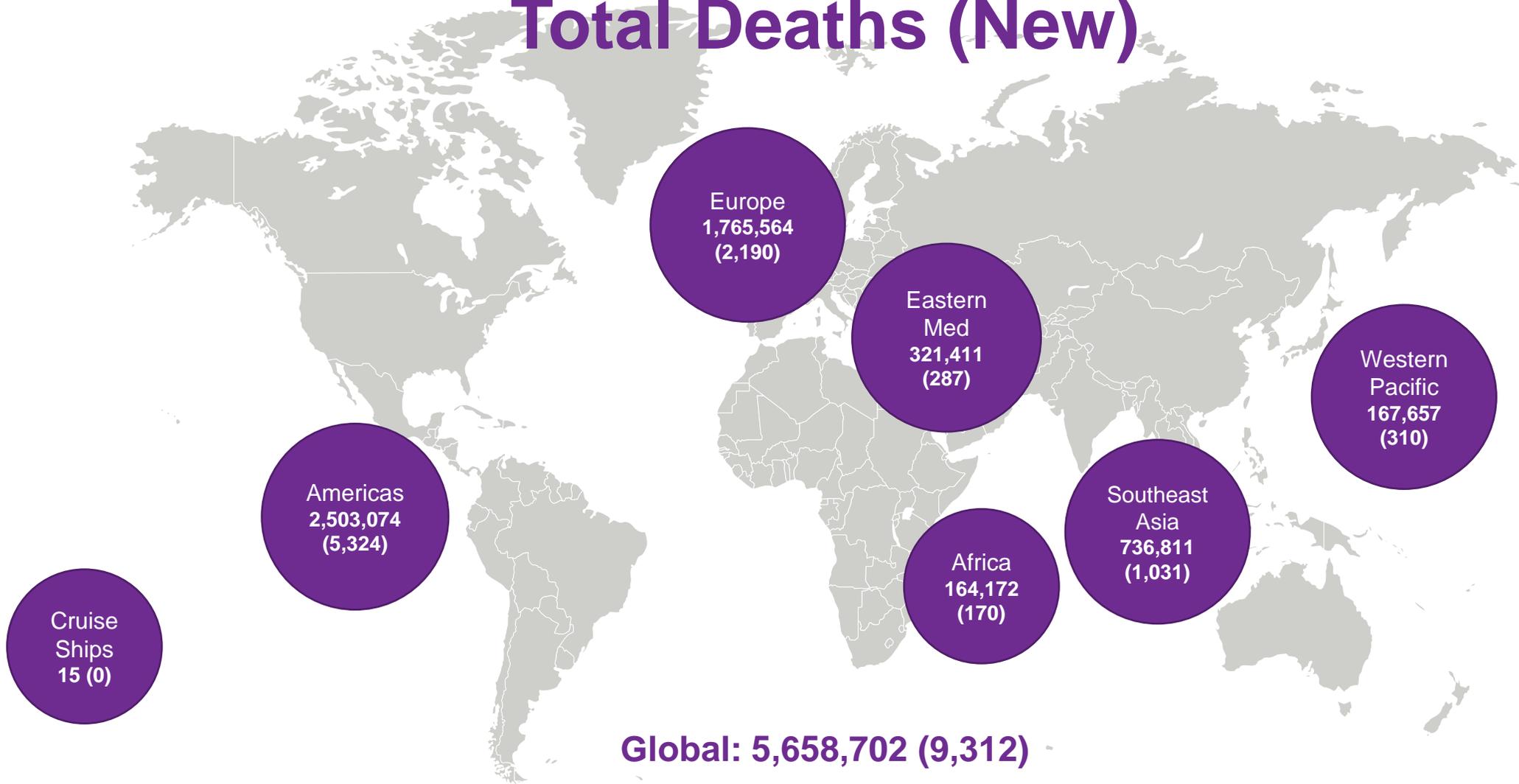
Confirmed Cases (New)



Reflects data as of 4:57 pm CEST on January 31, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 4:57 pm CEST on January 31, 2022.
Data Source: World Health Organization

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Contacts

This summary is based on reports sourced from among the 75 countries in which Dentons currently serves clients as well as from firms in other locations, some of which will formally join Dentons later in 2020. We are pleased to share this complimentary summary and contemporaneous assessment, with the caveat that developments are changing rapidly. This is not legal advice, and you should not act or refrain from acting based solely on its contents. We urge you to consult with counsel regarding your particular circumstances.

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