

Dentons Flashpoint

Daily Global Situation Report

March 24, 2022

Global Situation Update: March 24, 2022

KEY TAKEAWAYS

North Korea conducted what is thought to be its largest ICBM test ever on Thursday.

International oil prices have topped \$120 a barrel.

BlackRock's Larry Fink predicts the Russian invasion of Ukraine has put an end to the globalization.

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

A trio of high-level summits in Brussels today — for the European Council, the G7, and NATO — will decide on a number of measures that impact business. The EU is likely to enact targeted measures to achieve greater short-term energy independence, such as: limited common purchases of gas to increase storage within the bloc, and temporary decoupling of gas and electricity prices.

US President Biden is in Brussels for the summits. At the G7 and NATO meet-ups, allies will address the economic and humanitarian fallout from the war in Ukraine, but also coordinate on what to do about China should it materially help Russia. Multinational companies with a presence in China must pay attention to the potential economic consequences that may arise if that scenario unfolds.



Global

Leaders of the western alliance will convene in three high level summits to set the agenda for the next stage of efforts to assist Ukraine in repelling Russian forces and punish the Kremlin for its aggression against Ukraine.

- During Biden's meetings, he will press European officials to join the US in warning **China not to intervene** militarily on Russia's side or help Moscow evade sanctions. China's government has leaned towards Russia by backing Moscow's complaints about NATO expansion and refusing to call its actions an invasion. **Mainstream Chinese media** is pushing the narrative that the war in Ukraine was **the fault of the US**, and that Washington is seeking to frustrate peace negotiations.
- In his nightly address, **Ukrainian President Zelensky** called for **global protests** to mark one month into a war that has killed thousands.
- **Moscow** warned that **global oil and gas markets could collapse** if Russian hydrocarbons are removed from the market as a result of sanctions and the situation in Ukraine.

Markets & Business

Oil surged above \$120 a barrel on fears of more expansive sanctions on Russian energy.

- German Chancellor Scholz argued that halting Russian imports would trigger a **recession**.
- **Russia's stock exchange** will partially reopen today after three weeks of closure in the wake of historic sanctions.
- **Toshiba** shareholders have voted down the management's plan to split the industrial conglomerate in two, handing a fresh defeat to a company that has been at loggerheads with investors for four years.
- **Fitch** will withdraw ratings of all Russian entities. **The export credit agencies of the United States, Britain and Canada** said on Wednesday that they are withdrawing new export credit support for Russia and Belarus over Russia's invasion of Ukraine.

Environment, Sustainability & Governance

A new study by Asia Research & Engagement (ARE) found that of 32 major banks in east Asia, none have made commitments aligning with Glasgow pledges to mobilize finance to meet climate goals.

- **Nestle** will halt the “vast majority” of its sales in Russia but will maintain its baby formula and medical nutrition business. French banks BNP Paribas and Crédit Agricole became the latest to cease all business in Russia.
- **Saudi Arabia’s sovereign wealth fund** announced that it had partnered with several businesses as a first step to establish a voluntary carbon market in the country.

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Africa

- **Nigeria** kicked off construction of a \$2.5 billion fertilizer plant, the continent's largest, and part of a bid to capture market share from Russia, a major fertilizer exporter.
- The **Somali** government reported that they had repelled an attempted attack against a major military base by the country's largest airport in Mogadishu, resulting in the deaths of at least five people, two of them attackers.



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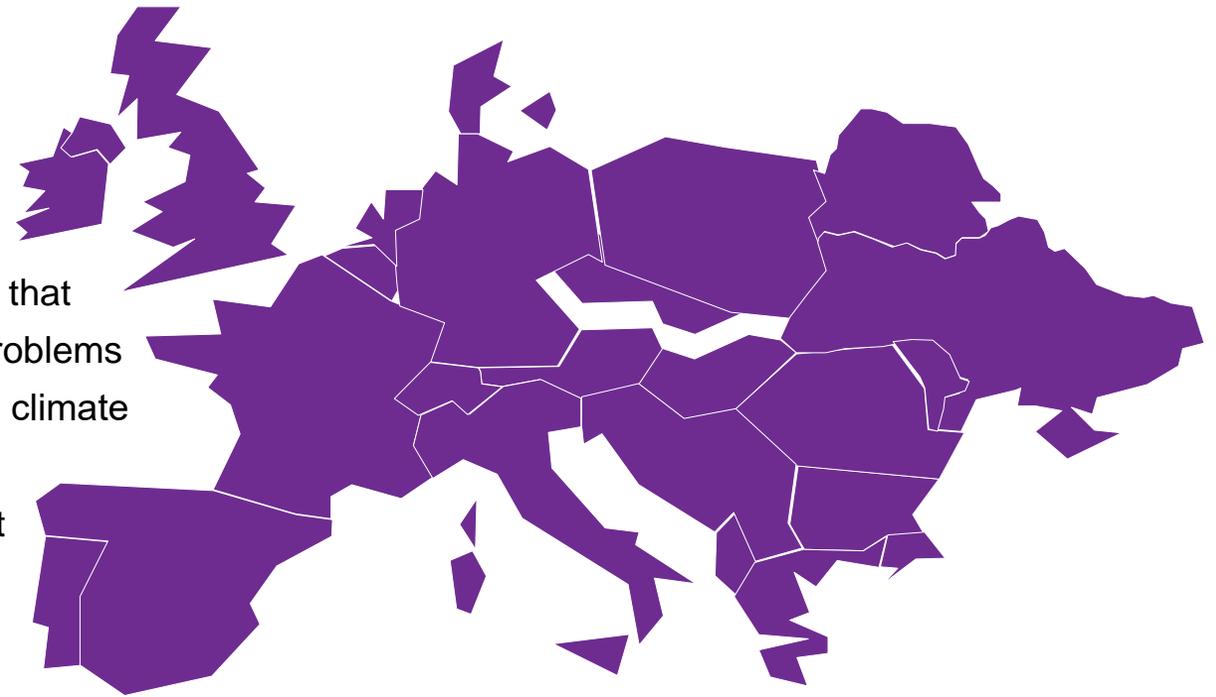
Asia

- **Indonesia** said that **Russian** President Putin still plans to attend a G20 summit in Jakarta later this year, calling calls for Putin to be barred from the meeting “absolutely disproportional.” **Japan** said that it would unveil more support for Ukraine at the G7 meeting in Brussels.
- **Japan’s** government promised to compile a new stimulus package to cushion the blow of rising commodities prices amid the war in Ukraine.
- **Indonesia’s** government is drafting harsh new rules that would allow the government to fine or criminally charge social media platforms if they do not swiftly remove “dangerous” content, which could curtail business there.
- A senior **Taiwanese** official said that he did not see **China** adopting a “reunification law,” as it would put too much pressure on Beijing to abide by a timeline to bring the island under its full control.
- **Singapore** extended its quarantine-free entry rules until next month, sustaining its shift away from COVID-zero strategies.



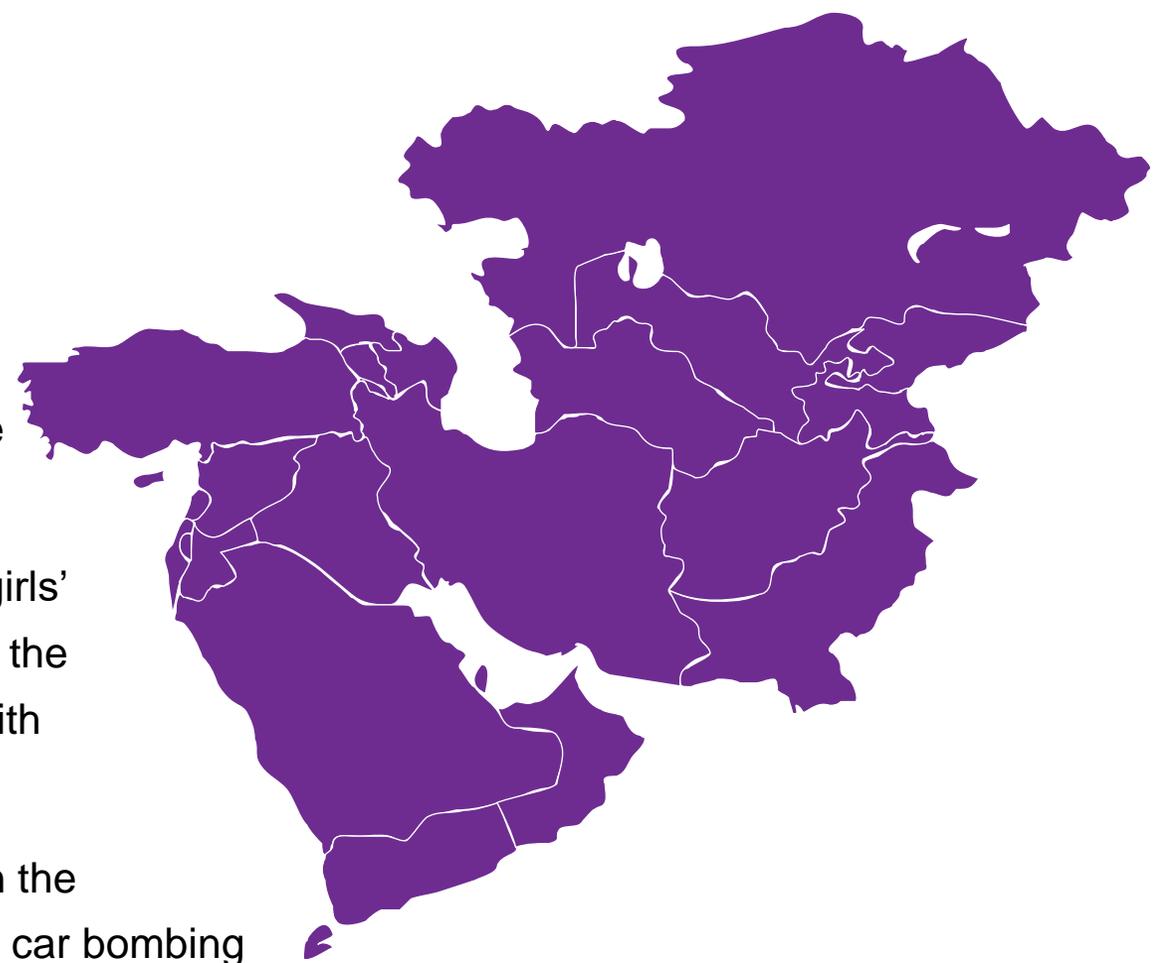
Europe

- **Russia** began invoicing European LNG buyers in rubles, a move that pushed the ruble moderately higher but that will pose logistical problems for European importers. Anatoly Chubais quit as Russia's special climate envoy, making him the highest-ranking official to leave the government after the invasion of Ukraine. Russia announced that it has taken ownership of up to 50 percent of foreign-owned aircraft in the country.
- The **UK** unveiled a new round of sanctions on Russian banks and elite, including Gazprombank, Alfa Bank, and a woman they said was the stepdaughter of Foreign Minister Sergei Lavrov.
- The **EU** announced loosened state aid rules, allowing some sectors to qualify for larger support packages if they have been impacted by Russian sanctions.
- **European** consumer confidence neared the record low set in March 2020 at the onset of the coronavirus. **UK** Finance Minister Sunak issued new tax cuts in a bid to offset market disruptions.
- **Turkey** rejected suggestions that it could send **Russian**-made S-400 anti-missile defense systems to **Ukraine**.



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Middle East



- **Egypt** requested financial support from the IMF to complete a raft of economic reforms that are becoming more expensive in light of **Russia**-related trade disruptions.
- In **Afghanistan**, the Taliban reneged on promises to reopen girls' high schools this week, saying they would remain closed until the government draws up plans to operate them in accordance with Islamic law.
- **Yemeni** government sources reported that a senior general in the **Saudi**-backed Yemeni military had been killed by Houthis in a car bombing in Aden.
- **Jordanian** King Abdullah will visit the **West Bank** town of Ramallah for the first time in five years this week to meet with PA President Abbas in an attempt to avoid escalation in the Palestinian territories during Ramadan.

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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](#).

Americas

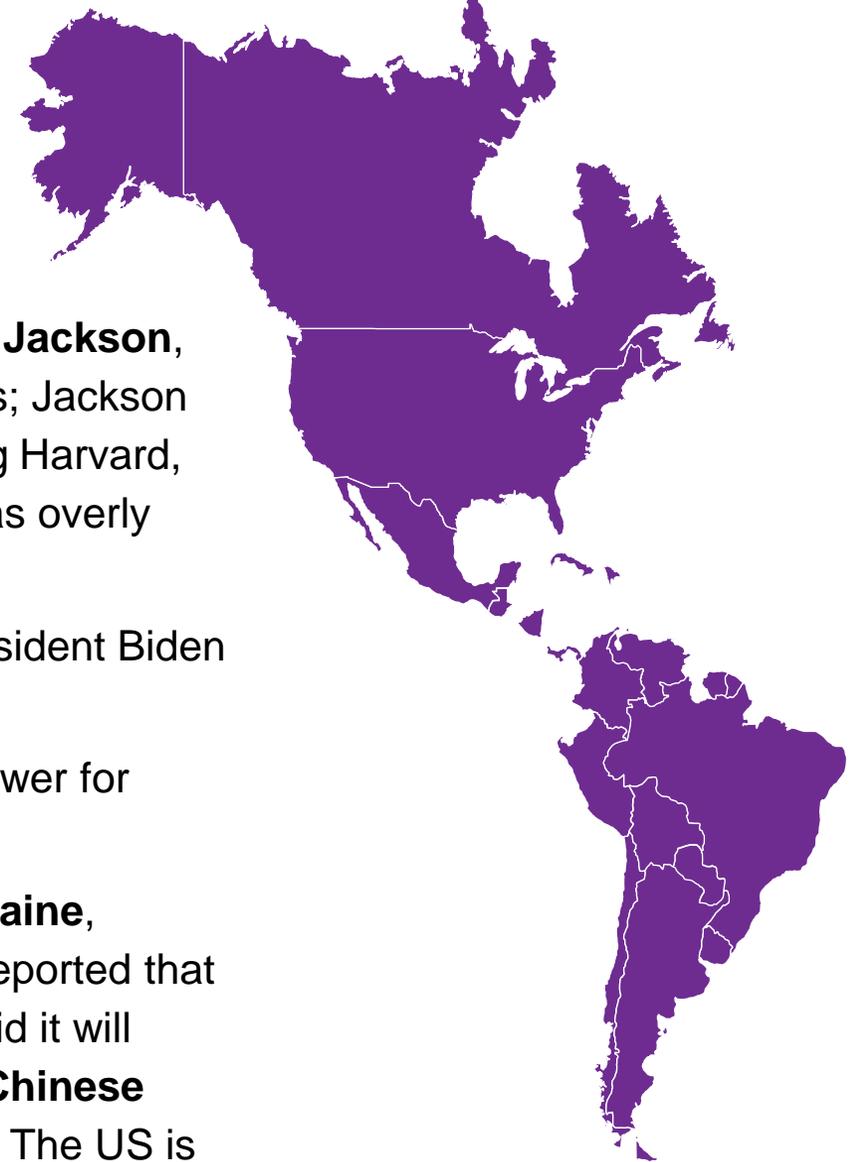
- **El Salvador** will seek support from major crypto exchange Binance to further the implementation of cryptocurrency as legal tender, which has faced supply issues and skepticism from the public.
- **Cuba** blamed gas shortages on supply runs and minor disruptions at the country's major largest power plant; last week, rumors of shortages caused panic and hours-long lines.
- During a visit by the UK's Prince William, **Jamaica** announced that it wants to become independent.
- **Canada** raised C\$5 billion in its initial green bond offering.



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Americas: US

- Confirmation hearings for President Biden's SCOTUS pick **Ketanji Brown Jackson**, with questioning largely focused on race-related issues and previous cases; Jackson said that she would recuse herself from an affirmative action case involving Harvard, where she sits on the board, and continued to deny arguments that she was overly lenient in previous child sex abuse cases.
- CEOs of United Airlines, American Airlines and Delta Airlines called on President Biden to lift the **airline mask mandate** and pre-departure international testing.
- **Tornadoes** in New Orleans killed at least one resident and knocked out power for thousands of homes.
- The US officially determined that **Russia** had committed war crimes in **Ukraine**, pointing to indiscriminate attacks against civilians. The State Department reported that a basketball player detained in Moscow is in good condition. The USTR said it will reinstate 352 expired product exclusions from US "Section 301" tariffs on **Chinese** imports, well short of the 549 exclusions that it was previously considering. The US is reportedly considering accepting 100,000 **Ukrainian** refugees.



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India and the Ukraine Crisis

US President Joe Biden made diplomatic waves on Wednesday when he characterized India, among Quad members, as "somewhat shaky" in acting against Russia over its invasion of Ukraine.

The comment was followed with a more expansive statement from the State Department Spokesperson Ned Price, who clarified that India is an essential partner with a shared vision of a free and open Indo-Pacific. Price acknowledged, however, that India has a historic defense and security relationship with Russia that was rooted in a different time and different set of considerations. Price further stated that the US and India are now partners of choice, and the relationship was evolving and deepening. This diplomatic exchange highlights the problem facing US allies who are getting caught in the crosshairs of competing interests and values. In India's case, it is not just a matter of interests versus values, but conflicting interests and conflicting values.

India's Dilemmas

India strongly supports the rules based international order, particularly respect for territorial integrity and sovereignty. This is partly due to India's postcolonial history and territorial claims against

it by its neighbors - New Delhi has no interests in condoning actions by another country using force to change borders. At the same time, however, India has a policy of not publicly condemning other countries, prioritizing behind the scenes dialogue and diplomacy. In the case of Russia's invasion of Ukraine, New Delhi prioritized the latter and opted to abstain on the UN vote to condemn Russia, calling instead for dialogue.

Because of the politics at play, however, India's abstention was not interpreted as a neutral act, but as siding with Russia against the US. The Kremlin issued a statement praising India for its "balanced" position while hailing the country's "special and privileged strategic partnership." The US, on the other hand, remained largely silent until President Biden's comment.

In the immediate term, India has interests in preserving its good relationship with Russia. India is dependent on Russia for military

India and the Ukraine Crisis

equipment: over 85 percent of India's military arsenal is sourced from Russia. India has been trying to diversify, but because of lifecycle for hardware and lack of strategic commitment by Indian leaders, diversification has been slow. Additionally, because of border disputes, India has strong interest in maintaining a trusted supply chain for military equipment.

India must also maintain a longer view as the global balance of power may shift as a result of the Ukraine war. India must manage a complex geopolitical triangle with Russia and China. New Delhi has an ongoing border dispute with Beijing in the Himalayans, which became hot in 2020, triggering a notable deterioration in the bilateral relationship and trade. With the economic isolation of Russia, India is concerned that Russia will become more dependent upon China for political and economic support and that the balance of power will shift. In the Sino-Russo relationship, China could become the dominant partner. In this scenario, India would want to maintain a strong relationship with Russia to prevent Russia from tilting towards China on the Himalayan border dispute and on other security issues in the Indo-Pacific. India has a strong interest in seeing the Indo-Pacific not become dominated by China.

The economic relationship also presents dilemmas. Latest data show India's bilateral trade with Russia stood at \$10.8 billion, accounting for less than 1.5 percent of the South Asian nation's total. India imports Russian commodities, included crude oil, coal and fertilizer. New Delhi is already considering how it can continue trade without risking sanctions by using national currencies instead of the dollar. Using the rouble is increasingly problematic, however, because of its instability. New Delhi and Moscow would need to peg the currency to something, but to what? Russia would be inclined to use the Chinese yuan, but India not so much. While the Indian government will be open to taking some risks in maintaining normal trading relations with Russia, the Indian private sector has a lower threshold for risk. This, added to the higher transaction costs due to transportation disruption and insurance, will create incentives for the private sector to look to other suppliers.

India's Growing Ties to the US

India must also manage its relationship with the US and Europe. In terms of trade, in 2021 the US was India's top trading partner, with bilateral goods trade worth \$113.391 billion. The EU was India's

India and the Ukraine Crisis

third largest trading partner, with €65.30 billion in bilateral trade in 2021. India's shift towards the west is growing stronger, dwarfing trade with Russia.

Political and security cooperation with the US is also expanding. High-level engagement through the Quad – the Quadrilateral Security Dialogue composed of the US, Australia, India, and Japan – took off in 2020, revitalizing a practically dormant multilateral group into a coalition to advance Indo-Pacific security. The Indo-Pacific spans two oceans and several continents, making it important to both US and Indian maritime interests. Quad countries, all democracies, are committed “to promoting the free, open, rules-based order, rooted in international law and undaunted by coercion, to bolster security and prosperity in the Indo-Pacific.” While the Quad is focused on containing Chinese military expansion, they also have an broader agenda of boosting trade, public health and state resiliency.

Like many countries caught between competing interests and values over the Ukraine War, and relations with the US, Europe and Russia, India will seek to hedge foreign policy, but finding a balance point will be very difficult, if not impossible.

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Ukraine War Update: Summit Diplomacy, WMD Deterrence, War Crimes

Today, leaders of the western alliance will convene in three high level summits to set the agenda for the next stage of efforts to assist Ukraine in repelling Russian forces and punish the Kremlin for its aggression against Ukraine.

Political Developments

As the Ukraine war enters its second month, US President Biden will meet in person with EU and G7 leaders today in Brussels to discuss the war in Ukraine. The US president will also join NATO heads of state for an extraordinary meeting in Brussels chaired by Secretary-General Stoltenberg. The leaders will discuss deterrence and defense efforts in Ukraine, as well as the possibility that Russia might launch a chemical weapons attack.

NATO leaders are preparing to send equipment to Ukraine for use in defending against chemical and nuclear weapons, in addition to cyber security equipment. Efforts to supply Ukraine with Soviet-era long-range missile systems have bogged down. Of the 30 NATO countries, only Slovakia, Greece and Bulgaria have supplies of the S-300 missile system which the Ukrainian military is trained to use. These countries are reluctant to give up their systems because of

their own defense requirements. Turkey has also refused to send its Russian-made S-400 air defense system to Ukraine.

NATO leaders are also expected to agree to a plan to strengthen its eastern flank by setting up four battle groups of NATO troops in Bulgaria, Hungary, Slovakia and Romania, joining deployments aimed at deterring potential Russian aggression in Poland and the Baltic states. Moscow has warned that sending NATO peacekeepers to Ukraine would lead to the “dangerous” and “*irreparable consequences*” of a direct confrontation between Russian and the alliance’s military forces.

NATO Secretary-General Stoltenberg’s term as head of the military alliance is set to be extended by another year. Stoltenberg was due to step down at the end of September to take on a role as governor of Norway’s central bank.

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Ukraine War Update: Summit Diplomacy, WMD Deterrence, War Crimes

UK Prime Minister Johnson is set to announce today a £25 million financial package for Ukrainian armed forces alongside 6,000 defensive missiles, as part of efforts to step up western military and economic support to Ukraine.

Ukrainian President Zelensky called upon world leaders to provide heavy military equipment to aid his nation's "*struggle for life*" in the face of a Russian invasion. Ukraine's president urged French companies to cease their business in Russia and for Paris to increase pressure on Moscow during a video address to the French parliament on Wednesday. He also called on Japan to impose a trade embargo on Russian goods in an address to the national parliament in Tokyo. In his nightly address, Zelensky called for global protests to mark one month into a war that has killed thousands.

Russia is expelling an unspecified number of US diplomats from the country, in a tit-for-tat step after the US expelled 12 Russian diplomats at the UN. Washington said they were intelligence operatives and a threat to American national security.

The US has made a formal determination that Russia's military has committed war crimes in Ukraine, pointing to atrocities including "*indiscriminate attacks deliberately targeting civilians.*"

At the UN Security Council yesterday, the Russian backed resolution that acknowledged a humanitarian crisis in Ukraine without mentioning the Russian invasion was defeated; the motion was backed only by Russia and China.

During Biden's meetings, he will press European officials to join the US in warning China not to intervene militarily on Russia's side or help Moscow evade sanctions. China's government has leaned towards Russia by backing Moscow's complaints about NATO expansion and refusing to call its actions an invasion. Mainstream Chinese media is pushing the narrative that the war in Ukraine was the fault of the US, and that Washington is seeking to frustrate peace negotiations. Beijing's censors are working hard to suppress any criticism of that position, but the government has not been able to repress the heated debate both among Chinese policy experts and the public.

In the information war, Google confirmed that users in Russia were struggling to access its news app and website after Russian state media reported that the country's communications regulator had blocked the aggregator service.

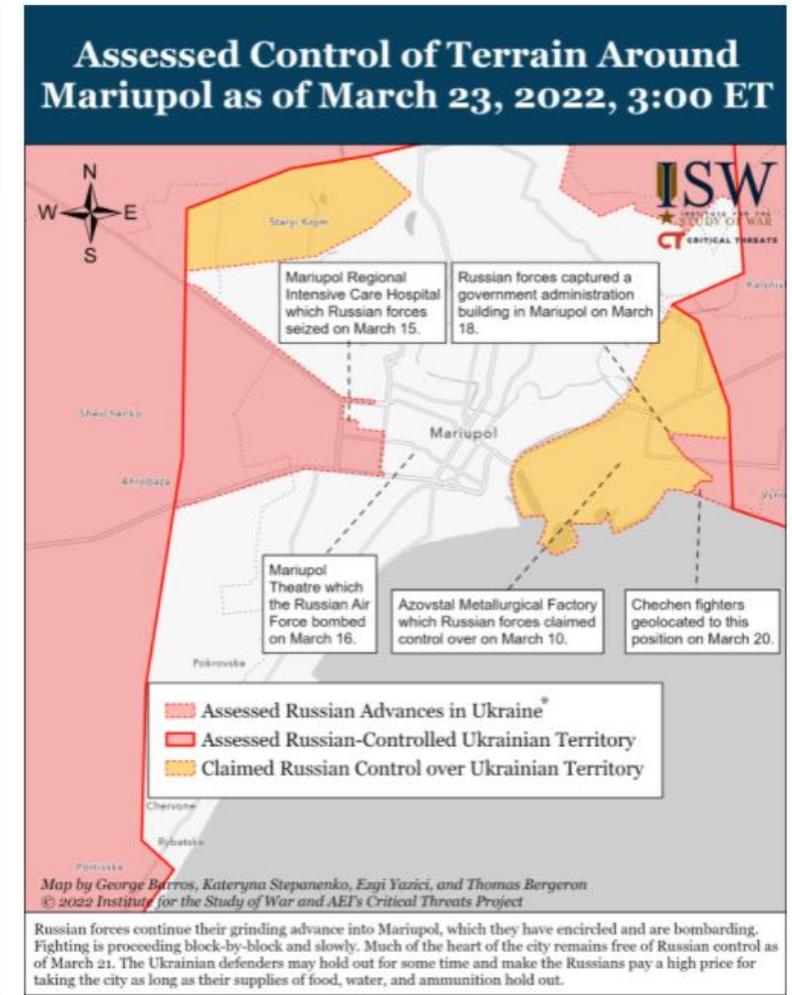
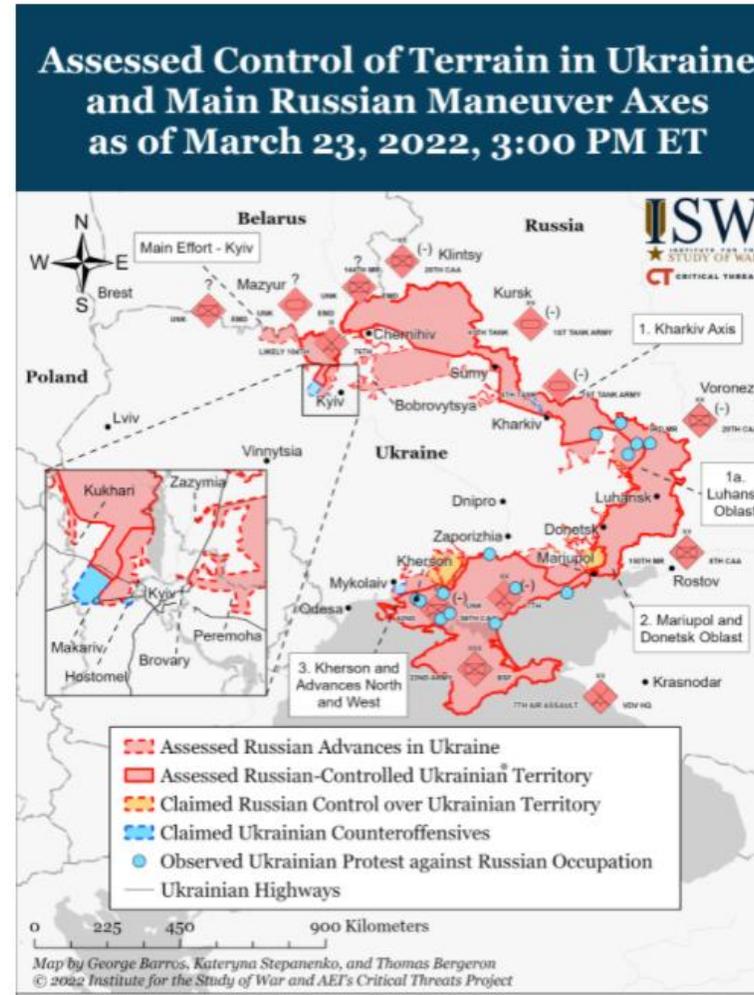
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Ukraine War Update: Summit Diplomacy, WMD Deterrence, War Crimes

Battlefield Developments

UK Ministry of Defense assessed that Russian troops in northern Ukraine continue to reorganize ahead of the resumption of “large-scale offensive operations.” US defense officials reported that Ukrainian forces gained some momentum around Kyiv on Wednesday and pushed Russian forces back in some areas.

Russia is now prioritizing efforts in eastern Ukraine, particularly near Luhansk and Donetsk, and is trying to cut it off and pin down Ukrainian forces that are in that area. Military analysts assess that the Russian military might be consolidating its efforts into a more methodical, two-pronged approach. The first involves



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

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Ukraine War Update: Summit Diplomacy, WMD Deterrence, War Crimes

besieging cities such as Kharkiv with artillery and missile strikes and then holding captured territory around them, possibly to use as a bargaining chip in peace talks. The second part involves a concerted effort to defeat the Ukrainian troops in Mariupol and surround the Joint Forces Operation (JFO) in the Donbas. Defeating a large part of Ukraine's regular army in the Donbas could also deliver Russia two strategic goals. It would be a demoralizing blow to Kyiv and capturing and controlling the Donbas might also allow President Vladimir Putin to declare "success" at home in Russia.

On Wednesday, Russia's main targets were military and civilian infrastructure in Kyiv, Chernihiv, and Kharkiv. Russia's defense ministry claimed that its troops had taken full control of the eastern Ukrainian town of Izyum, a town located 125km south of Kharkiv on the route to Donetsk. If true, it would add Izyum to the handful of Ukrainian towns occupied by Russian troops.

Ukraine claims to have sunk a large Russian naval landing vessel close to the under-fire Azov Sea port city of Mariupol. The Battle of Mariupol continues in the streets, with fierce Ukrainian resistance and limited Russian gains.

NATO now estimates that between 7,000 and 15,000 Russian troops have been killed in the invasion on Ukraine. Moscow has officially confirmed 498 deaths. The UK Ministry of Defense assessed that Russia was likely to seek to mobilize reserves and conscripts, as well as private military contractors and foreign mercenaries, to replace its "considerable losses."

Humanitarian Developments

The Ukrainian government has set up a website in English and Ukrainian that will co-ordinate humanitarian aid from international donors, easing the ways to send much-needed goods and supplies to the areas ravaged by war. The portal, help.gov.ua, provides a three-step procedure to inform the government about humanitarian aid provision plans, request a shipping permit and deliver it.

UNICEF estimates that around 4.3 million children - more than half of the country's estimated child population of 7.5 million - have been displaced in the month since the war started.

Ukraine War Update: Summit Diplomacy, WMD Deterrence, War Crimes

Economic Developments

The European Central Bank has appointed a temporary administrator to oversee the wind-down of RCB Bank, a Cypriot lender with strong Russian ties, which has been barred from agreeing new loans, deposits or investments.

Moscow warned that global oil and gas markets could collapse if Russian hydrocarbons are removed from the market as a result of sanctions and the situation in Ukraine.

Moscow's stock exchange partially reopened on Thursday, after being closed for more than three weeks following the imposition of sanctions

French carmaker Renault plans to suspend some of its Russian operations indefinitely and review its stake in a local carmaker. Chinese carmaker has suspended its operations at a factory in Belarus that exports to Russia and is examining its future in Russia, casting doubt on expectations that China's carmakers would to take advantage of the exodus of international groups following Ukraine's invasion to expand its presences in the Russian market.

Nestlé, the world's largest food company, will halt sales of KitKat, Nesquik and several dozen other brands in Russia.

Coronavirus Condition Updates

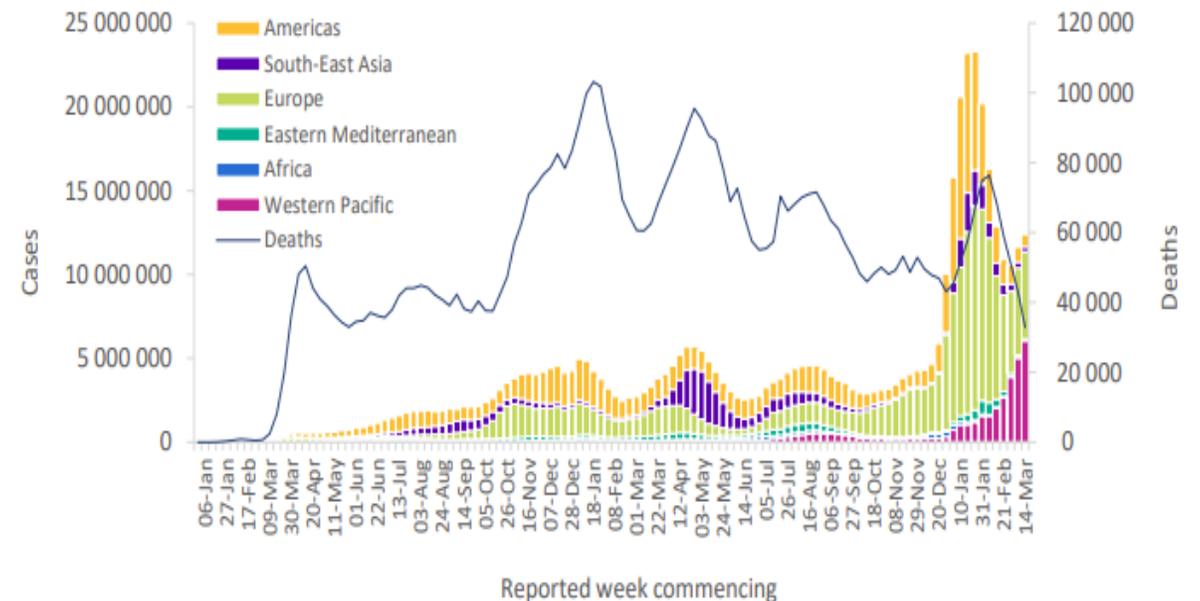
As of 5:51 pm CEST on March 23, 2022

Coronavirus

Globally, confirmed coronavirus cases topped 472.8 million with 6.0 million deaths; more than 10.9 billion vaccine doses have been administered.

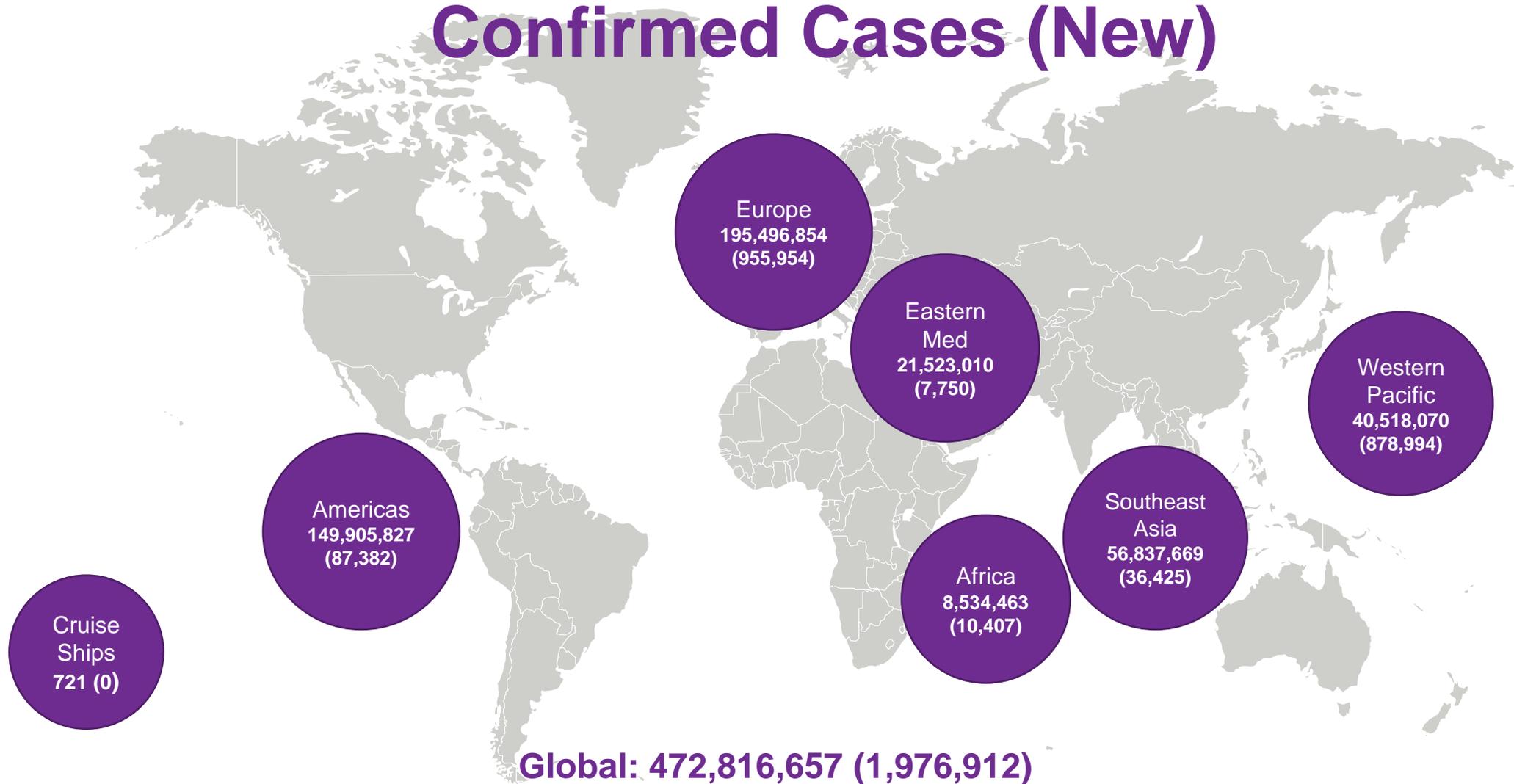
- After a consistent decrease since the end of January 2022, the number of new weekly cases rose for a second consecutive week, with a 7 percent increase reported during the week of 14 through 20 March 2022, as compared to the previous week.
- The number of new deaths has continued a decreasing trend (-23 percent as compared to the previous week). Across the six WHO regions, over 12 million cases and just under 33,000 deaths were reported.

Figure 1. COVID-19 cases reported weekly by WHO Region, and global deaths, as of 20 March 2022**



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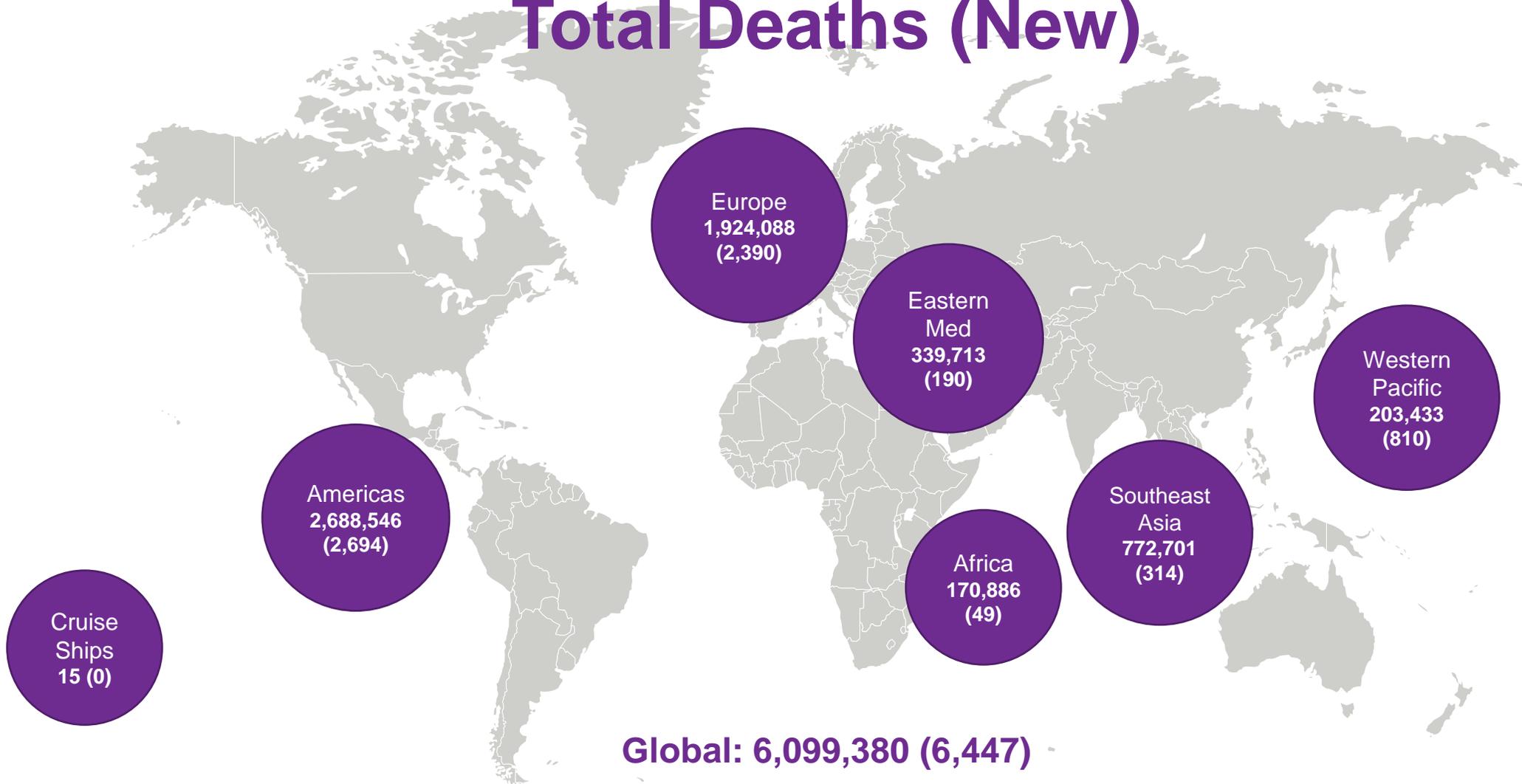
Confirmed Cases (New)



Reflects data as of 5:51 pm CEST on March 23, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 5:51 pm CEST on March 23, 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.

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.

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