

Dentons Flashpoint

Daily Global Situation Report

May 9, 2022

Global Situation Update: May 9, 2022

KEY TAKEAWAYS

Russian President
Putin calls
Ukraine operations
preemptive action.

COVID-19
lockdowns tighten in
Beijing and Shanghai.

China-backed AIIB is
considering granting
\$100 million in
emergency support to
Sri Lanka amid
growing instability.

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

Mexican President Andrés Manuel López Obrador (AMLO) is wrapping up a five-day tour in Cuba after visits to four Central American countries. This is only the third overseas trip in more than three years for AMLO and he has thus far used it to criticize US foreign policy priorities and establish Mexico as a regional leader, independent from the US. Migration, development and trade are high on his agenda.

The US government is gearing up for a Summit of the Americas in California in June to solidify a strategy to manage migration flows. On his regional tour, AMLO argued that countries like Cuba, Nicaragua, and Venezuela should not be barred from attending. He also argued that the US is spending more on aid to Ukraine than on development in its own hemisphere.



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Global

Russian President Putin, during a Victory Day speech, characterized Russia's military action in Ukraine as a preemptive move to ward off aggression.

- US Central Intelligence Agency Director William Burns assessed that Russian President Putin believes doubling down on the military conflict in **Ukraine** will improve his outcome in the war.
- The G7 imposed **new sanctions** against Russian financial elites and family members and backed phasing out or banning the import of Russian oil.

Markets & Business

In the US, 20 leading internet service providers have agreed to offer basic low-cost plans that will be free for millions of Americans after a refund.

- **Elon Musk** and **Twitter Inc** are being sued by a Florida pension fund seeking to stop Musk from completing his \$44 billion takeover of the social media company before 2025.
- British real estate firms **Capital & Counties Properties** and **Shaftesbury Plc** announced talks on a possible merger that would bring such London tourist destinations as Covent Garden and Soho under one umbrella.
- In the ongoing crackdown on the tech sector, China ordered **internet platforms** to step up governance of how under-18s use their livestreaming services.
- A survey by the **American Chamber of Commerce in China** found that more than half of the 121 companies polled have either reduced or delayed investment in the country, while nearly 60 percent of them lowered their income forecasts for this year following the latest outbreaks, as lockdowns hit operations and supply chains.

Environment, Sustainability & Governance

Bipartisan majorities of US adults think CEO pay is too high, a new poll found, presenting a challenge for corporate boards looking to balance compensation for leaders and workers.

- The area of land cleared of trees in the Brazilian Amazon rainforest in April approached double that in the same month a year ago, with **deforestation** in the region at a record monthly level for the third time this year.
- Wells Fargo & Co unveiled new targets to reduce greenhouse gas emissions, including goals to reduce the "*absolute emissions*" related to its **financing of companies in the oil and gas sector.**
- Occidental Petroleum Corp **shareholders voted against** a proposal by **activist investor** group Follow This to extend the company's current carbon emissions reduction targets. Follow This, a Dutch climate activist, wanted Occidental to disclose quantitative short-, medium- and long-term greenhouse gas emissions reduction targets consistent with the Paris Agreement.

Africa

- **Somalia's** government has asked the IMF to extend its financial support by three months to Aug. 17. The IMF warned in February that Somalia's delayed legislative and presidential elections put the renewal of the three-year budget support program, worth nearly \$400 million, at risk of automatic expiration this month.
- Under pressure from the government, **Nigerian** airlines have suspended plans to ground all local flights due to the soaring cost of jet fuel just hours before the move was due to take effect.
- **Zimbabwe's** government ordered banks to stop lending in a move Harare said was designed to stop speculation against the Zimbabwean dollar and was part of a raft of measures to stop its rapid devaluation on the black market.
- Dozens were killed and many more are missing after armed men raided a mining encampment near the town of Mongwalu in the **Democratic Republic of Congo's** eastern Ituri province on Sunday.



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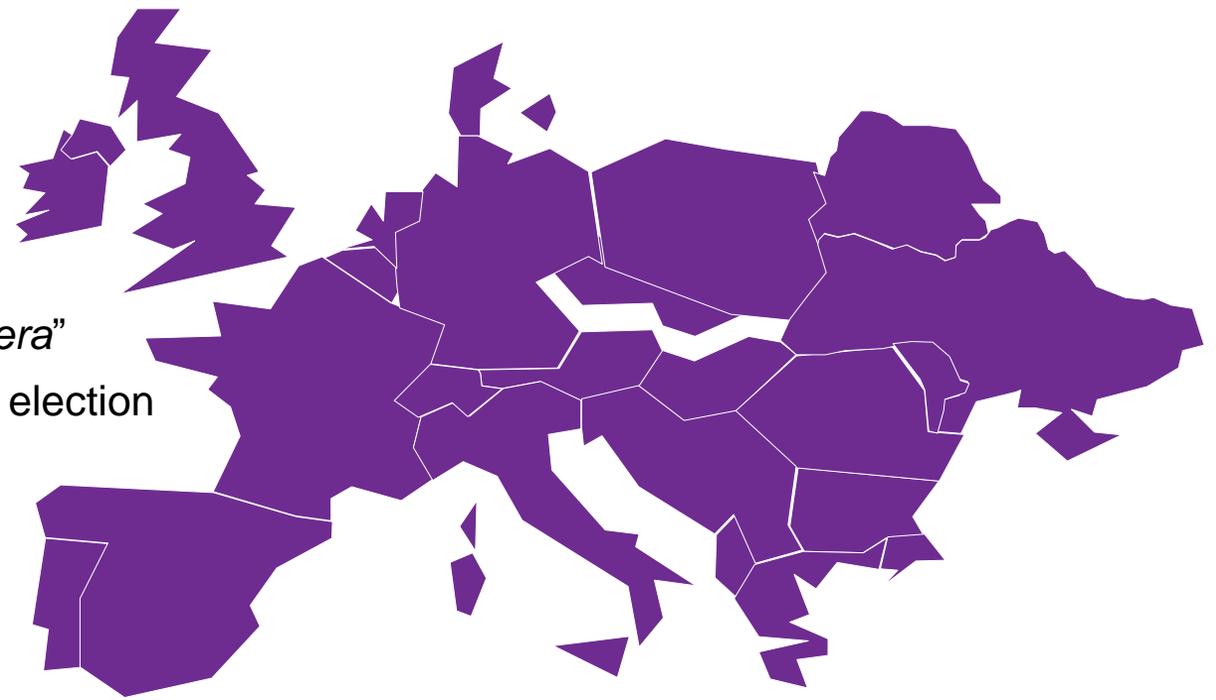
Asia

- **North Korea** on Saturday fired a short-range ballistic missile into the sea off its eastern coast. South Korean military said it believed the North may have tested a submarine-launched ballistic missile.
- **China's** two biggest cities, Beijing and Shanghai, tightened COVID-19 curbs on their residents on Monday, raising new frustration and even questions about the legality of its uncompromising battle with the virus.
- **Sri Lanka** has imposed a nationwide curfew after clashes erupted between government supporters and citizen protesters demanding the premier and his brother, the president, resign in recognition of the nation's worst economic crisis since independence. The **China**-backed Asian Infrastructure Investment Bank is considering granting \$100 million in emergency support to Sri Lanka.
- **Philippine** voters go to the polls today, to fill the offices of the presidency, vice presidency, seats in the Senate and the House of Representatives to mayors, governors and councilors. Opinion polls put Ferdinand Marcos Jr., popularly known as "Bongbong," leading his rival by over 30 percentage points in the presidential race, having topped every poll this year.



Europe

- Sinn Fein's regional head Michelle O'Neill hailed "*a new era*" after the party won the most seats in **Northern Ireland's** election for the regional parliament.
- The **EU's** envoy to **Britain** said the bloc was ready to restart talks on the **Northern Ireland** protocol after a pause due to recent elections but would not overhaul the arrangement that is central to post-Brexit trading rules.
- **France's** Macron was sworn in for his second term as president on Saturday, promising to lead the country with a "*new method*" as his political rivals kicked off campaigning for next month's legislative election.
- **Germany's** conservative CDU won an election in the northern state of Schleswig-Holstein on Sunday, a boost to the party of former Chancellor Angela Merkel, which was ousted from national government in federal elections last year.



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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



- The Taliban ordered women to wear the all-covering burqa in public, imposing the harsh restriction in continuation of its repressive controls since taking over the **Afghan** government.
- In one of the deadliest attacks in recent years in northern Sinai, militants attacked a military checkpoint at a water pumping station, killing **Egyptian** soldiers.
- **Qatari** Emir Sheikh Tamim bin Hamad al-Thani is expected to visit **Iran** before travelling to **Germany, Britain** and other **European** states to discuss efforts to revive Iran's 2015 nuclear deal and energy security in Europe.
- **Israeli** soldiers shot dead a Palestinian near the barrier with the **West Bank** and another was killed after infiltrating a Jewish settlement inside the occupied territory with a knife on Sunday, perpetuating the cycle of violence.

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Americas



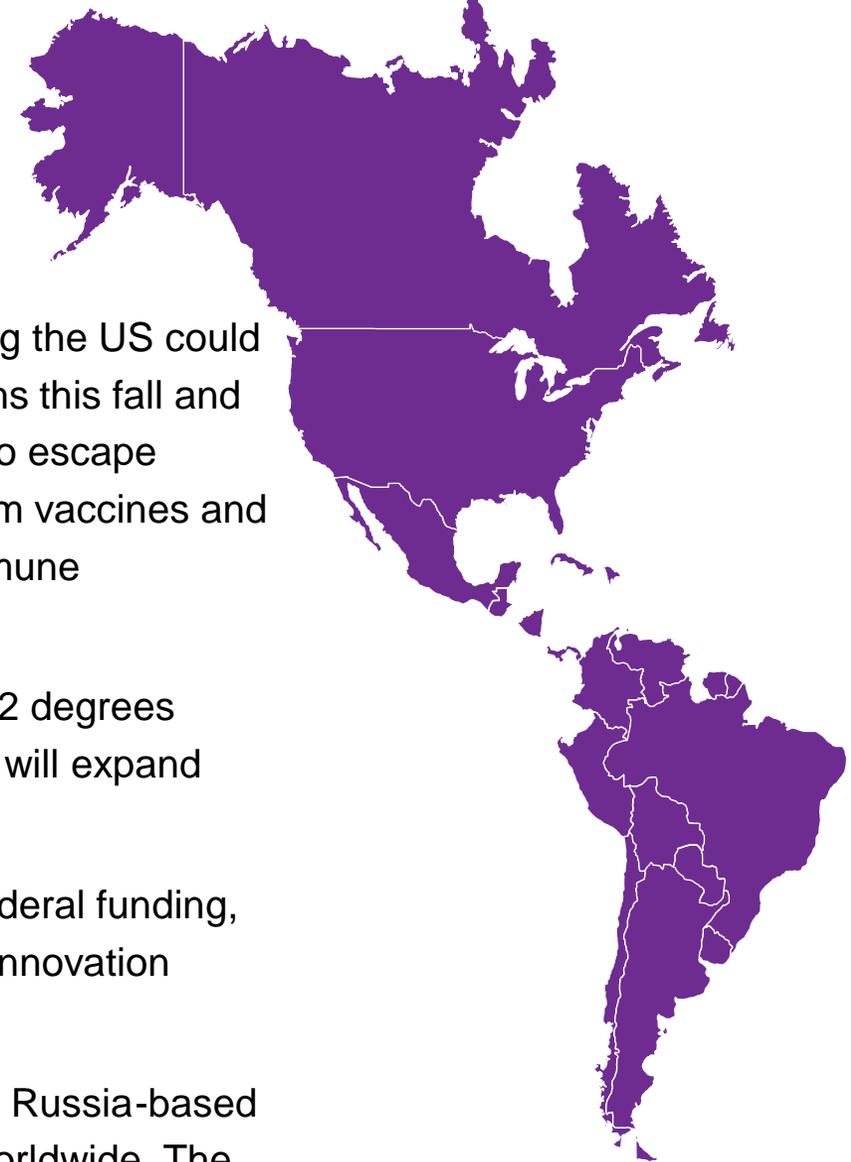
- **Canada's** Commissioner of Competition intends to oppose Rogers Communications Inc's proposed C\$20 billion (\$16 billion) merger with Shaw Communications Inc.
- Over the weekend, hundreds of vehicles were destroyed on highways across northern **Colombia** in isolated attacks by the Clan del Golfo criminal gang, which announced an "*armed strike*" to protest the extradition of former leader Dairo Antonio Usuga, known as Otoniel, to the US.
- **Peru's** Congress rejected a bill presented by President Castillo to call a referendum to change the constitution, a campaign promise he had made with the aim of boosting the state's role in the economy.
- Over the weekend, **Chile's** constitutional assembly passed articles expanding environmental rights, but stopped short of approving a proposal to give the state exclusive mining rights over lithium, hydrocarbons and rare earth metals and majority ownership of copper mines.

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Americas: US

- As the US approaches a death toll of 1 million, the Biden administration is warning the US could see 100 million **coronavirus** infections and a potentially significant wave of deaths this fall and winter, driven by new omicron subvariants that have shown a remarkable ability to escape immunity. a major wave this fall and winter is possible given waning immunity from vaccines and infections, loosened restrictions and the rise of variants better able to escape immune protections.
- In the first **heat wave** of 2022 in the Lower 48 states, temperatures as high as 112 degrees shattered records in Texas over the weekend, part of a prolonged heat wave that will expand through much of the central US.
- Congress may soon require government agencies to vet tech startups seeking federal funding, after a Defense Department study found **China** is exploiting the Small Business Innovation Research program.
- The State Department offered a reward of up to \$15 million for information on the Russia-based **Conti ransomware group**, which has been blamed for cyber extortion attacks worldwide, The FBI estimates that more than 1,000 victims of the Conti group have paid a total in excess of \$150 million in ransomware payments.

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Risk for Businesses in Meeting Wartime Demand

By Matt Skros

As the war in Ukraine continues, American businesses are facing pressure to ramp up production of key goods and materials to meet demand. Defense sector firms are discussing measures to replenish weapons stockpiles, while US agriculture producers are being offered incentives to produce more goods to alleviate global food shortages. Businesses will have to weigh the financial risk of investing in increased production capacity against fluctuating long-term demand.

The war in Ukraine has destabilized global markets and led to a fervent effort to supply Ukraine and its military with the means to defend itself. At the same time, world leaders have taken steps to lessen the impact of the war on global markets. This is especially true in the US, where the Biden Administration is working to boost production of key materials needed to supply Ukraine and mitigate global food insecurity. However, firms that produce these materials and goods face risk in boosting their own production capacity, which requires significant financial investment. Firms operating in these sectors will have to manage the risk of increased production against dynamically changing long-term demand.

Defense Production

As the war in Ukraine has continued, NATO and the US have supplied weapons to the Ukrainian military, pulling from existing stockpiles to do so. While these weapons have greatly assisted the Ukrainian military in fighting the Russians, it has created supply chain issues for US and European militaries seeking to replenish their stocks of military hardware. Many of the weapons sent to Ukraine take time to produce, and current labor shortages coupled with scarce and expensive component parts mean that US and NATO stockpiles may remain depleted for the foreseeable future. This is especially acute in the case of the Stinger and Javelin

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Risk for Businesses in Meeting Wartime Demand

shoulder-fired missiles, which Ukraine has used to great effect against Russian aircraft and armor.

Recently, on a quarterly earnings call, Raytheon Technologies chief Greg Hayes said that the company would ramp up production of the missiles in 2022 but did not expect the actual bulk orders to come in until 2023 or 2024. The Biden Administration has taken some steps to speed up the replenishment of stockpiles, but many critics are calling for more federal action to alleviate supply chain issues. During a Senate Armed Services committee hearing last week, former Trump Administration Undersecretary of Defense for Acquisition and Sustainment Ellen Lord noted that, “We cannot over the next couple of years produce more because we have a problem with the government not paying to maintain production capacity.” As Raytheon’s Greg Hayes noted, the Department of Defense has not purchased a Stinger missile in 18 years, and the company currently has a very limited stock to produce those missiles. Absent a Defense Production Act invocation, businesses in the defense sector face financial risk in ramping up production to replenish supplies only to have the demand for those supplies possibly diminish. Diverting production capacity from other business projects to devote more

time to Stinger and Javelin production could hurt their bottom line long-term.

This dilemma could only get more difficult to navigate the longer the Ukraine war continues, and the more weapons stockpiles are drawn down to support the Ukrainian military. The higher the need is for stockpiles to be replenished, the more financial incentive there may be for defense firms to shift their production focus to producing war materials. However, if the immediate need for replenishment were to diminish, firms could find themselves with unused capacity that cannot be easily altered to produce different products.

Agricultural Incentives

Aside from munitions, the war in Ukraine has created a massive shortage of basic food supplies, such as wheat and grains. Pre-war, Russia and Ukraine exported large amounts of these foodstuffs, and their absence on the world market has led to food shortages across the world, especially in Africa and the Middle East. While the increase in prices worldwide has incentivized more production, the high prices have also fueled hunger in parts of the world, especially where individuals already have little disposable income. The Biden

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Risk for Businesses in Meeting Wartime Demand

Administration has included \$500 million in its proposed \$33 billion Ukraine assistance package to further incentivize US farmers to produce more goods. This would include \$100 million to pay for a \$10 per acre incentive to farmers, and \$400 million to the US Department of Agriculture's marketing assistance loans. However, this funding (which has yet to be passed by Congress) is aimed at the 2023 crop rather than this year, raising questions of whether new US-produced foodstuffs will make it to market in time to have a real impact on global commodity prices. Many US agriculture producers are also still recovering from severe droughts last year, meaning that they may still find it difficult to produce even with the new federal incentives. Moreover, if agriculture producers take out a federal loan to market their goods, they are betting on the price of those goods remaining constant, which is far from assured (although Ukrainian agricultural cycles would see long-term disruptions even if the war were to end today). Farmers will have to weigh these new incentives against the potential risk of planting more crops that they may struggle to sell.

Defense Production Act

A potential game-changer would be President Biden invoking the Defense Production Act (DPA), which would give the president the executive authority to prioritize the manufacture of Stinger and Javelin missiles. The DPA possibly could be used for agriculture production (former President Trump used the DPA to prevent food supply chain disruptions during the COVID-19 pandemic), but Biden has not indicated any intention to do so. Biden has invoked the DPA in other areas to boost the production of minerals used in electric car batteries, and there are calls from the lawmakers for the president to take similar steps on the missiles and other needed materials. Until he does, though, businesses will have to contend with the risk of shifting production of their own accord to meet Pentagon demands.

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Ukraine War Update: Victory Day Speeches, U2 Concert, New Sanctions

Russian President Putin, during a Victory Day speech, characterized Russia's military action in Ukraine as a preemptive move to ward off aggression. "The West was preparing for invasion of Russia, NATO was creating tensions at the borders. They did not want to listen to Russia, they had other plans." The Russian president compared the Red Army's fighting against Nazi troops to the Russian forces' action in Ukraine. Victory Day was celebrated with a military parade of thousands of soldiers marching across Moscow's Red Square, followed by tanks, armored vehicles and missile launchers. Counter to speculation, the Kremlin did not announce a general mobilization.

Political Developments

In an emotional address on Sunday for Victory Day, Ukrainian President Zelenskiy said that evil had returned to Ukraine with the Russian invasion, but his country would prevail.

US Central Intelligence Agency Director Burns assessed that President Putin believes doubling down on the military conflict in Ukraine will improve his outcome in the war.

The UN Security Council has, for the first time, agreed on a joint statement over Russia's invasion of Ukraine, more than two months after the offensive began. An unanimously statement expressed "deep concern regarding the maintenance of peace and security of

Ukraine." However, the text did not mention a "war," "conflict" or "invasion."

NATO Secretary-General Jens Stoltenberg is calling on the West to continue delivering heavy weapons to Ukraine. US President Joe Biden on Friday announced a new \$150 million weapons package to help Ukraine fight off the Russian invasion. On Sunday, Canadian Prime Minister Trudeau made a surprise visit to Kyiv, after which he announced additional CA\$50 million (\$38.7 million) in military aid to Ukraine.

US first lady Jill Biden was also in Ukraine to hold a Mother's Day meeting with Ukraine's first lady Olena Zelensky.

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Ukraine War Update: Victory Day Speeches, U2 Concert, New Sanctions

The Foreign Ministers of Estonia, Latvia and Lithuania visited Kyiv on Friday.

On Sunday, the Irish band U2 gave a concert in the Kyiv metro with lead singer Bono praising Ukraine's fight for freedom and offering a prayer for peace.

Pro-Russian hackers have attacked the websites of German security agencies, ministries and politicians, including the Bundestag, the Ministry of Defense, and the website of German Chancellor Olaf Scholz. The Killnet group claimed responsibility for the incidents on the Telegram messenger service.

Russian users of smart TV systems reported that the services were hacked Monday, displaying the message: *"The blood of thousands of Ukrainians and hundreds of murdered children is on your hands. TV and the authorities are lying. No to war."*

Battlefield Developments

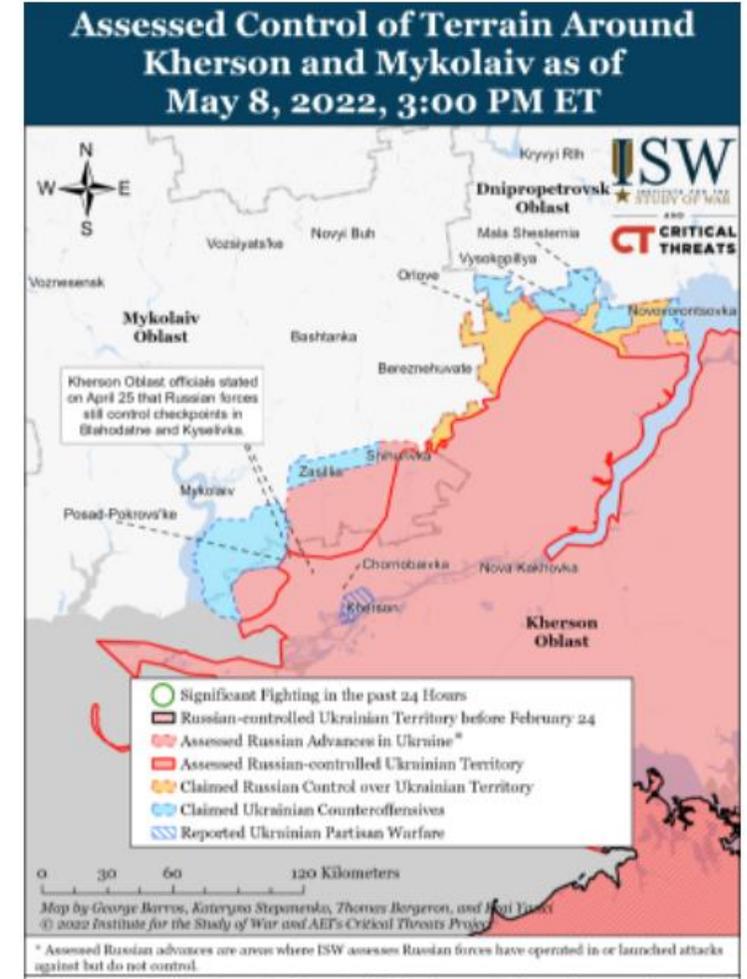
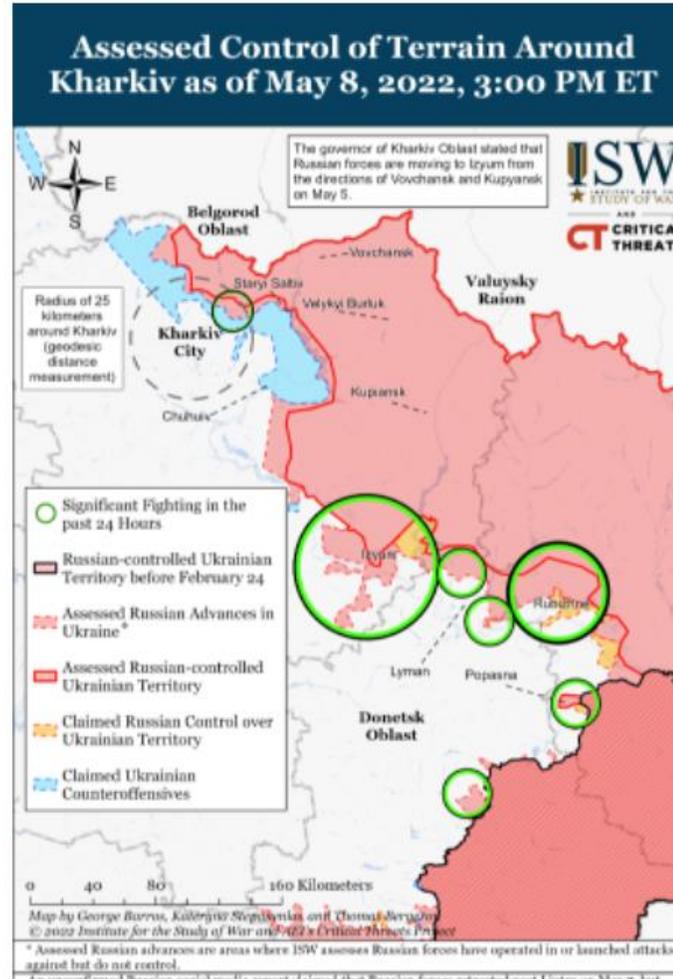
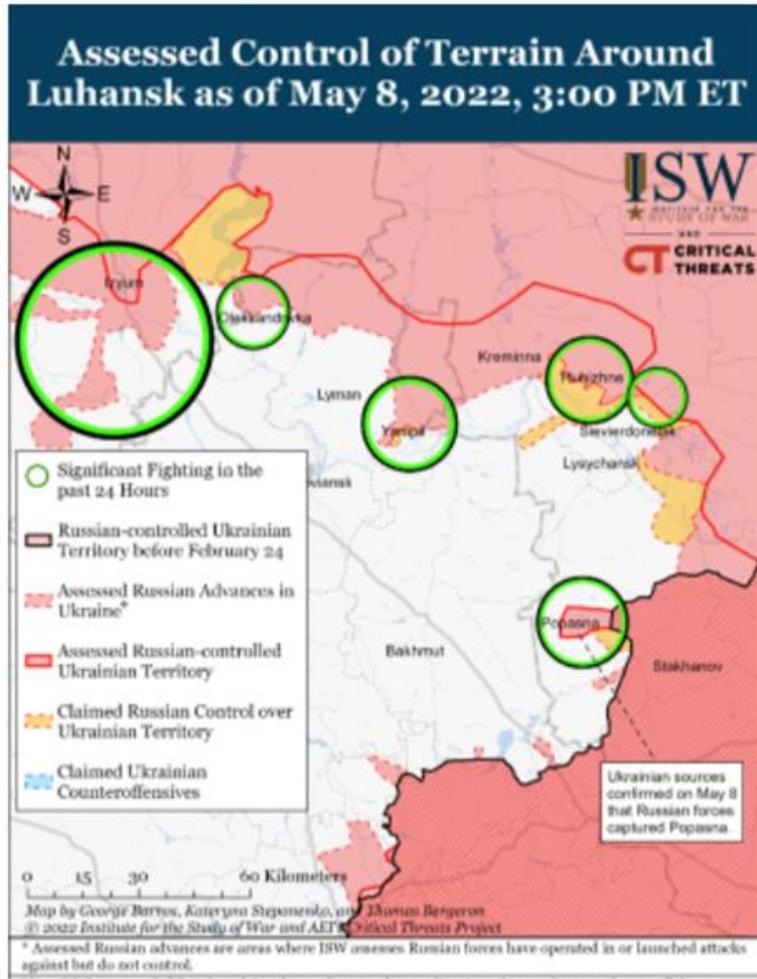
Over the weekend, The Ukrainian counteroffensive along a broad arc north and east of Kharkiv city took further terrain and will likely push Russian forces out of tube artillery range of the city in the coming days, according to the Institute for the Study of War.

In the village of Bilohorivka, Luhansk region, a Russian bomb killed 60 people sheltering in a school. UN Secretary-General Antonio Guterres condemned the targeting of civilians and civilian infrastructure.



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Ukraine War Update: Victory Day Speeches, U2 Concert, New Sanctions



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

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Ukraine War Update: Victory Day Speeches, U2 Concert, New Sanctions

Ukrainian troops have retreated from the eastern city of Popasna, Luhansk regional Governor Serhiy Gaidai said. Popasna is located about About 30 miles south of Bilohorivka.

Russian forces shelled the southern oblast of Odessa on Sunday, striking civilian infrastructure including an electrical substation.

Britain's Defense Ministry assessed that Russia's supply of precision-guided munitions is likely to have been "heavily depleted," leading to more indiscriminate bombardments and higher civilian casualties.

Russia's Defense Ministry on Saturday claimed it had destroyed a large stockpile of military equipment from the US and European countries near the Bohodukhiv railway station in Ukraine's Kharkiv region. The ministry said it had hit 18 Ukrainian military facilities overnight, including three ammunition depots in Dachne, near the port city of Odesa.

Pro-Russia separatists in Moldova said on Saturday their region had been hit four times by suspected drones overnight near the Ukrainian border. Ukraine has repeatedly denied any blame for the

incidents in Transnistria, saying it believes Russia is staging false-flag attacks to provoke war. Moscow, too, has denied blame.

Humanitarian Developments

Evacuations of civilians from Mariupol continued. Dozens of civilians were rescued Friday from the tunnels under the besieged steel mill. Ukraine's Deputy Prime Minister Iryna Vereshchuk said that "all women, children and elderly" have been evacuated from the Azovstal plant.

Ukrainian President Zelensky said Ukrainian authorities are now preparing to evacuate the wounded and medics from Mariupol's Azovstal steelworks in what he called "*the second stage of the evacuation mission.*"

On Sunday, a convoy buses carrying 174 civilians evacuated from southeastern Ukraine arrived at the Ukrainian-controlled city of Zaporizhzhia.

Human rights watchdog Amnesty International published a report on Friday documenting allegations of extensive war crimes carried out by Russian forces in previously occupied areas around Kyiv. The

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Ukraine War Update: Victory Day Speeches, U2 Concert, New Sanctions

human rights group said it had found evidence of arbitrary executions, bombardments of civilian residences and torture.

Economic Developments

G7 leaders met virtually with Ukraine's President Zelensky on Sunday and discussed Western support for the country. Following the meeting, the G7 announced new sanctions against Russian financial elites and family members, who support President Putin in his war effort and squander the resources of the Russian people. The G7 leaders also said they were "committed to phasing out or banning the import of Russian oil."

The US designated eight Russian maritime companies and placed 69 vessels on a US Treasury Department sanctions list. The US State Department announced visa bans and restrictions on over 2,500 Russian and Belarus military officials and Russian-backed forces in Ukraine. The US also unveiled new sanctions against three Russian television networks, Joint Stock Company Channel One Russia, Television Station Russia-1, and Joint Stock Company NTV Broadcasting Company, which are all partly or fully state controlled. US citizens were banned from providing accounting and consulting

services to Russian nationals. The US also announced sanctions against executives from Gazprombank as well as eight executives from Sberbank.

The UK announced new sanctions on Russia and Belarus on Sunday, including import tariffs on precious metals and export bans. The import tariffs, including on platinum and palladium, target trade worth £1.4 billion (\$1.7 billion), while export bans worth £250 million (\$308 million) target Russia's manufacturing and heavy industry. Britain also pledged to provide a further 1.3 billion pounds (\$1.6 billion) in military support and aid, double its previous spending commitments.

The German Ministry for Economic Cooperation and Development has increased emergency humanitarian aid for Ukraine by €63 million (\$66.4 million).

Canadian Prime Minister Trudeau announced his intention to temporarily remove trade tariffs on Ukrainian imports for a period of one year, as well as new sanctions against Russian oligarchs and those close to Putin's regime.

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Ukraine War Update: Victory Day Speeches, U2 Concert, New Sanctions

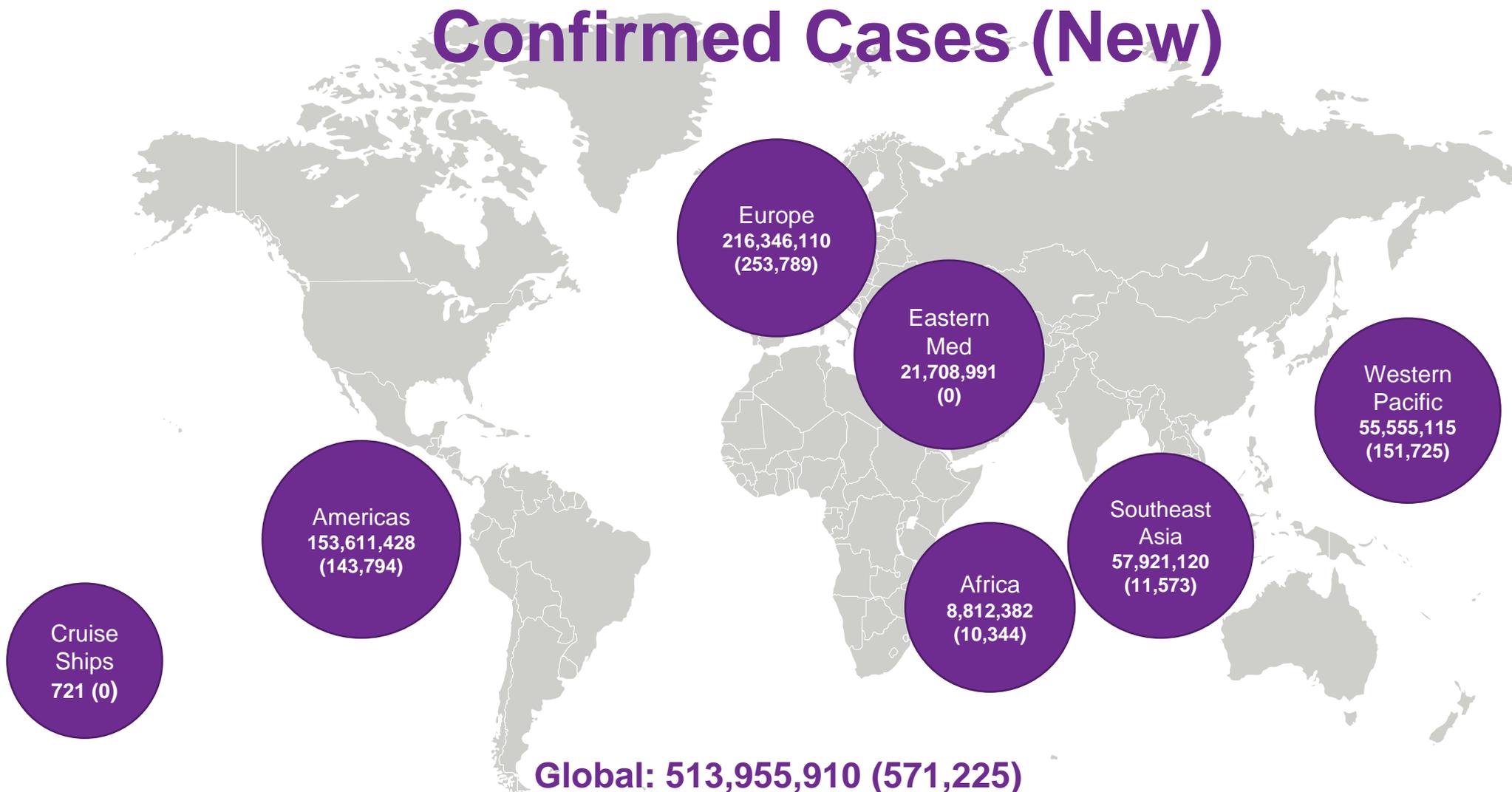
The UN's Food and Agriculture Organization (FOA) said that nearly 25 million tons of grains were stuck in Ukraine with blockades at ports due to the war with Russia. Another concern was that about 700,000 tons of grain may have "*disappeared*" in Ukraine.

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Coronavirus Condition Updates

As of 5:31 pm CEST on May 6, 2022

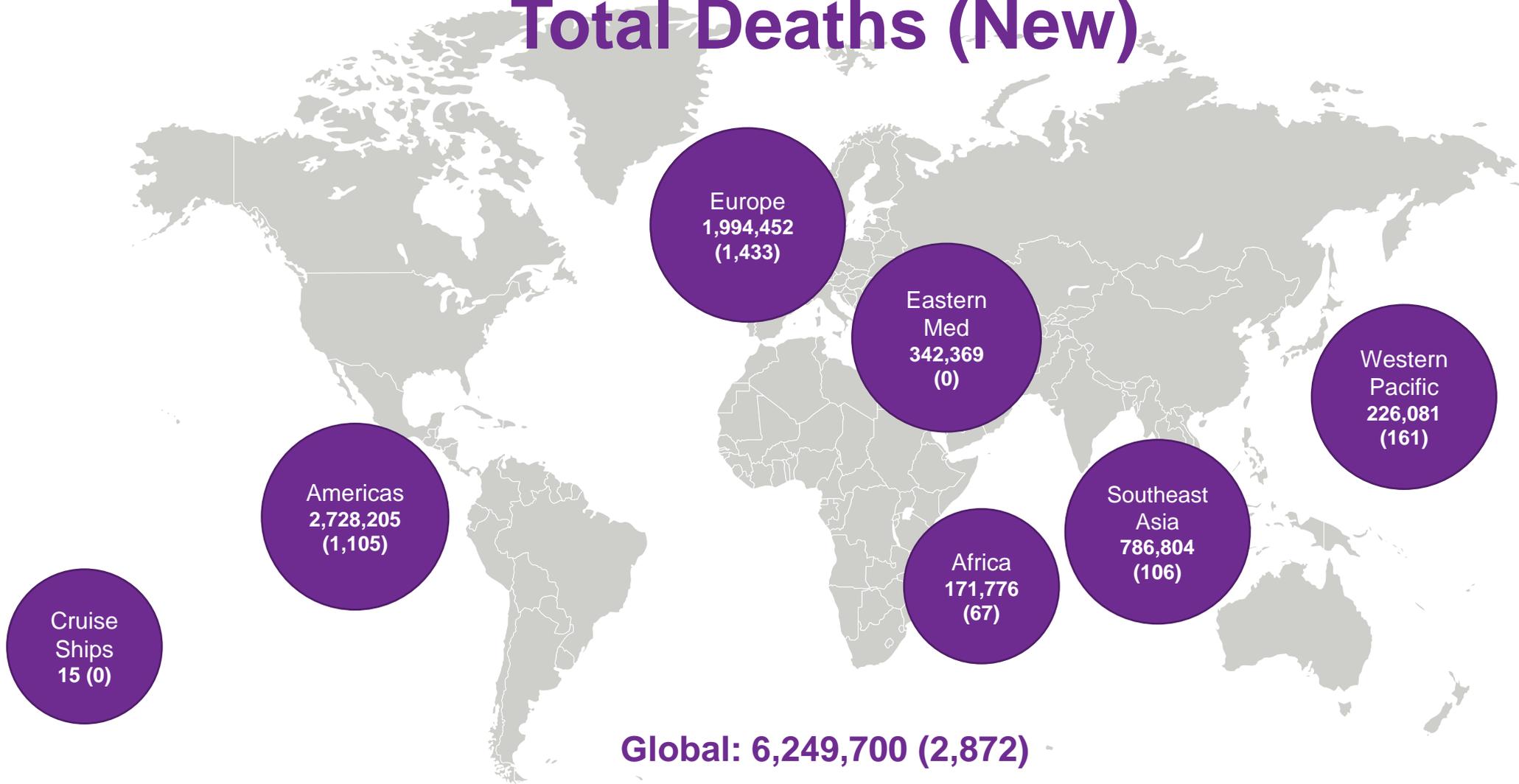
Confirmed Cases (New)



Reflects data as of 6:37 pm CEST on May 5, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 6:37 pm CEST on May 5, 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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