

# Dentons Flashpoint

## Global Situation Report

November 18, 2022

# Global Situation Update: November 18, 2022

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## KEY TAKEAWAYS

Pressure is building for a Biden-Putin meeting to de-escalate risks of great power confrontation.

Japan's core consumer inflation accelerates to a 40-year high.

Twitter's meltdown accelerates with exit of staff after CEO ultimatum.

*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

Malaysia will hold a snap general election this weekend, and 222 federal seats will be contested. The coalition government led by the Barisan Nasional (BN)/United Malays National Organization (UMNO) is likely to return to power. However, any government formed after the elections is likely to experience infighting and general political instability will persist.

In the unlikely event of an opposition victory, supporters of rival parties may clash in the subsequent weeks. Widespread claims of voter suppression or electoral fraud would increase the likelihood of more extensive civil unrest following the election results. Such claims were prominent in the 2013 election and triggered nationwide protests for two months but were not a feature of the 2018 election.



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# Global

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**Turkish President Erdogan has been pressing Russia for a Putin-Biden meeting to de-escalate tensions. The Kremlin stated there are no plans for a summit “for the time being,” after Russia's deputy foreign minister said Moscow was not ruling out high-level meetings between the two countries.**

- EU foreign policy chief Borrell assessed that peace in **Ukraine** was not going to be possible until Russia withdrew its troops, but that Moscow showed no signs of being ready for that.
- Russia agreed to extend the **Black Sea Grain Initiative** for 120 days, the UN announced, leading to a drop in grain futures. Russia said it received UN assurances that work will be finalized on removing barriers to Russia's exports of agricultural products and fertilizers.
- A Swedish prosecutor announced Swedish and Danish investigators have found traces of explosives at the site of the damaged **Nord Stream pipelines** which link Russia and Germany via the Baltic Sea, adding evidence to charges of sabotage.
- Infections from **superbugs** (antibiotic-resistant pathogens) have more than doubled in health care facilities in Europe, providing further evidence of the wider impact of the COVID-19 pandemic, per a new report by European Centre for Disease Prevention and Control.

# Markets & Business

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**The CEO of FTX, an insolvency professional who oversaw the liquidation of Enron, said that the bankruptcy of the crypto group is the worst case of corporate failure he has seen in more than 40 years.**

- Elon Musk's takeover of **Twitter** and workforce shakeup with Musk's mandate that employees commit to *"long hours at high intensity"* or leave is reportedly leading to the exit of hundreds of staff.
- Masayoshi Son personally owes **SoftBank** close to \$5 billion because of growing losses on the Japanese conglomerate's technology bets. The 65-year-old chief executive and founder of SoftBank last week said he would step back from running day-to-day operations at the group.
- **Moody's Analytics** is shutting its China consulting business and is laying off people associated with the unit in multiple locations across the country. Its closure in China comes as the country's banking sector increasingly favors domestic suppliers.
- **BHP** has raised its offer for Australian copper miner **OZ Minerals** to A\$9.6 billion (\$6.4 billion) in a deal that is set to be one of the largest mining takeovers of the year in what may be the beginning of a wave of consolidation as miners invest in critical minerals needed for electric vehicles, wind turbines and other decarbonization technologies.

# Environment, Sustainability & Governance

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**More than 150 countries have signed up to a global pact to reduce methane emissions, around 50 more than when the initiative launched last year.**

- The US announced aims to only sell and produce **zero-emissions** medium- and heavy-duty **vehicles** like school buses and tractor trailers by 2040.
- The share of women and minority leaders taking on CEO roles has stagnated since last year at top US companies despite corporate pledges to improve **diversity**, according to fresh research from recruiting firm Heidrick & Struggles.
- An environmental group made fresh accusations that Germany's top four carmakers and parts supplier Bosch knowingly broke rules when developing a type of **emissions software**, part of a yearslong legal battle.
- The EU and France, Germany, the Netherlands and Denmark announced plans to provide \$1 billion for the **climate transition in Africa**.

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# Africa

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- **Sudan's** Forces of Freedom and Change coalition said it was seeking to sign a framework agreement with the military as a first step to ending the political deadlock ushered in by 2021 coup.
- Leaders from Gulf of Guinea neighbor countries **Benin, Ghana, Ivory Coast and Togo** met in Accra, Ghana, to discuss deepening counterterrorism cooperation under the umbrella of the 2017 Accra Initiative.
- **South African** civil servants will march to the National Treasury in the administrative capital Pretoria and in the country's other eight provinces next Tuesday to pressure the government over a wage dispute. South African national power utility Eskom has warned that the nation may face an additional six to 12 months of load shedding, as the utility looks forward to continued budget and repairs issues.
- Three Ebola vaccine candidates for a planned clinical trial are expected to be shipped to **Uganda** next week, the WHO said. Ugandan President Museveni urged tourists not to change travel plans out of Ebola fears, demonstrating worries that the outbreak could affect the economy.



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# Asia

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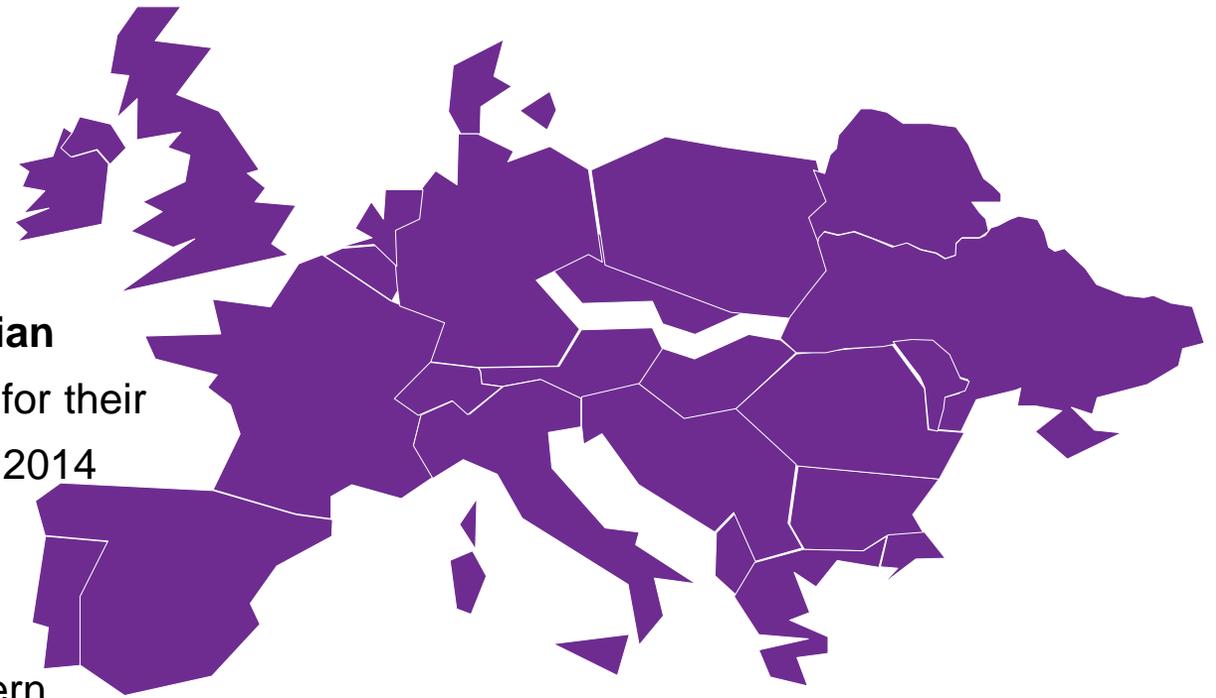
- **North Korea** test-fired an intercontinental ballistic missile today that **Japanese** officials said had sufficient range to reach the mainland of the **US** and that landed just 200 km (130 miles) off Japan's coast.
- **Japan's** core consumer inflation accelerated to a 40-year high in October, driven by currency weakness and imported cost pressures, as the central bank sticks to a policy of ultra-low interest rates.
- **Chinese** authorities in Guangzhou, population 18 million, are facing a growing COVID-19 outbreak, public protests and intense political debate, caught between relaxing some coronavirus measures while still trying to suppress the spread of the virus.
- **Myanmar's** military junta said it will free thousands of prisoners in a mass amnesty, including several foreign nationals whose governments had lobbied for their release, namely former **British** Ambassador Vicky Bowman, **Australian** economist Sean Turnell, **US** citizen Kyaw Htay Oo and **Japanese** filmmaker Toru Kubota.



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# Europe

- **Dutch** judges convicted two **Russian** men and a **Ukrainian** man in absentia of murder, handing them life sentences, for their role in the shooting down of Flight MH17 over Ukraine in 2014 with the loss of 298 passengers and crew.
- Missiles targeted **Ukrainian** energy infrastructure yesterday as **Russian** forces stepped up attacks in eastern Ukraine, the capital Kyiv, the southern port of Odesa.
- **UK** chancellor Hunt presented plans to cut public spending and raise revenue to fill a £55bn fiscal deficit, which will impose the highest tax burden on British households since World War II. Real household disposable income per person, a measure of living standards, is set to fall 4.3 percent in the 2022-23 fiscal year.
- The **EU** reached a deal on a 6-billion-euro (\$6.2 billion) satellite internet system, driven by the bloc's push to boost its own space and communications sectors and ensure security by reducing reliance on foreign suppliers.



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# How do You Manage Incident Response?

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*2022 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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- **Iran's** intelligence services made at least ten attempts to kidnap or even kill **British** nationals or individuals based in the UK regarded by Tehran as a threat, per the head of MI5.
- **Saudi** Aramco announced a \$7 billion investment in a petrochemical factory in **South Korea**, as part of a \$30 billion package of agreements between Riyadh and Seoul as Crown Prince Mohammed bin Salman forges closer partnerships in Asia.
- Pentagon spokespeople said that the **US** is “*skeptical*” of the report that says **Iran** has developed a hypersonic missile. The IAEA passed a resolution ordering Iran to cooperate urgently with the agency's investigation into uranium traces found at three undeclared sites.
- The **Palestinian** aid agency UNRWA said that global economic shifts have put the body in a funding “*danger zone*” that could prevent it from carrying out its mandate.
- The **US** ruled yesterday that **Saudi** Arabian Crown Prince Mohammed bin Salman has immunity from a lawsuit over the murder of Jamal Khashoggi.

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# Americas

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- **Brazil's** Economy Ministry on Thursday cut its 2023 GDP growth forecast to 2.1 percent, from the 2.5 percent anticipated in September, due to a deterioration in the global economic outlook.
- The **Colombian** government and left-wing guerrilla group the National Liberation Army are set to restart peace talks to end nearly 60 years of war next week, the government said.
- **Colombia** Finance Minister Ocampo opened the door to possible financing in international markets for the Andean country, if the recent trend in falling borrowing costs continues.
- **Peru's** prime minister doubled down on a request that Congress hold a confidence vote on the current Cabinet, suggesting the legislature's refusal could be interpreted as a vote of no confidence in itself. The process could potentially lead to snap elections that could replace the opposition-held Congress.



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# Americas: US

- The number of Americans filing new claims for **unemployment** benefits fell last week, showing widespread layoffs remain low despite a surge in technology-sector job cuts.
- Republicans are on track to win a majority in the House of Representatives on Wednesday, setting the stage for two years of **divided government**. House Speaker Pelosi plans to step down as the chamber's Democratic leader as her allies prepared a passing of the torch to Representative Hakeem Jeffries.
- The Federal Energy Regulatory Commission seeking to restore habitat for **endangered salmon** gave final approval yesterday to decommission four dams straddling the California-Oregon border, the largest dam removal undertaking in US history. Climate change and drought have also stressed the salmon habitat; the river has become too warm and too full of parasites for many fish to survive.
- North American Electric Reliability Corp warned that a large portion of North America is at risk of insufficient **electricity supplies** during peak winter conditions, citing higher peak demand projections, generator retirements, generator vulnerability to extreme weather and fuel supply and natural gas infrastructure limitations.



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# Corporate Ransomware Policies Remain Patchwork, Require a Holistic Approach

*By Emilio Iasiello, Global Cyber Threat Intelligence Manager, Scott Muir, Senior Analyst, and Courtney Barnard, Global Cyber Threat Intelligence Coordinator*

***Cyber security experts and law enforcement around the world continue to discourage paying ransomware demands, and local and national governments worldwide are considering outright banning them. Many large enterprises, however, still pay ransoms to regain access to stolen corporate data and many more are not yet willing to publicly declare their policy on payments to ransomware operators.***

Transferring ransom money to cyber criminals may seem like a short-term fix, but it does not ensure a victim will regain, or even restore, potentially lost data and hackers assume that large multinationals that have paid substantial amounts are willing to do so again. Only a holistic strategy that includes robust cyber hygiene practices and proactive ransomware response and recovery plans can help organizations remain resilient against the persistent ransomware threat.

## ***Law as Policy***

For organizations in certain jurisdictions, state laws could soon determine ransomware payment policy. Australia is considering imposing steep penalties for paying ransoms in the aftermath of a

ransomware-related breach of one of its largest healthcare providers. Last year, the US states of North Carolina and Florida banned ransomware payments for government agencies in the aftermath of the Colonial Pipeline hack. While these rulings are a quick win for authorities that must demonstrate resolve, there is no real evidence yet that such laws lead to a drop in cyberattacks. Official bans should not be seen as the solution to ransomware attacks, but rather preventing ransomware attacks in the first place should be a key priority for organizations.

## ***Fines as a Payment Deterrent***

A strongly worded recommendation by the US Federal Bureau of Investigation (FBI) in 2021 for organizations not to pay ransoms as it

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does not guarantee the return of stolen data and may encourage the perpetrators to target more victims has merit. More than 80 percent of ransomware victims that paid ransom were targeted by another attack, according to one recent study. The US Office of Foreign Asset Control (OFAC) has also updated its advisory on ransomware, with a warning not to pay ransoms or risk incurring financial “penalties for sanctions violations on strict liability.” Many other countries are considering following suit with fines on any organization paying ransoms.

## Current Threats

Evidence indicates that ransomware gangs are leaving centralized platforms making their activities more difficult to monitor. This is why many multinational companies remain ill-prepared to meet the dynamic ransomware threat landscape, a disconcerting fact requiring urgent remediation. A recent cybersecurity company’s survey on the state of ransomware revealed that 30 percent of organizations have plans to respond to a ransomware attack, a disappointing revelation given the continued evolution of how the malware is developed and deployed. Ransomware-as-a-service (Raas) gangs are evolving their tactics to stay one step ahead of defenders and new affiliate

ransomware programs like Lockbit 3.0 are fighting for domination amid the disbanding of prolific groups like Conti.

## What To Do

The end-of-year holiday season is historically a time of increased cybercrime activity and organizations should expect the number of ransomware attacks to escalate. Those best able to withstand and recover from ransomware attacks have established policies and procedures in place. Cyber security leaders can adopt a holistic strategy for mitigating ransomware attacks that addresses all phases of an attack cycle: pre-incident, proactive detection, and post-incident responses. A heightened security posture will involve robust cybersecurity hygiene, a thorough risk management review of critical business assets and processes, and the adoption of ransomware attack response plan.

The US Department of Homeland Security deployed its “Shields Up” initiative after Russia’s invasion of Ukraine and the guidelines can strengthen cybersecurity resiliency. They include:

- Reduce the Likelihood of a Damaging Cyber Intrusion. Identify critical business assets and processes. Institute multifactor authentication. Close all ports and accesses not required for

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- operations. Conduct frequent vulnerability scanning and update security patches as needed.
- Quickly Detect Potential Intrusions. Ensure that the organization has the requisite technical solutions to provide an in-depth visibility into their networks and log events in order to better investigate potential threats.
- Be Prepared to Respond Quickly. Creating a core crisis response team with designated roles and responsibilities that includes senior leaders will help prepare an organization for a ransomware attack and better position it to respond quickly and reduce fallout as a result of an infection.
- Backup and Recovery. Implement and test backup procedures to ensure that critical data can be quickly restored to minimize operational impact. Ensure that backups are isolated from network connections and easily accessed.
- Communications Strategy. Organizations need to know who to contact should they fall victim to a ransomware attack. These include but are not limited to partners, third-party entities, clients, customers, law enforcement, and the public.

Dentons offers business leaders a full complement of counseling and advice for cyber risk management and also offers regulatory and litigation services. Analysis and intelligence products from Dentons can help to better understand fast-changing complex operating environments and, importantly, all interaction is attorney-client privileged. To learn more about the bespoke cyber intelligence and risk services from Dentons please contact us today.

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# Coronavirus Condition Updates

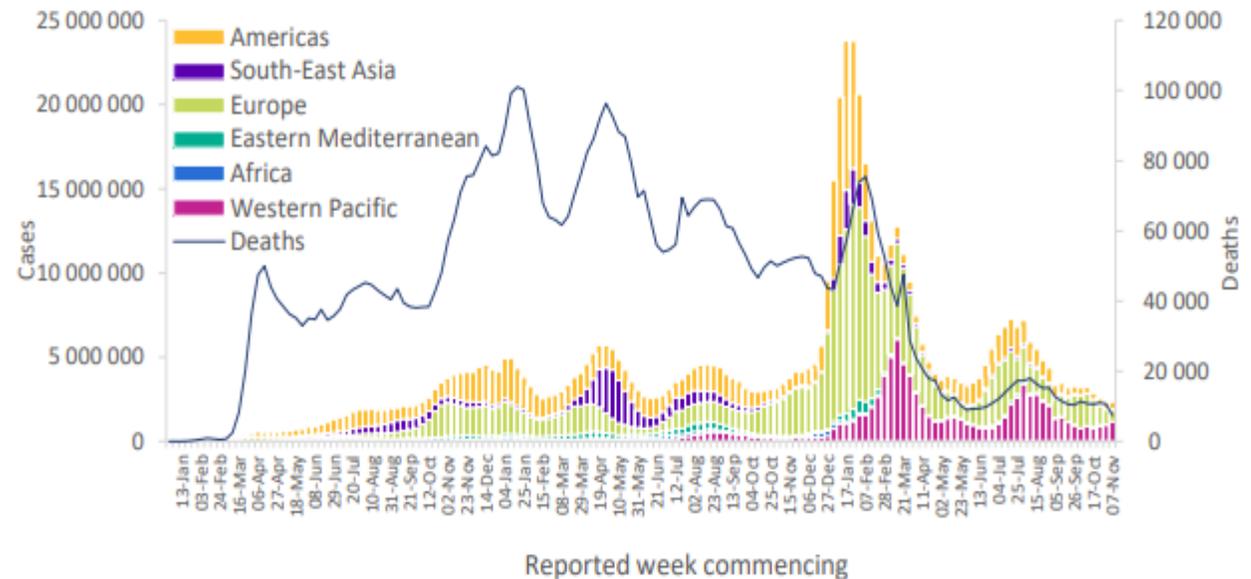
As of 5:42 pm CEST on November 17, 2022

# Coronavirus Snapshot

**Globally, confirmed coronavirus cases topped 633.2 million with 6.5 million deaths; more than 12.8 billion vaccine doses have been administered.**

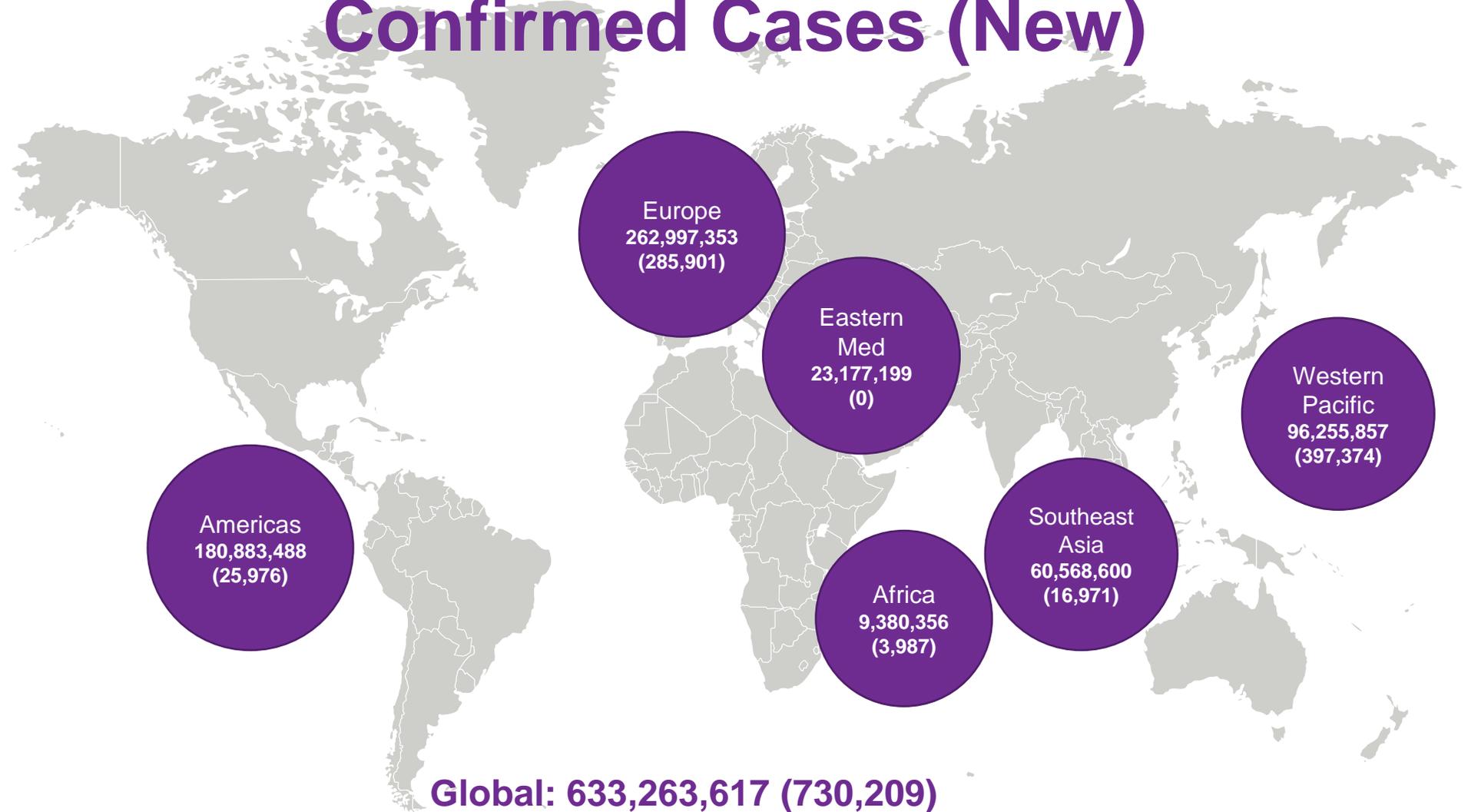
- Globally, the number of new weekly cases increased by 2 percent during the week of 7 to 13 November 2022, as compared to the previous week, with over 2.3 million new cases reported.
- The number of new weekly deaths decreased by 30 percent, as compared to the previous week, with about 7,400 fatalities reported.

Figure 1. COVID-19 cases reported weekly by WHO Region, and global deaths, as of 13 November 2022\*\*



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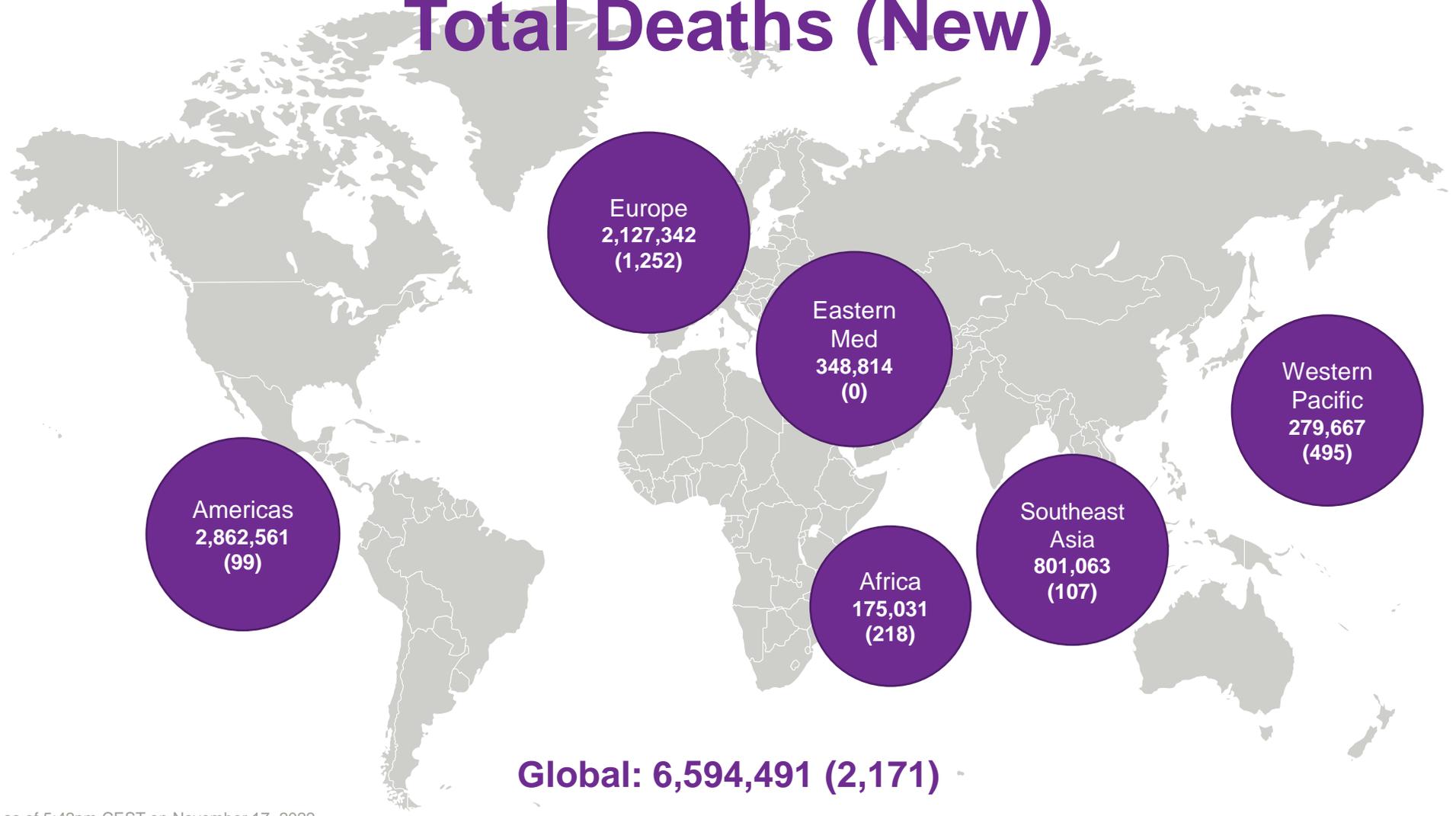
# Confirmed Cases (New)



Reflects data as of 5:42pm CEST on November 17, 2022.  
Data Source: World Health Organization

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# Total Deaths (New)



Reflects data as of 5:42pm CEST on November 17, 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.*

*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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