

Dentons Flashpoint

Daily Global Situation Report

July 15, 2021

Global Situation Update: July 15, 2021

KEY TAKEAWAYS

China is set to launch a national emissions-trading program to help the country reach its goal of peak emissions by 2030.

The World Bank downgraded growth forecast for East Asia and the Pacific, citing spikes in coronavirus and vaccine supply constraints.

South Africa will increase its troop deployment to 25,000 as unrest persists.

Global Situation Update: July 15, 2021

WHAT WE'RE WATCHING

Today, US President Joe Biden and German Chancellor Angela Merkel are scheduled to meet at the White House, where they will discuss issues such as cybersecurity, Nordstream 2 and Afghanistan. Merkel is the third foreign leader to meet with Biden in Washington since he became president.

The meeting will focus heavily on the future of Afghanistan as US and NATO coalition forces exit the country. Vice President Kamala Harris will hold talks with Merkel ahead of the meeting and is expected to emphasize the need for the allies to confront an array of global challenges.



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 187.5 million with 4.0 million deaths; more than 3.4 billion vaccine doses have been administered.

- Global **consumer confidence** hit a record high in the second quarter.
- A new study published in the journal Nature found that some parts of the **Amazon rainforest** now emit more CO2 than they absorb, due to human-caused disturbances.

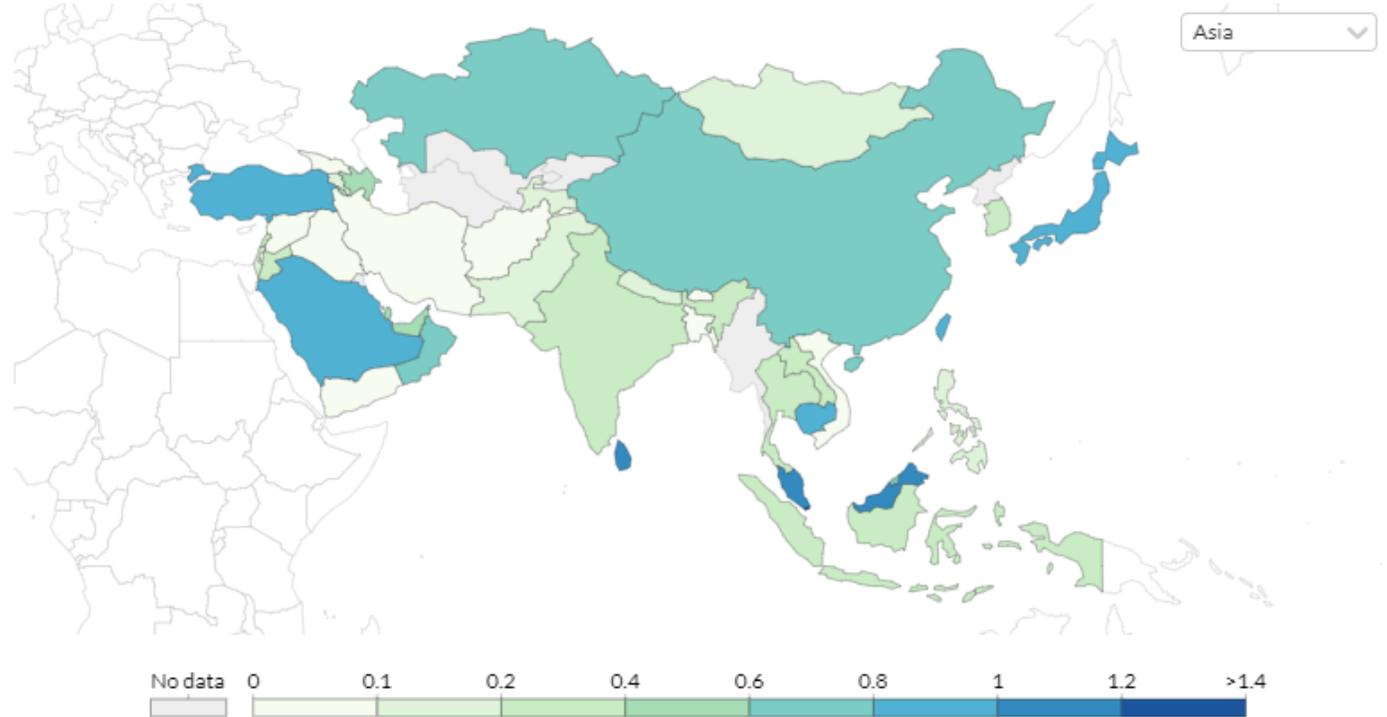
Global

Growth in East Asia and the Pacific this year will likely be slower than previously thought, the World Bank assessed, as many countries in the region grapple with spikes in COVID-19 cases, new variants and vaccine supply constraints.

Daily COVID-19 vaccine doses administered per 100 people, Jul 14, 2021

Shown is the rolling 7-day average per 100 people in the total population. For vaccines that require multiple doses, each individual dose is counted.

Our World in Data



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COVID-19 Vaccine

COVID-19 cases among vaccinated people in the UK are set to overtake those in the unvaccinated, according to the weekly Zoe study. Vaccines have massively reduced severe infections with the main concern now the risk of long Covid.

- **Thailand** is considering limiting exports of the **AstraZeneca vaccine** to fight its own case spike.
- The **US** is sending over 1.5 million doses of Moderna to **Sri Lanka**.
- **Haiti** received its first 500,000 doses of COVID-19 vaccines donated by the US through the **COVAX vaccine distribution scheme**.
- More than 5,000 anti-vaccine protesters waving Greek flags rallied in Athens on Wednesday to oppose **Greece's** coronavirus vaccinations program.
- Police in Paris clashed with protesters opposing the **French** plan to require a COVID-19 vaccine certificate or negative PCR test to gain entry to bars, restaurants and cinemas from next month.

Markets & Business

OPEC reportedly reached a compromise with the UAE over its oil output, paving the way for a new production agreement.

- **BlackRock's** CEO warned that the US should prepare for a period of higher inflation, as the company issued an 8 percent base salary rise.
- **Bank of America** saw second quarter profits more than double year on year but said that low interest rates continue to weigh on revenues.
- **US retail banks** closed more than 250 branches and trimmed headcount in the first half of the year in a bet that much of the foot traffic that went digital during pandemic lockdowns will never return.
- **Taiwan Semiconductor Manufacturing Co Ltd** plans to build new factories in the US and Japan, with the surge in demand for chips that power smartphones, laptops and cars.
- The global **semiconductor shortage** is prompting companies to take on increased supply chain risks, creating a market for chip-related fraud.
- In 2020, **Twitter** saw a 26 percent spike in government requests to take down or censor content.
- India banned **MasterCard** from issuing new cards in the country over violating data privacy rules.

Africa

- **South Africa** will increase its troop deployment to 25,000 as unrest persists. South Africans will likely begin to face fuel and food shortages.
- **Eswatini** restored internet access after shutting it down for several weeks in the midst of anti-government protests.
- **Ethiopian** Prime Minister Abiy Ahmed vowed to repel a new Tigray offensive.
- **Algerian** President Tebboune ordered the release of 101 members of a protest movement that forced his predecessor Abdelaziz Bouteflika to step down.



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How do You Manage Risks?

The coronavirus pandemic has not just added a new layer of risk for business leaders to navigate, but has accelerated drivers of change, including disruptive technologies, political and economic realignments and cultural priorities on equality, justice and conservation, while increasing vulnerabilities that bad actors seek to exploit.

Dentons Intelligence and Security Services Group offers bespoke services to provide business leaders with the intelligence they need to understand and thrive in complex operating environments.

- ❖ due diligence and compliance investigations
- ❖ physical and cyber security assessments
- ❖ country and political risk assessments
- ❖ enterprise risk management and organizational resiliency advice
- ❖ crisis and incident response (physical security breaches and cyber incidents, insider threats and reputational impacts)

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

Asia

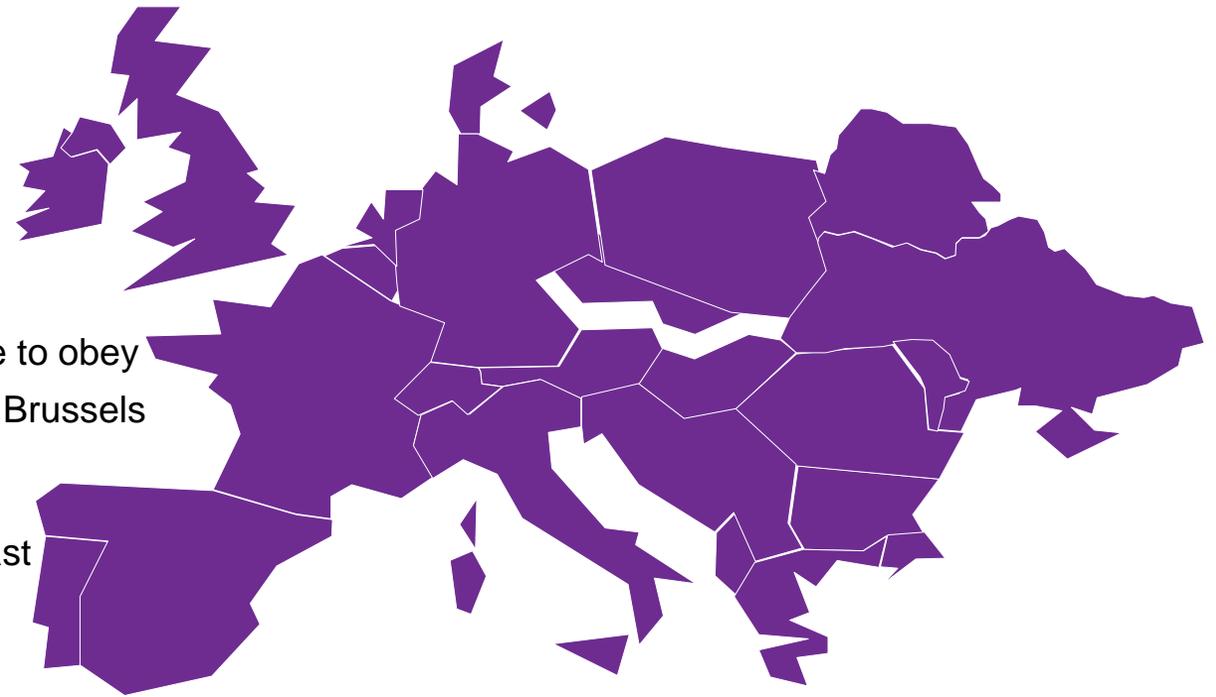
- **China** is set to launch a national emissions-trading program, which officials say will help the country reach its goal of peak emissions by 2030 and net zero by 2060.
- A Washington, DC lobbyist hired by the **Myanmar** military junta halted his work because sanctions prevented him from being paid.
- **Australia** is extending lockdown measures in Sydney as the local outbreak nears 900 infections.
- In **Japan**, Tokyo reported over 1,000 daily cases for the first time since May.
- **Indonesia** logged a new daily case record of over 50,000. The **Philippines** will ban travelers from Indonesia until August to prevent the spread of the Delta variant.
- Hotels in **Malaysia** are being used for low-risk COVID-19 patients as growing numbers cause a shortage of hospital beds.



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Europe

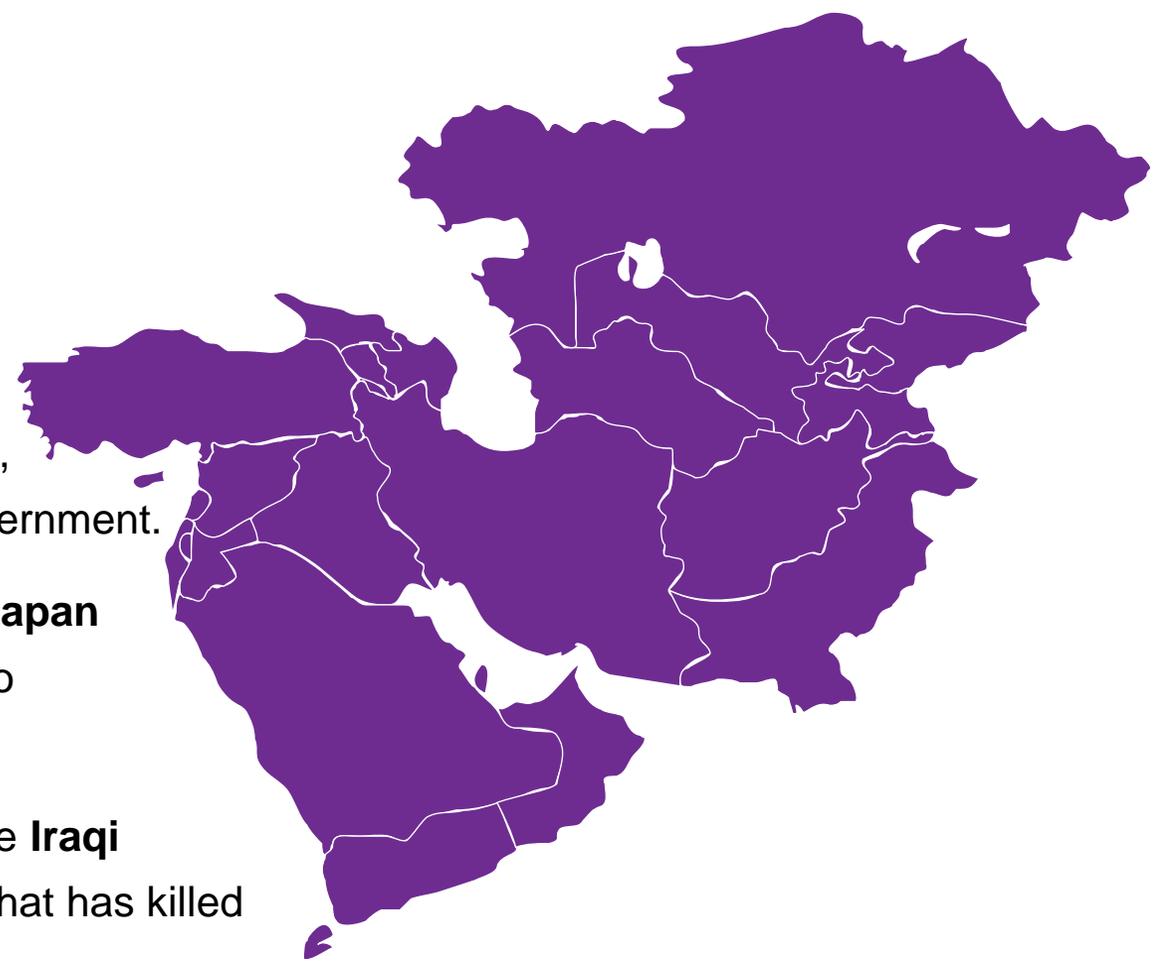
- **Poland's** constitutional court ruled that the country does not have to obey **EU** orders over its judicial overhaul, escalating tensions between Brussels and Warsaw over rule-of-law issues.
- A **Spanish** court ruled that the emergency restrictions imposed last year by Pedro Sanchez's government were unconstitutional.
- In the **UK**, Wales will lift almost all COVID-19 restrictions from August 7. A new Ipsos Mori poll found that 41 percent of Britons approve of the government's pandemic handling, down 3 percent from June.
- A leading UK fishing lobby warned that **EU-UK** fishing quotas will remain "*politically toxic*" for years because Prime Minister Johnson "*sold out*" British fleets.
- **Italy** will ban cruise ships from sailing into Venice after declaring the city's lagoon a national monument.
- **Bosnian** police arrested the country's intelligence chief over charges of money laundering and forging diplomas.
- **Russian** officials warned the **UK** that sailing near **Crimea** again would "*thwarted by the harshest methods.*"



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Middle East

- **Lebanese** Prime Minister-delegate Hariri presented President Aoun with a cabinet proposal; if the list is approved, it would end the 9-month stalemate without a functioning government.
- The **US** will allow **Iran** to use frozen funds to settle debts to **Japan** and **South Korea**. Iran said that it is able to enrich uranium to 90 percent, weapons grade, if needed.
- Populist Shia cleric Moqtada Sadr warned that he will hold the **Iraqi** government responsible if it fails to act over the hospital fire that has killed almost 100.
- The **UAE** officially opened its embassy in Tel Aviv, **Israel**, almost a year after the Abraham Accords first normalized its relations with Israel. The UAE announced tightened COVID-19 rules for the upcoming Eid al-Adha holiday, including shortening prayers and requiring worshipers to bring their own rugs.



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Americas

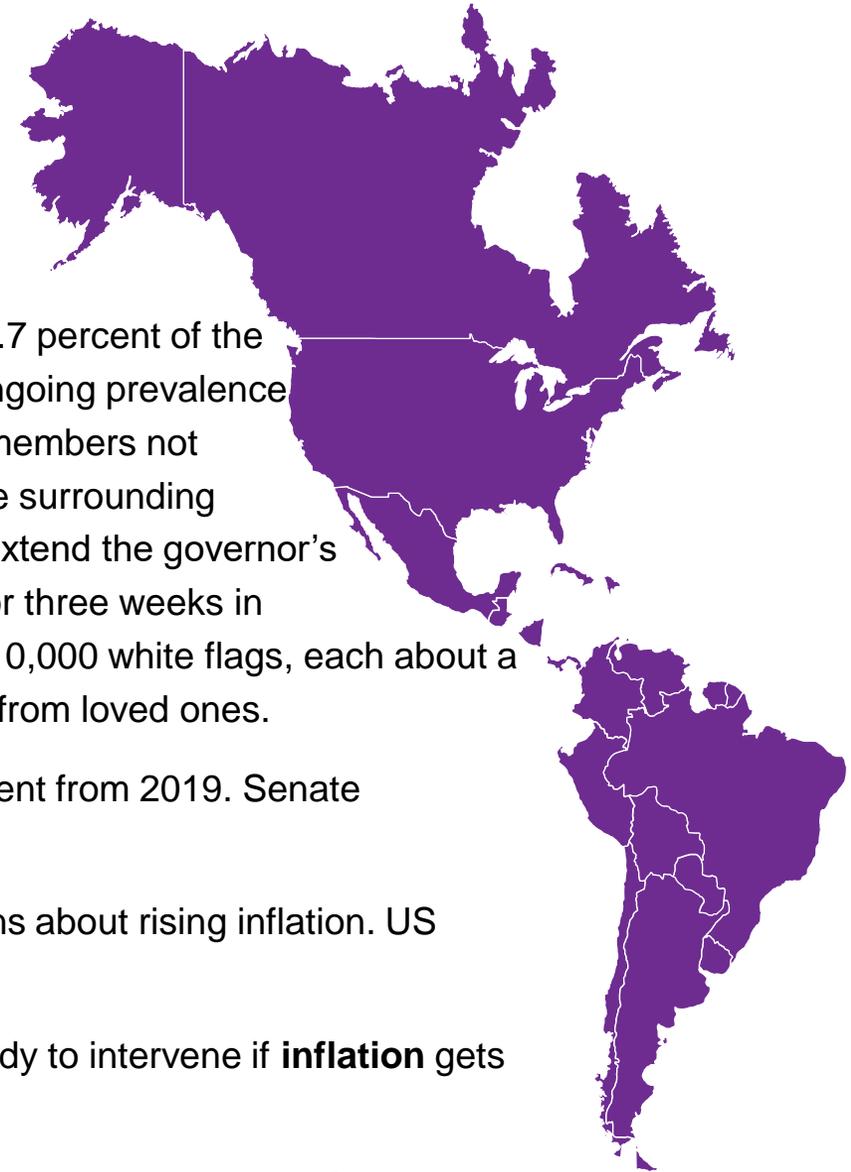
- The Bank of **Canada** said it will reduce the pace of its bond purchases but will keep interest rates steady at 0.25 percent.
- **Brazilian** President Bolsonaro is in the hospital and may need to undergo surgery due to complications from a 2018 stabbing.
- **Peruvian** socialist candidate is set to be confirmed the winner of the presidential election after a drawn-out election process marred by fraud claims from his opponent.
- **Cuba** announced it was temporarily lifting restrictions on the amount of food and medicine travelers could bring into the country in a small concession to demands by protesters.



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Americas: US

- Across the nation, 184.8 million have received at least **one dose of the vaccine**, or 55.7 percent of the total population. An **Alabama** military base is taking increased actions to combat the ongoing prevalence of coronavirus infections, authorizing leaders to ask for proof of vaccination of service members not wearing a mask while on duty; the base is located in an area where less than half of the surrounding populations have been vaccinated. The **Connecticut** legislature voted Wednesday to extend the governor's emergency pandemic-era powers, even as many states begin to curb such powers. For three weeks in September, a section of the **Washington** National Mall will be covered by more than 610,000 white flags, each about a foot tall, representing the American lives lost to covid-19 and holding written memories from loved ones.
- A record of over 93,000 people died from **drug overdoses** in 2020 – up nearly 30 percent from 2019. Senate Democrats unveiled draft legislation for federal decriminalization of **marijuana**.
- **US producer prices** rose at their quickest pace in a decade in June, adding to concerns about rising inflation. **US gasoline demand** eased from a record high last week.
- In remarks to Congress, Federal Reserve Chairman Powell said the central bank is ready to intervene if **inflation** gets out of control but emphasized that he expects prices to fall later this year.
- The US reportedly may ease the ban on remittances to **Cuba** as part of its policy review. This month, the US will begin evacuating **Afghan** collaborators.



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Emerging and Existing Hotspots: Unrest in South Africa

Over the past week, protests sparked by the imprisonment of former President Jacob Zuma have escalated into the worst violence South Africa has seen in decades. Over 70 people have been killed in riots, looting, fires, and stampedes that have now spread to multiple provinces. While Zuma's arrest served as an early focal point for unrest, grievances over economic inequality, high unemployment and poor public service provision are increasingly driving looting and riots.

Though the government deployed the military to support police around the country early this week, violence has continued to grow. While underlying economic and political conditions continue to drive widespread discontent, the potential for continued flare-ups of violence remains high. For the current government of President Cyril Ramaphosa, handling the violence will prove an important test, both for his legitimacy within South Africa and for international confidence in the country's stability.

Initial incidents of unrest were reported in the Zulu-majority province of KwaZulu-Natal following former president Zuma's imprisonment on contempt of court charges on July 7. This week, President Ramaphosa criticized the growing unrest as based in "*ethnic mobilization*," implicitly accusing former President Zuma of stoking

Zulu nationalism. Comments from pro-Zuma factions have defended the violent reactions to Zuma's sentencing: Zuma's foundation, for one, called riots "*reactive righteous anger of the people...which others have characterized as violence.*" However, analysts emphasize that growth in violence is almost certainly based more in socioeconomic grievances than loyalty to Zuma, evidenced by the relative absence of calls by protesters for Zuma to be freed, and the looting of retail outlets. But the role of the former president will continue to have political implications for how the violence is addressed. While the protests allow Zuma's allies to reassert that he remains a powerful political figure – even from prison – if Ramaphosa is unable to handle the violence, it will emphasize his weakness. Already, many South Africans are disillusioned about

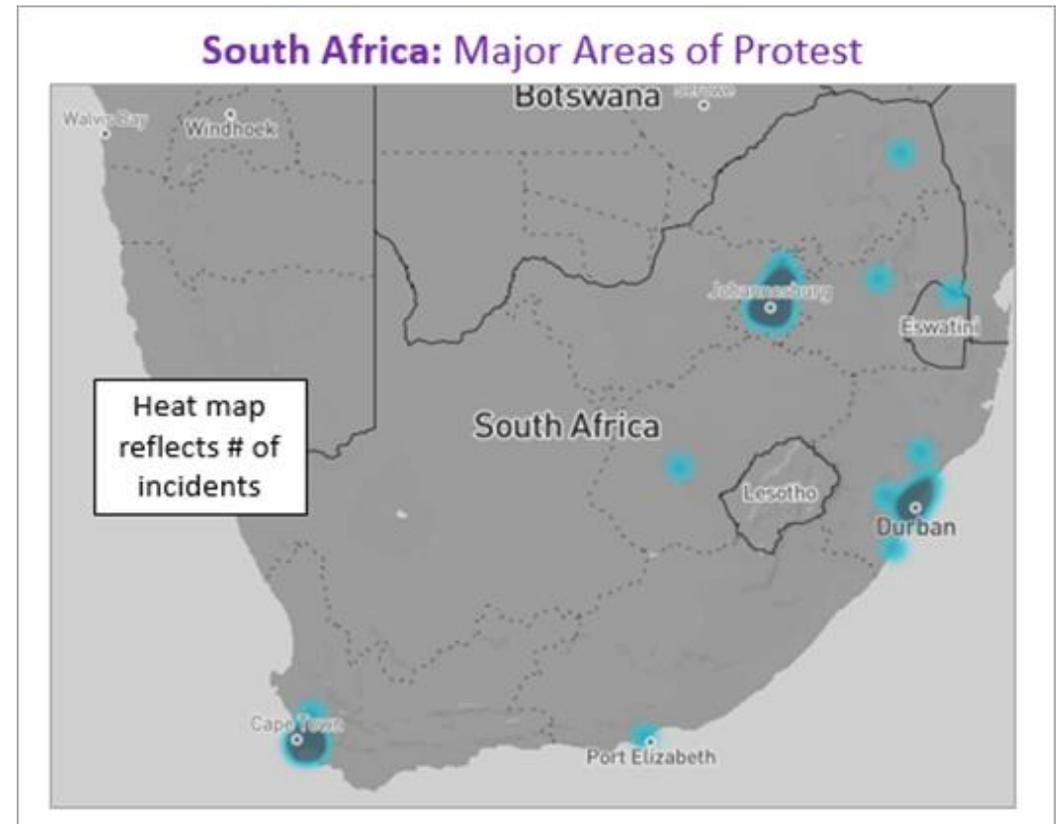
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Emerging and Existing Hotspots: Unrest in South Africa

their government's ability to change the direction of the country. The response to the current violence may very well reinforce this disillusionment and prompt South Africans to turn to new political figures in hope for change.

Decades of extreme economic inequality, high unemployment, and disappointment in public services have only been worsened by the fallout of the COVID-19 pandemic over the past two years. Now, the outbreaks of unrest across South Africa have delivered global markets a stark reminder of the country's deep socioeconomic issues. The rand, which had become a star performer among emerging market currencies during the pandemic, hit a three-month low this week, while the disruptive impacts of riots and looting are likely to undermine business confidence in operating in South Africa. While it remains uncertain how long the current bout of violence and unrest will last, underlying drivers of discontent are not going anywhere. Moreover, in coming weeks, recent violence itself may have knock-on effects to worsen unrest - the government has warned that if looting continues, some areas could run out of basic food supplies. Meanwhile, security concerns are slowing the country's COVID-19 vaccination drive by forcing some vaccination sites to close.

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While protests were initially concentrated in KwaZulu-Natal and its capital Durban, unrest has spread widely over the past week.

Emerging and Existing Hotspots: Unrest in South Africa

Even if violence does die down in coming weeks, further flare-ups of unrest are likely ahead of October 27 local government elections – in South Africa, local elections have historically been preceded by an increase in unrest as people express grievances over poor service delivery.

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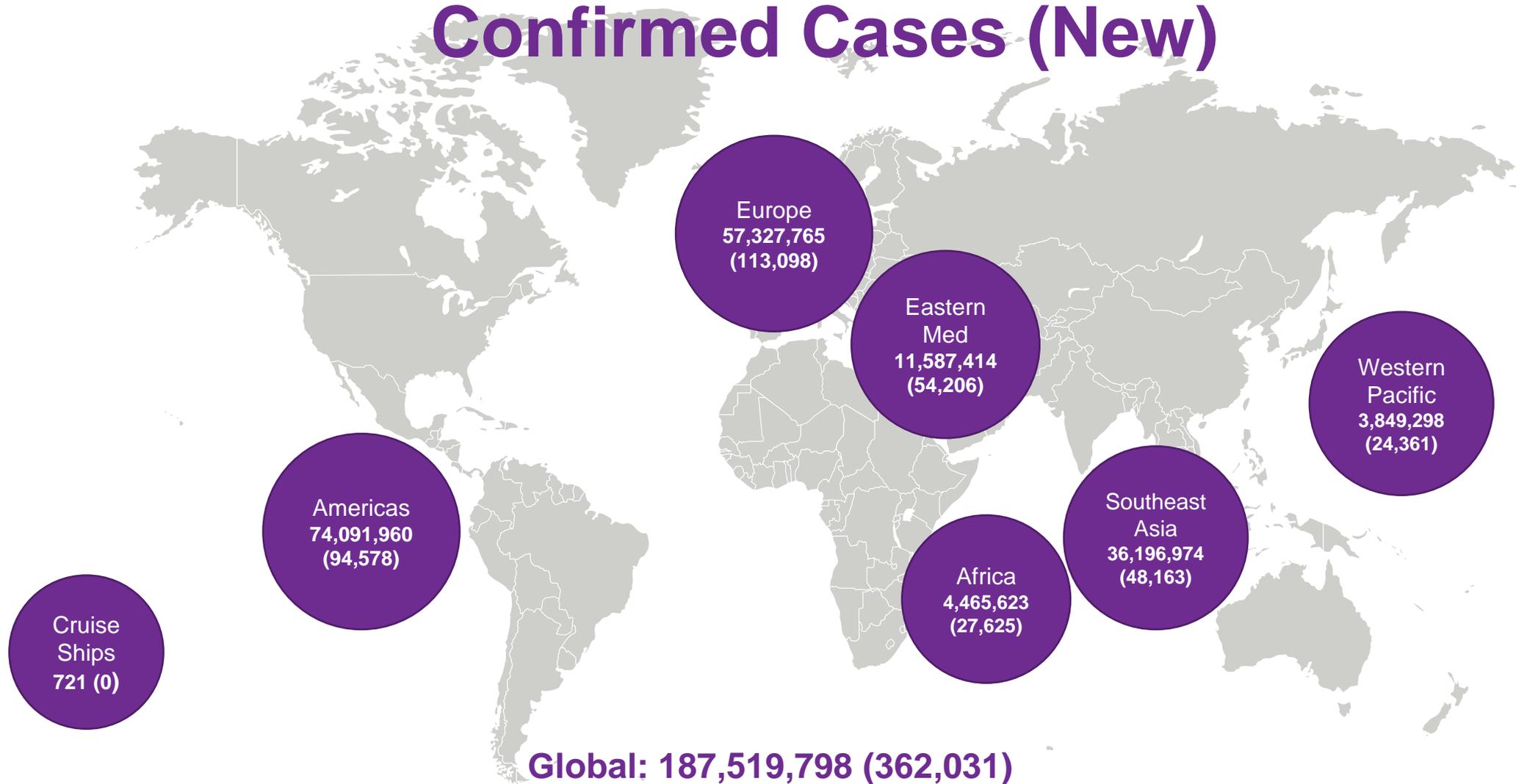
Beyond domestic implications, increased unrest in South Africa could foreshadow flare-ups of unrest across the region. The unrest seen in South Africa is driven by discontent with economic conditions and poor public service delivery – issues that are not unique to South Africa. The COVID-19 pandemic has worsened economic strain and exposed government failings in countries across the world and particularly in South Africa's immediate neighborhood. Already, the neighboring Kingdom of Eswatini is reeling from mass protests against its absolute monarchy. Both the protests in Eswatini and the recent violence in South Africa demonstrate that discontent with economic and political conditions can easily erupt into the streets – and South Africa is unlikely to be the last country to see a post-pandemic outpouring of unrest.

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Coronavirus Condition Updates

As of 5:05 pm CEST on July 14, 2021

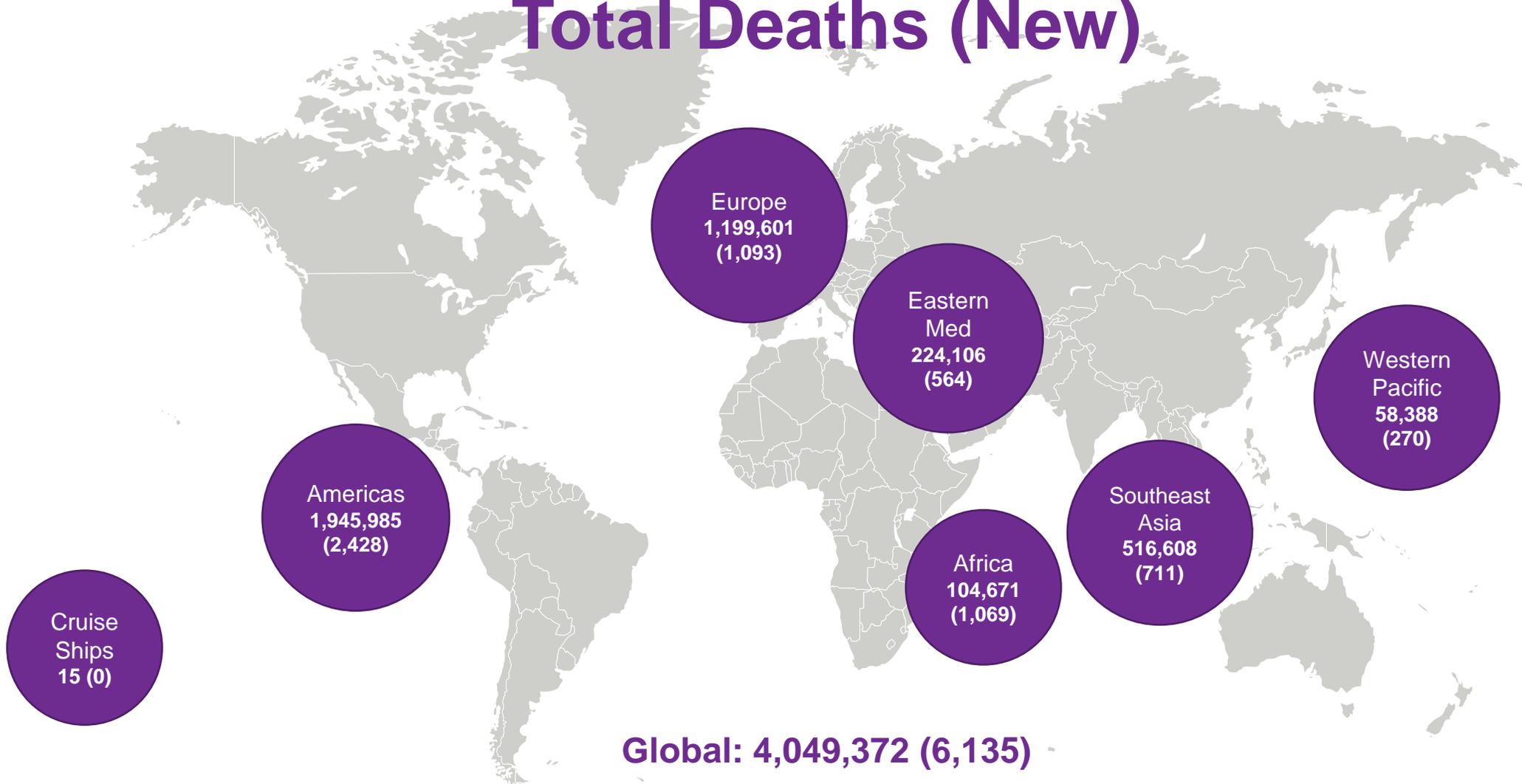
Confirmed Cases (New)



Reflects data as of 5:05 pm CEST on July 14, 2021.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 5:05pm CEST on July 14, 2021
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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