

Dentons Flashpoint

Daily Global Situation Report

July 2, 2021

Global Situation Update: July 2, 2021

KEY TAKEAWAYS

World's leading economies sign historic agreement on global minimum tax rate.

Head of WHO Europe warns of new COVID-19 wave as weekly infections rise 10 percent.

The US withdrew forces from Bagram air base in Afghanistan, a major milestone in ending the two-decade war.

Note: This report is based on sources and information deemed to be true and reliable, but Dentons makes no representations to same.

Global Situation Update: July 2, 2021

WHAT WE'RE WATCHING

Today, a new law goes into effect in Russia that requires foreign social media giants to open an office in the country if they wish to continue to operate. President Putin signed the law yesterday, the same day his government filed a new case against Google for breaching personal data legislation.

Tech companies with a daily audience of at least 500,000 in Russia will have to register a branch or office with the state communications regulator or face penalties. The new law affects some 20 companies, including retailers and e-commerce companies.



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Global

Globally, confirmed coronavirus cases topped 181.9 million with 3.9 million deaths; 2.9 billion vaccine doses have been administered.

- At the OECD meeting, 130 of the world's leading economies, critically including China and India, signed a plan for a **global minimum corporate tax rate** of at least 15 percent; the rules will be implemented in 2023.
- A new WHO report estimates that at the start of the pandemic, one third of the global population could not wash their hands at home, calling for better investment in **public sanitation**.
- The WHO called for Gilead Sciences to lower the prices of its drugs that treat **black fungus infections** which have seen a sharp rise in COVID-19 patients in Nepal and India.
- A new Dutch study finds that among **dogs and cats**, one out of five pets will catch the disease from their owners.
- **Lambda**, the latest **coronavirus variant** to draw the attention of the WHO, is worrying officials in Latin America and puzzling scientists because of its “unusual” set of mutations; first discovered in Peru, now in 27 countries, evidence is not conclusive if it is more transmissible. Lambda accounted for 82 percent of new COVID-19 cases in May and June in Peru, which has the world's highest coronavirus mortality rate.
- The US State Department released the 2021 “Trafficking in Persons” report, which said that the COVID-19 pandemic caused a surge in **human trafficking** over the last year.

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COVID-19 Vaccine

New data from Public Health England shows that two doses of the AstraZeneca vaccine are 94 percent effective in preventing COVID-19 deaths in over-65s.

- **Johnson & Johnson** announced that its single-shot COVID-19 vaccine showed strong promise against the **Delta variant**, with data showing that the durability of immune response for recipients lasted at least eight months.
- **Russia** will begin offering booster vaccines to counter the **Delta variant**.

Markets & Business

France opened investigations into Japan's Fast Retailing, Zara owner Inditex, France's SCMP and Skechers over suspicions of concealing crimes against humanity in Xinjiang.

- **Robinhood** filed for its IPO, targeting a valuation of \$40 billion and setting aside up to 35 percent of shares for retail investors who rarely get to buy at a company's IPO price.
- OPEC+ delayed its oil output meeting to today, reportedly due to reservations from the UAE about extending the supply restraint agreement from April 2022 for another year. **Oil prices** surged to over \$75 a barrel on Thursday.
- **Pinterest** will ban ads promoting weight-loss in an effort to support body-positivity.
- **TikTok** will roll out longer-form videos after testing the feature with some users.
- Former Trump adviser Jason Miller is launching a new social media app "**Gettr.**"
- The US Federal Trade Commission voted to broaden its mandate in challenging **unfair methods of competition**, a move that may open doors for targeting big tech.

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Africa

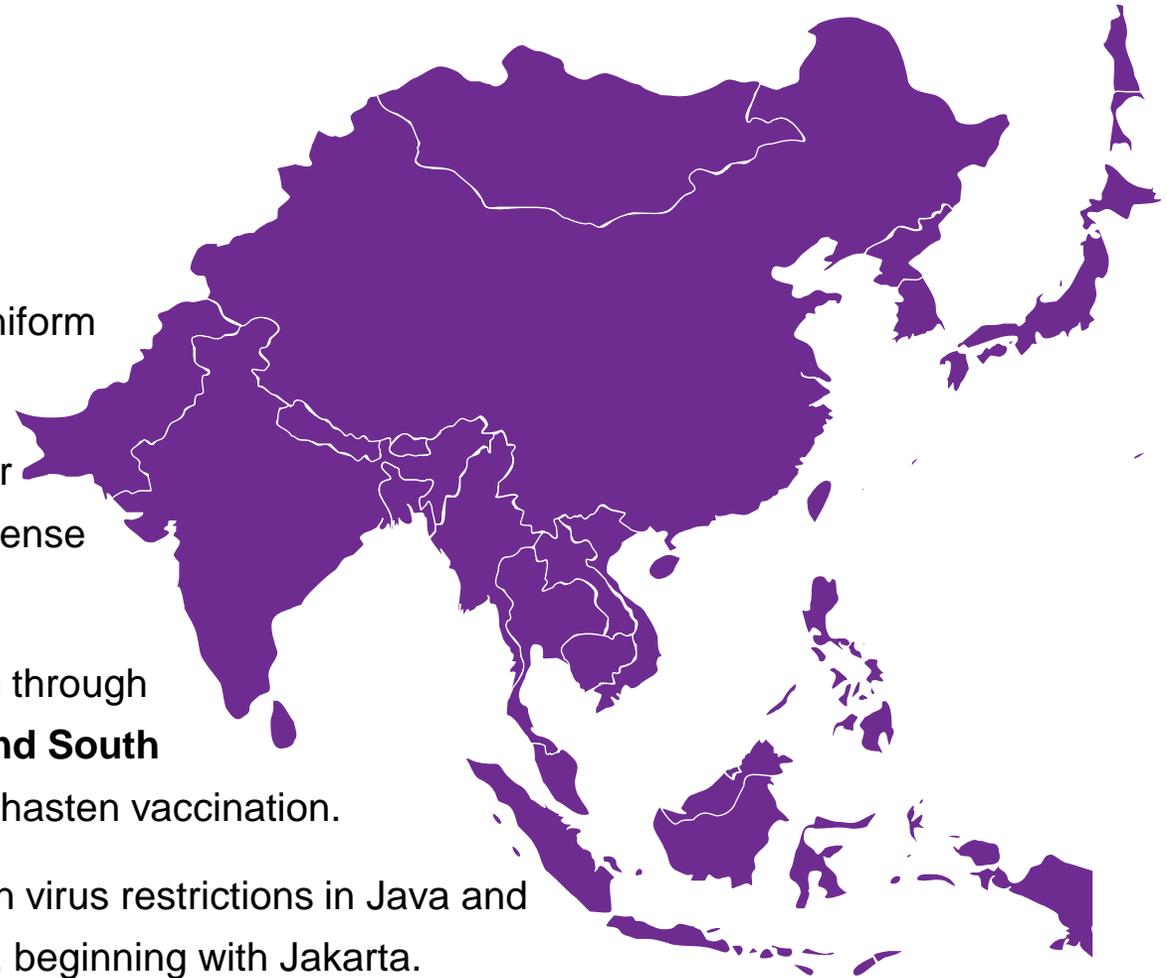
- **South Africa's** constitutional court cleared President Ramaphosa of allegations that he lied to parliament about campaign financing issues.
- **Burkina Faso's** president dismissed his defense and security ministers for failing to quell a spike in jihadist violence.
- **Rwanda** legalized the use of marijuana for medical and research purposes.
- The **Ethiopian** government in Addis Ababa reiterated calls for the Tigrayan rebels to join the ceasefire, as the rebels largely maintained control over the region.
- **Nigeria** refused to disclose the details of the arrest of former rebel leader Kanu, amid speculation that other countries were involved in the effort.



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Asia

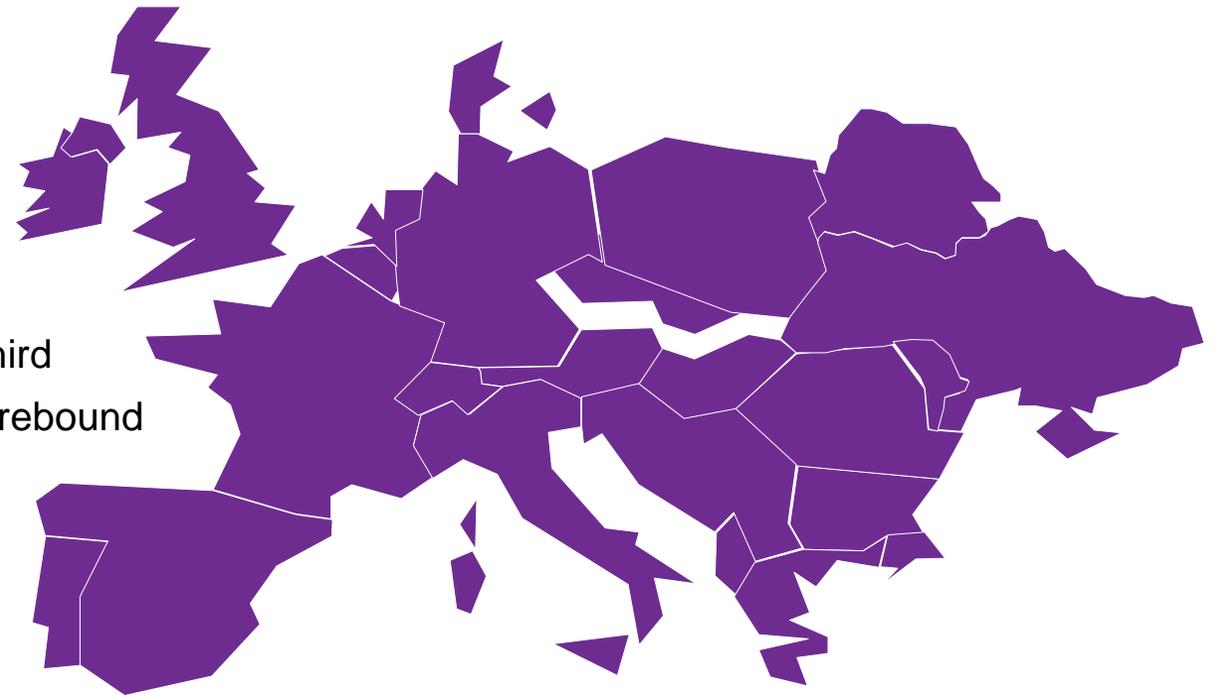
- Hundreds protested in **Myanmar's** Yangon, burning a military uniform and calling for a return to democracy.
- **Japan and the Philippines** will hold their first-ever joint air-to-air bilateral training exercises next week, in a sign of deepening defense ties.
- The highly contagious Delta variant of the coronavirus is surging through Asia this week, with record numbers of infections in **Australia and South Korea**, prompting some countries to tighten curbs and others to hasten vaccination.
- Marking another day of record daily cases, **Indonesia** will tighten virus restrictions in Java and Bali. Indonesia started its vaccination program for young people, beginning with Jakarta.
- **Vietnam** reported a record high number of cases and prepared for mass testing to help contain the outbreak.
- **Taiwan** will postpone four referendums due late next month because of fears about the spread of COVID-19.



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Europe

- **EU** unemployment numbers dropped by 382,000 in May, a third monthly consecutive fall which is boosting optimism about a rebound in the bloc's labor market.
- At a press event marking **Slovenia's** start of a six-month EU presidency, European Commission president von der Leyen criticized the country's media and judicial freedom.
- The new leader of **Northern Ireland's** Democratic Unionist party pledged to push for the removal of the post-Brexit Irish Sea customs border "*within weeks.*"
- The prime minister of **Sweden's** caretaker government, Stefan Lofven, was invited to attempt to form a government after the right-wing opposition failed to form a coalition.
- In the **UK**, the Delta variant accounted for 90 percent of new cases last week. **Portugal** reimposed a nighttime curfew on several "*high-risk*" cities including Lisbon and Porto. The **EU** launched its "*digital green certificate*" which will allow citizens to resume travel across Europe with either a vaccine certificate or negative COVID-19 test.



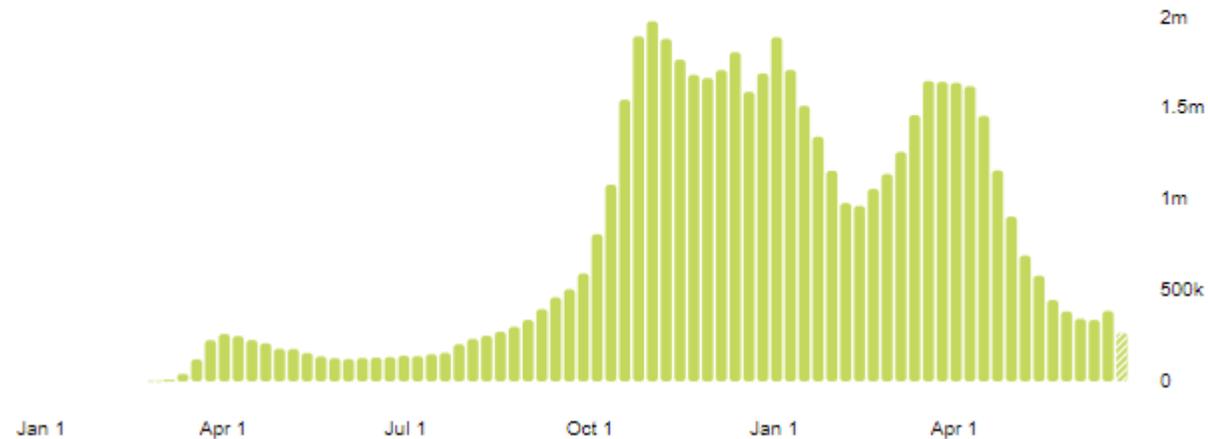
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Europe

The head of WHO Europe warned of a new wave of European infections, as weekly cases grew by 10 percent last week amid loosening restrictions.

Europe

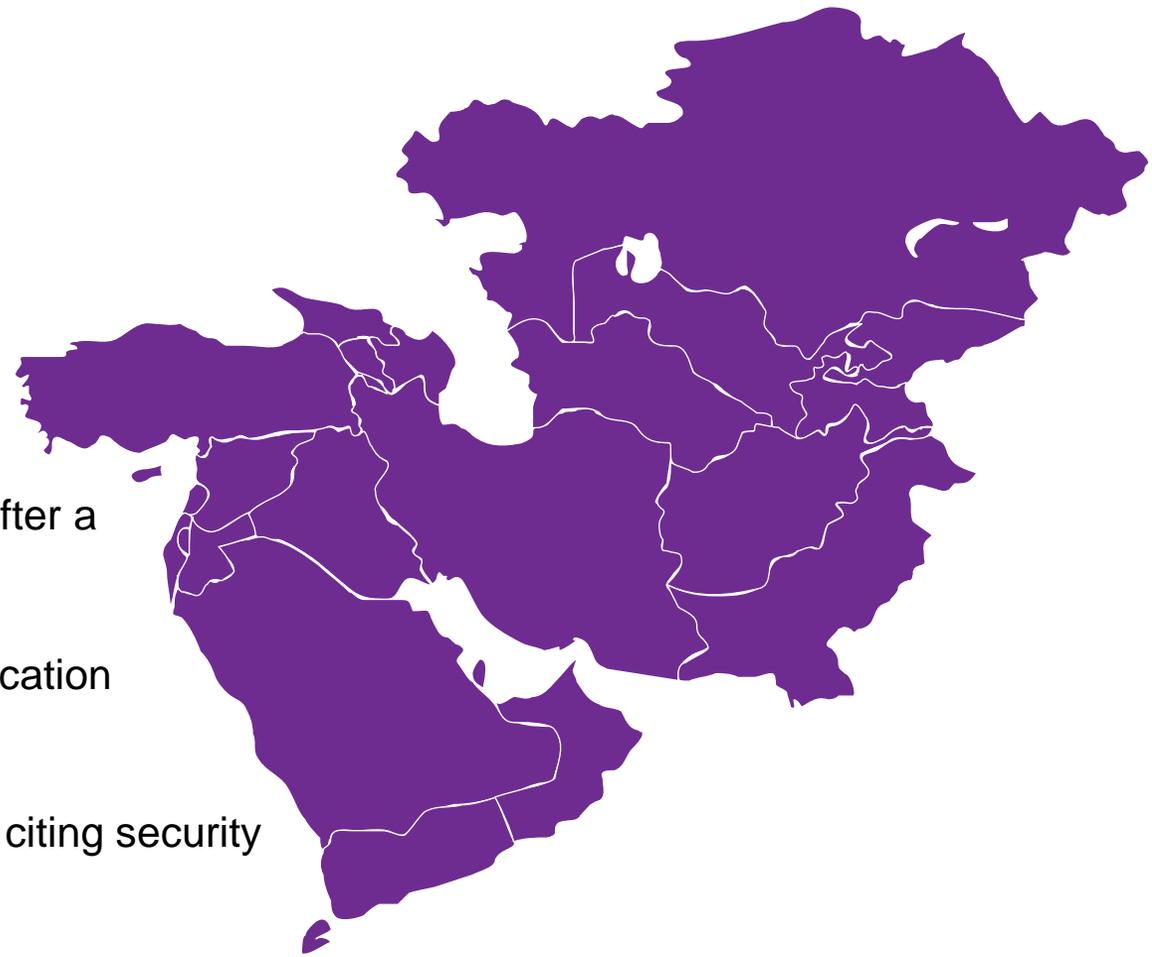
55,994,496
confirmed cases



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Middle East

- A new US report found that **Turkey** supported a group that used child soldiers in **Syria**.
- **Tunisia** placed its capital city, Tunis, under partial lockdown after a record daily jump in COVID-19 cases.
- **Bahrain** approved the emergency use of the COVID-19 medication sotrovimab.
- **Iran** restricted IAEA access to its Natanz nuclear power plant citing security concerns following a cyber-attack several months ago.
- A **Jordanian** court rejected a request to hear testimony from Prince Hamzah in proceedings trying several officials for sedition over an alleged coup this spring.



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How do You Manage Political Risk?

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

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

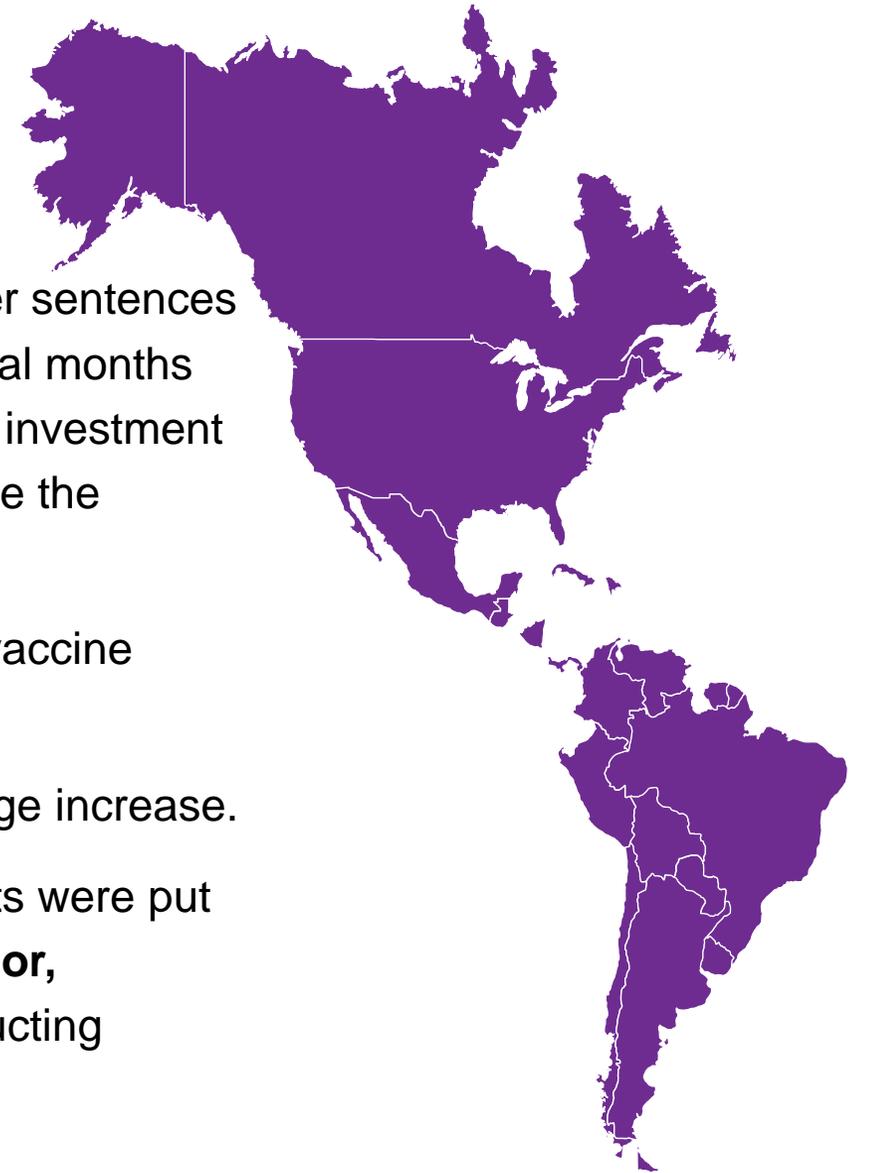
- ❖ Political and country risk forecasts and analysis
- ❖ Market-entry assessments
- ❖ Legislative and government action forecast
- ❖ Comprehensive project analysis
- ❖ Coronavirus vaccine tracker and return-to-work monitoring
- ❖ Investment risk analysis

All interaction with Dentons is attorney-client privileged

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

Americas

- **Colombian** President Duque will present a new law including harsher sentences for vandalism, roadblocks and attacks on police in response to several months of persistent anti-government protests. Colombia lost its decade-old investment grade status for issuing long-term sovereign debt, when Fitch became the second big rating agency to downgrade the country to junk.
- **Dominican** health authorities will begin distributing third COVID-19 vaccine doses in an effort to bolster immunity from new variants.
- **El Salvador's** President Bukele called for a 20 percent minimum wage increase.
- Central American presidential aides, top judges and former presidents were put on a US State Department list that names individuals from **El Salvador, Honduras and Guatemala** that the **US** accuses of corruption, obstructing justice, or undermining democracy.



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Americas: US

- The White House **COVID-19 task force** will create “*surge response teams*” to tackle Delta variant hot spots.
- **Pennsylvania’s** Democratic governor vetoed a Republican-led bill to ban COVID-19 passports and limit the powers of state authorities during public health emergencies.
- The Supreme Court upheld two **voting restriction laws** in Arizona in an ideological split between conservative and liberal judges.
- Growth in the **US manufacturing sector** slowed last month to its lowest level since January, as higher prices, worker shortages and supply chain bottlenecks weigh on supply capacity.
- New **weekly jobless claims** dropped below 400,000 to a new pandemic-era low.
- US troops pulled out of Bagram air base, the main military base in **Afghanistan**, a significant milestone in the withdrawal of all US forces from the country after a two-decade war.



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Americas: US

Across the nation, 181.3 million have received at least one dose of the vaccine, or 54.6 percent of the total population.

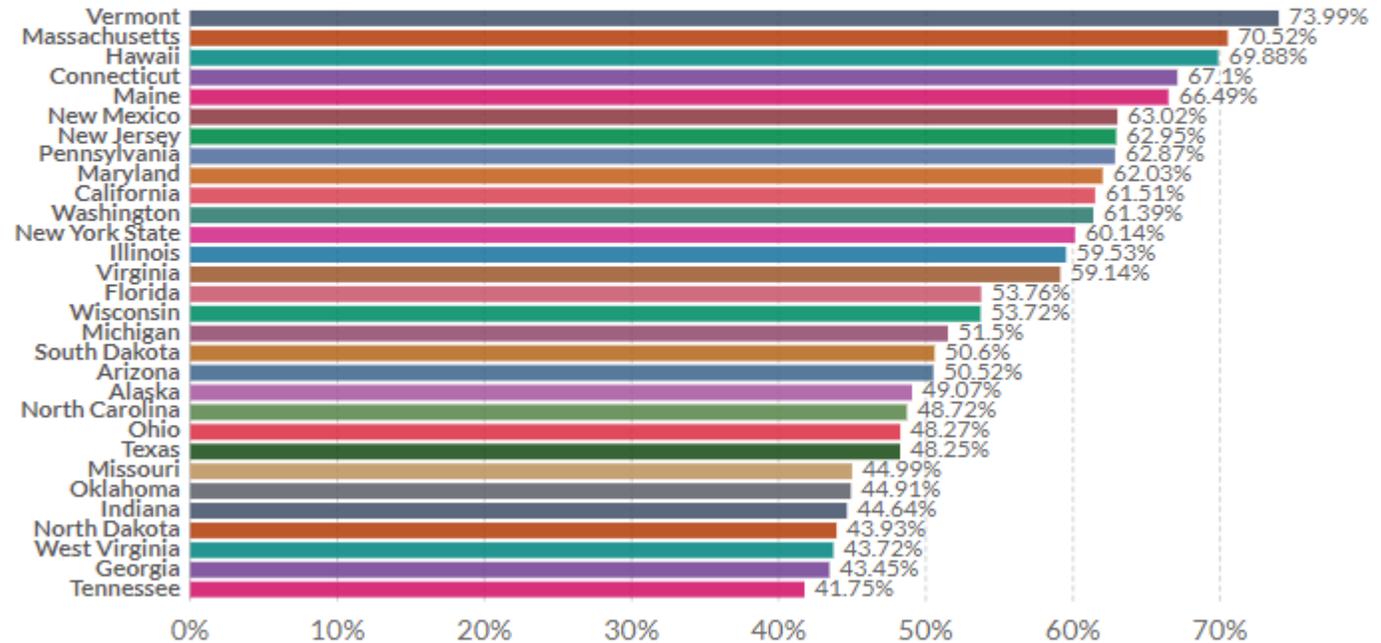
At the current vaccination rate, the nation will hit the vaccination goal of 70 percent of all adults on July 26.

US: Share of people who received at least one dose of COVID-19 vaccine, Jul 1, 2021

Our World in Data

Share of the total population that received at least one vaccine dose. This may not equal the share that are fully vaccinated if the vaccine requires two doses.

+ Add state



Source: Centers for Disease Control and Prevention – Last updated July 1, 13:50 (Eastern Time)
OurWorldInData.org/us-states-vaccinations • CC BY

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Public Health and Political Implications of the Tokyo Olympics

By Briana Boland

After over a year of debate on whether the Tokyo Olympics should be held, the games are now less than one month away – but still marked by uncertainty. With the spread of new variants and relatively low vaccination rates in Japan, the Olympics could risk sparking a new wave of COVID-19, just as the country appears on track to getting its most recent surge under control.

For the country's political leadership, the Olympics come at a critical time, with the potential to make or break the administration of Prime Minister Yoshihide Suga. Globally, the Tokyo Olympics are an unprecedented test of how an international event can be held safely during the COVID-19 pandemic, for although many teams will be vaccinated, risks of infection and spreading new variants remain.

The Japanese government has stressed its intentions to hold "safe and secure" Olympic games, which will be held from July 23 – August 8, but numerous health experts and broad swaths of the Japanese public remain skeptical that going ahead with the event is a wise idea. Despite headwinds, the International Olympic Committee (IOC) and, more warily, the Japanese government seem determined to proceed with the games, taking precautions that will make the Tokyo Olympics

look quite different from its predecessors. Foreign spectators are barred, and total spectators' numbers have been capped at 10,000 or less – with Prime Minister Suga remarking just yesterday that it remains "possible" local spectators will be barred after all. Without spectators, the economic benefits to Japan of hosting the games is limited, meaning that even without the costs of cancelling the games, the 2021 Olympics will not be the economic boon for Tokyo that the 2020 games were hoped to be.

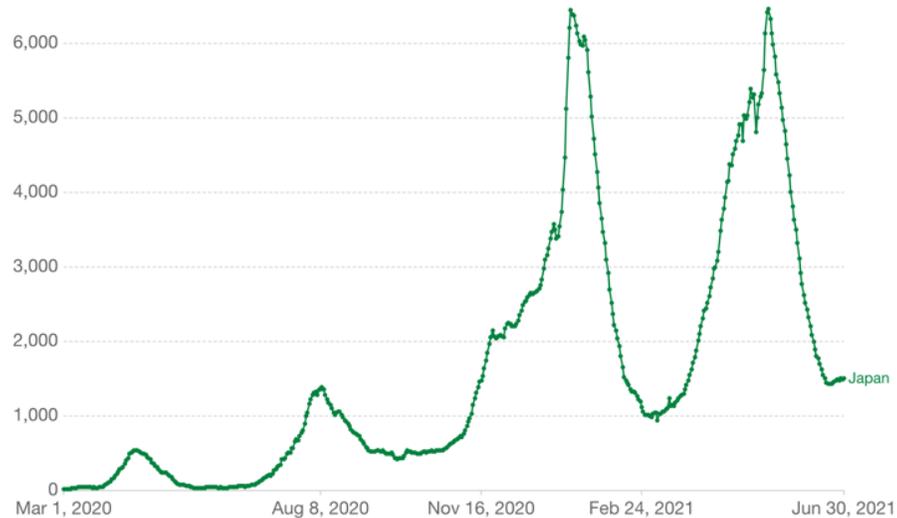
Resistance to the Olympics is rooted in persisting concern about COVID-19 in Japan – recent polling has shown between 60% and 80% of the public thinks the games should be postponed or canceled, though perceptions seem to be improving. While cases and hospitalizations are falling from recent highs, the spring and early summer saw the country's

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Public Health and Political Implications of the Tokyo Olympics

Daily new confirmed COVID-19 cases

Shown is the rolling 7-day average. The number of confirmed cases is lower than the number of actual cases; the main reason for that is limited testing.



Source: Johns Hopkins University CSSE COVID-19 Data

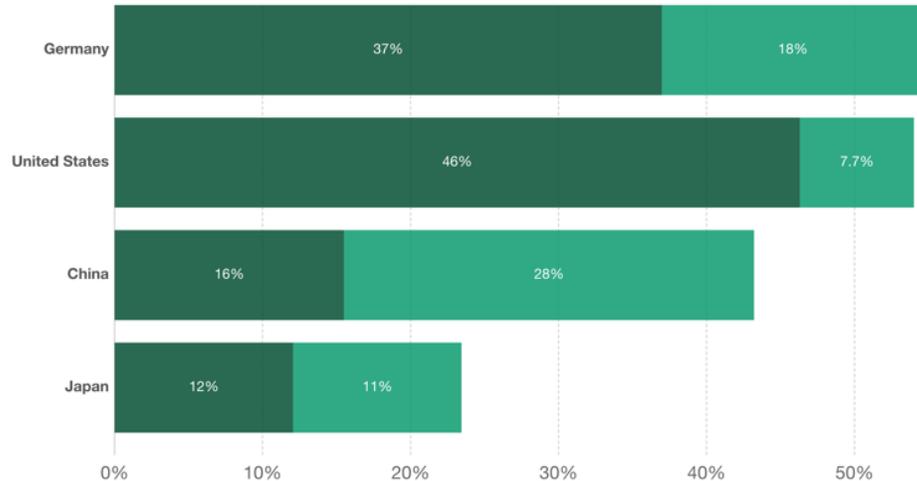
CC BY

Share of people vaccinated against COVID-19, Jun 30, 2021

This data is only available for countries which report the breakdown of doses administered by first and second doses.



■ Share of people fully vaccinated against COVID-19 ■ Share of people only partly vaccinated against COVID-19



Source: Official data collated by Our World in Data

CC BY

two most severe waves of COVID-19, straining some regional health systems. The pace of vaccinations was initially extremely slow, due mainly to logistical and bureaucratic issues in vaccine rollout. Vaccine numbers are picking up, but the government's recent handling of the pandemic and vaccine rollout caused the Suga Cabinet's approval rating to drop to record lows in May, around 32% according to some polls. Beyond concern about the state of COVID-

19 in the country, backlash to the IOC's dogged attitude about the games have exacerbated their unpopularity.

The Suga government's decision to press ahead in spite of popular opinion and health warnings represents a gamble as the country's leadership faces political pressures both domestically and internationally. On the home front, a successful Olympics could offer

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Public Health and Political Implications of the Tokyo Olympics

a political lifeline for Prime Minister Yoshihide Suga, whose term as president of his ruling LDP (Liberal Democratic Party) party ends in September – at which time, Suga would need enough support to dissolve the House of Representatives and win a snap general election to remain in office. Alternatively, Suga would almost certainly be held politically responsible for a failed Olympics, which would probably result in the end of his leadership of the LDP and country. Internationally, commentators have also pointed to motives of national pride behind persisting with the games. Calls for Japan to reassert itself as a top world power, and avoid being overshadowed in importance by China, support the need to hold the games. Tokyo's failure to hold the Summer Olympics due to its lack of control over COVID-19, while Beijing prepares to hold COVID-free Winter Olympics in less than a year, would be a prime topic for pro-China propaganda. Preparations for the Tokyo Olympics have also stoked rivalry with South Korea, centered on an official map of the Olympic torch relay including the rocky islets of Dokyo, which South Korea controls but Japan claims – prompting a number of South Koreans, including two former prime ministers, to call for a boycott of the Tokyo games.

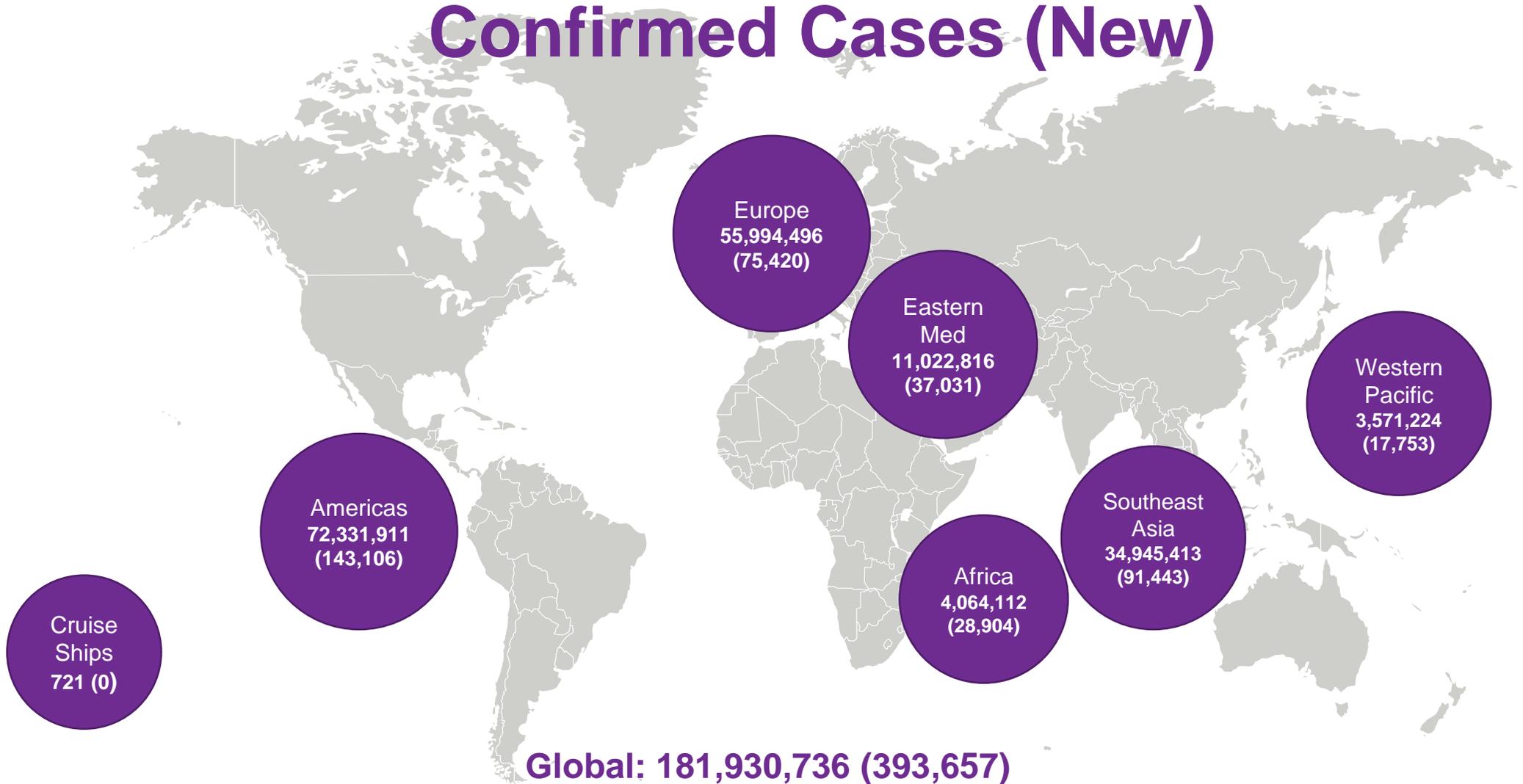
The most prominent metric of failure or success for the Tokyo games will be the COVID-19 impact: if the event causes a new wave of infections, the Japanese government will pay politically. Other risks may undermine the games, which, like past Olympics, are a focal point for activists and protestors seeking to target the Japanese government or Olympic sponsors. Along with Japanese protestors, the games may manifest international tensions: for example, activists are again pushing the IOC to allow Taiwan to compete under the Taiwanese government's flag. Meanwhile, with Russian athletes are still banned from participating under their own flag due to past doping non-compliance, Russia-sponsored cyber-attacks remain a key risk for international sporting bodies. With the world watching, the next two months will be nerve-racking for the Suga Cabinet. However, a successful Olympics could also provide a needed morale booster for Japan – and beyond – as a milestone in overcoming the COVID-19 pandemic.

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Coronavirus Condition Updates

As of 11:00 am CEST on July 2, 2021

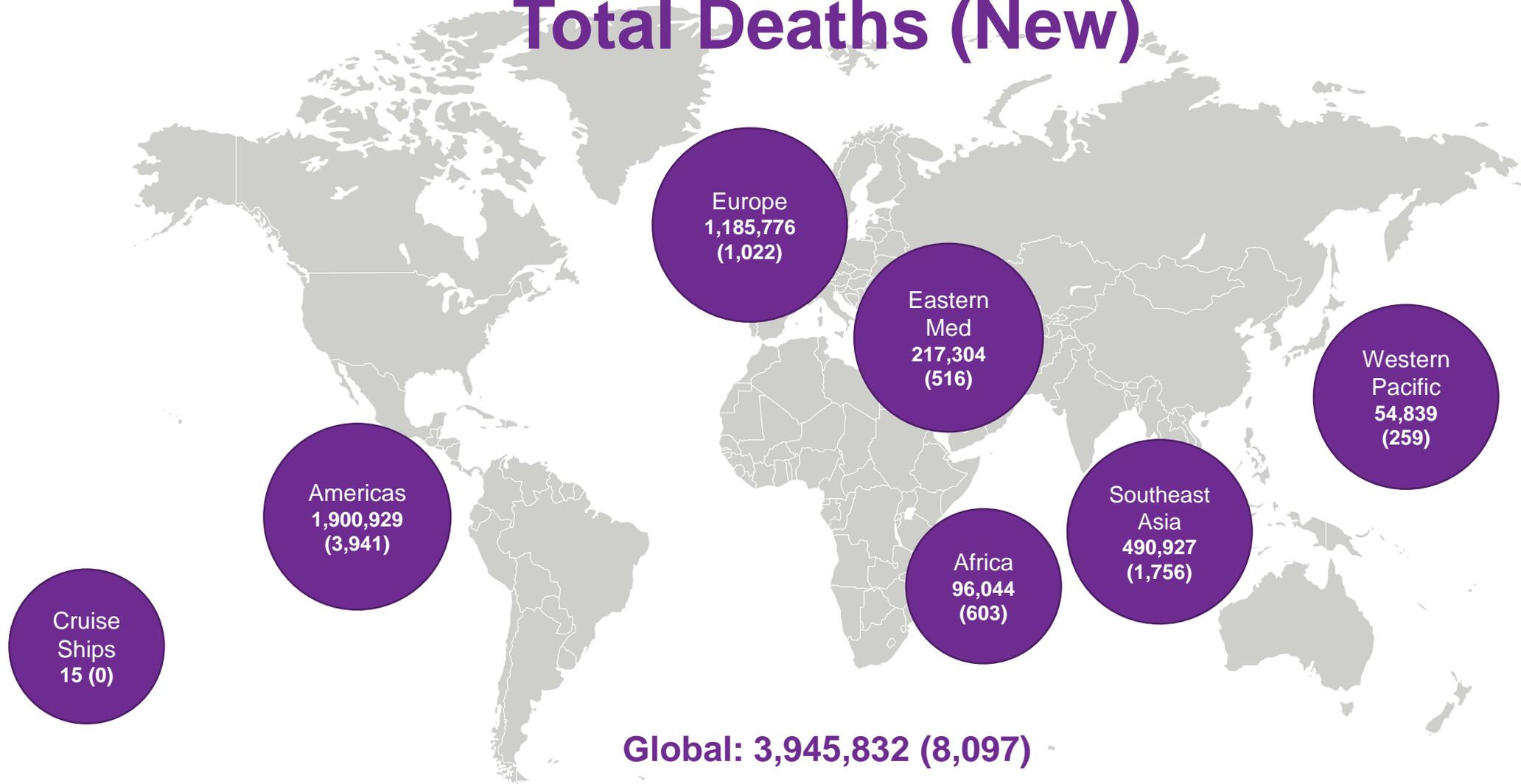
Confirmed Cases (New)



Reflects data as of 11:00 am CEST on July 2, 2021.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 11:00 am CEST on July 2, 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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