

# Dentons Flashpoint

## Daily Global Situation Report

July 20, 2021

# Global Situation Update: July 20, 2021

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## KEY TAKEAWAYS

The US and European allies accused the Chinese government of overseeing widespread cyberattacks abroad.

China said that the WHO's proposal for further research into COVID-19's origins is "inconsistent" with its position.

The National Bureau of Economic Research said that the COVID-19 recession in the US lasted only two months.

# Global Situation Update: July 20, 2021

## WHAT WE'RE WATCHING

Peru's electoral authority on Monday named socialist Pedro Castillo as the country's next president, having officially won the June 6 runoff against right-wing candidate Keiko Fujimori, who accepted the result but said she had been cheated.

Fujimoro had stalled the official result through claims of voter fraud which were ultimately rejected by electoral officials. Though the US, EU and Organization of American States have all stated that the elections were clean, the challenges of voter fraud are indicative of how divisive the tightly contested vote was, displaying deep regional and social tensions within Peru.



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

# Global

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**Globally, confirmed coronavirus cases topped 190.5 million with 4.0 million deaths; more than 3.4 billion vaccine doses have been administered.**

- The US, in concert with European allies, formally accused the Chinese government of overseeing widespread **cyberattacks abroad**, including the massive Microsoft breach earlier this year; China dismissed the accusations.
- China said that the WHO's proposal for further research into **COVID-19's origins** is "*inconsistent*" with its position, and that the search for early cases should be expanded worldwide.
- The so-called bubble to control COVID-19 infections at the Olympic athletes' village in Tokyo is already "*broken*" and poses a risk of spreading infections to the general populace, per a prominent public health expert.
- COVID-19 restrictions contributed to an **increase in political violence** in some nations and were used to erode **human rights and democratic institutions**, per a new UNDP report. The report cited incidences of voter repression and delayed elections, increased censorship, repression of government critics, violence against public protesters and harassment of migrant workers, gay and lesbian communities and journalists.

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# COVID-19 Vaccine

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**Russia is exploring the possibility of setting up a vaccine production facility in Nicaragua for regional distribution of vaccines.**

- A federal judge ruled that Indiana University can require its **students** to present proof of vaccination before returning to campus, in a setback for the legal movement against vaccine requirements in the US.
- Britain's Chief Scientific Adviser said that 60 percent of people being **admitted to hospital** with COVID-19 are unvaccinated.

# COVID-19 Vaccine

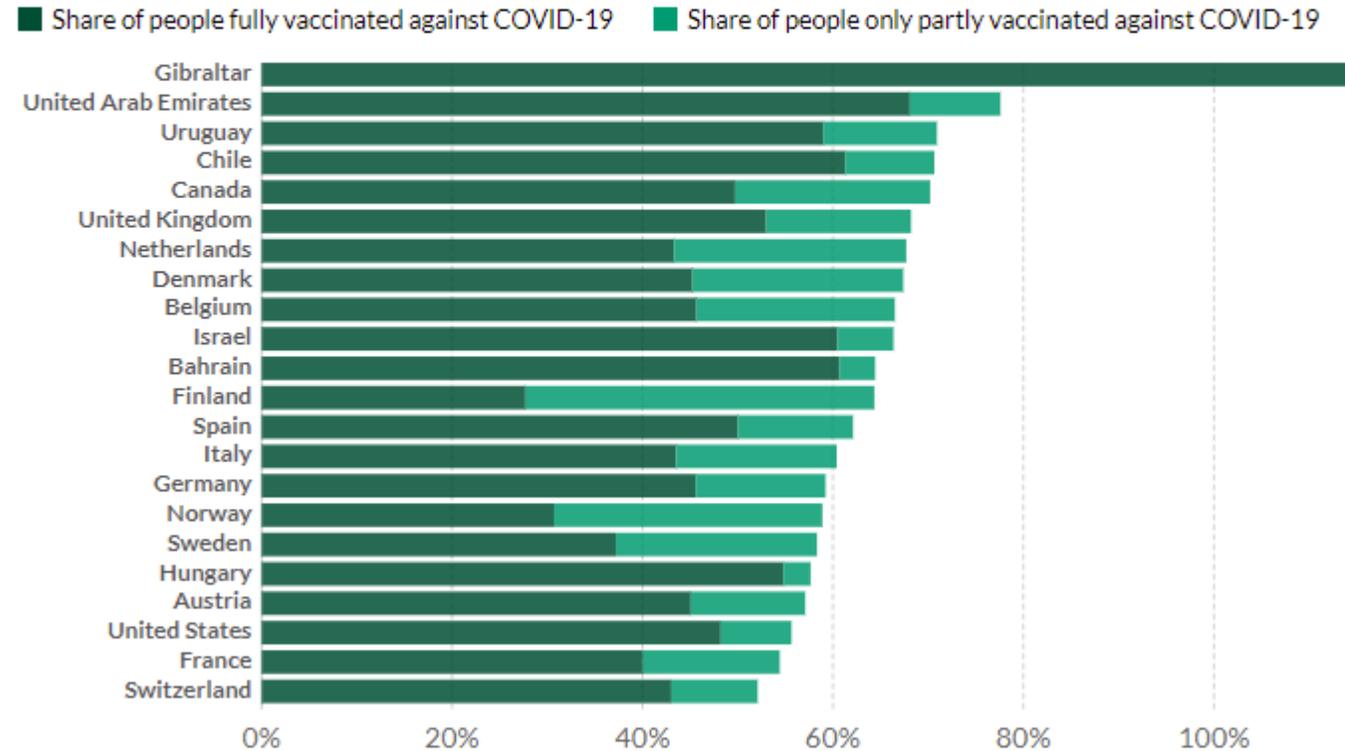
Canada has vaccinated half of its population, surpassing the US and putting it in a group of a dozen countries to have reached the milestone.

## Share of people vaccinated against COVID-19, Jul 18, 2021

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



[+ Add country](#)



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# Markets & Business

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## Amazon shut down cloud infrastructure and accounts linked to Israel's NSO Group following reports that its software was used surveil journalists and activists.

- Concerns about the resurgence of the Delta variant **shook markets** Monday; the S&P 500 lost 1.6 percent and commodity prices fell. European equities rose on Tuesday as investors hunted for bargains following a global stock downturn.
- **Robinhood** expects a market valuation of \$33 billion in its upcoming IPO – a lower number than previously anticipated.
- A JPMorgan survey showed that **business confidence** is at a decade high among midsize companies in the US. Confidence among US home builders fell slightly in July on concerns about rising material costs and labor shortages.
- **Ben & Jerry's** announced that it will halt sales in the occupied Palestinian territories, following activist pushback.

# How do You Manage Risks?

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*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](#).*

# Africa

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- **Ethiopia** announced that the second phase filling of its controversial Grand Ethiopian Renaissance Dam is complete.
- West African expats protested in the **Democratic Republic of the Congo** over a new immigration law that requires extra fees for ECOWAS residents.
- **Ethiopia's** President Abiy Ahmed vowed to wipe out the Tigrayan rebels as Tigrayan rebels mounted attacks on the neighboring Afar region.
- Former **South African** President Zuma, whose detention for contempt of court sparked violent protests earlier this month, requested a further delay of his corruption trial.



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# Asia

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- **Japan** granted emergency approval for Regeneron's antibody cocktail, which was famously used to treat former US President Trump.
- **South Korean** President Moon Jae-in canceled what would have been his first visit to **Japanese** Prime Minister Suga following a news report that a Japanese diplomat had made offensive comments about Moon.
- COVID-19 cases have surged to record levels in **South Korea**, prompting stricter curbs on businesses. Starting today, people from Bangkok and 12 other high-risk areas will have to seek permission for inter-provincial trips as **Thailand** continues to face a COVID-19 surge. More than half of **Australia's** 25 million population is under lockdown after a third state imposed movement restrictions on Tuesday.
- Anti-coup protesters held demonstrations in **Myanmar** Monday to mark a public holiday which commemorates slain independence heroes, including Aung San Suu Ki's father.
- **Sri Lanka's** President Gotabaya Rajapaksa announced he will stand for a second term, reversing an earlier one-term promise.

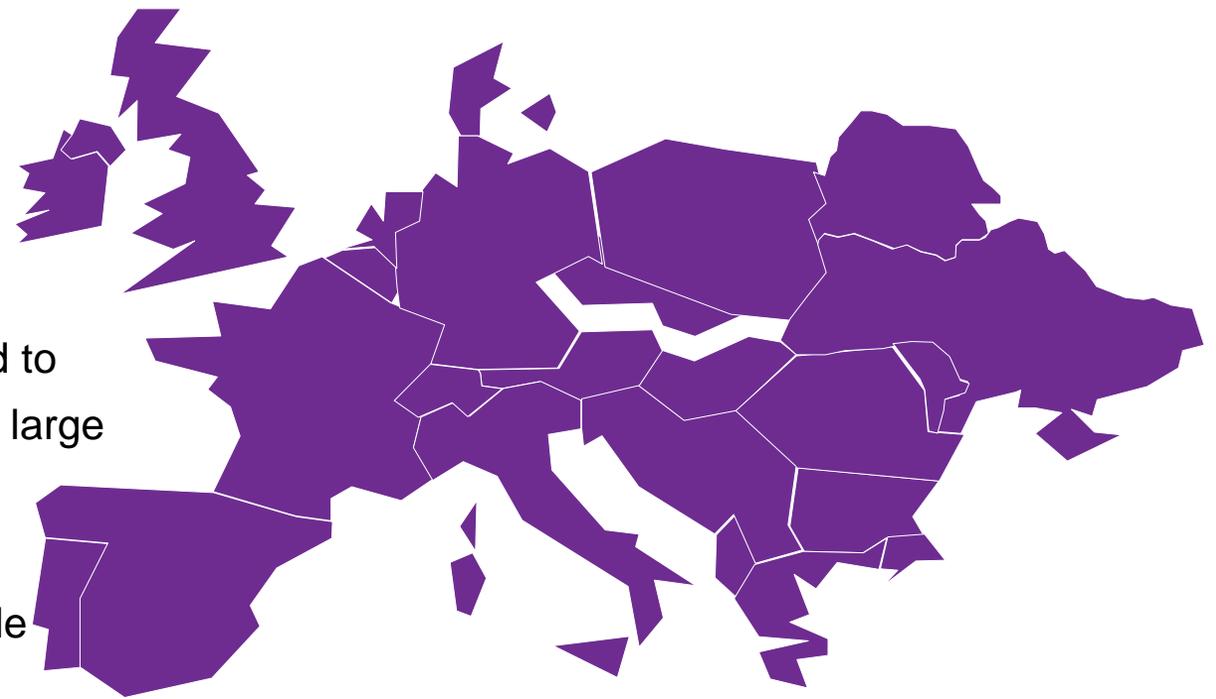


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# Europe

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- **UK** President Johnson said Monday that people will need to show proof of vaccination to access nightclubs and other large venues; he also announced that workers in critical industries could be exempted from self-isolation guidelines. The UK expanded vaccine rollout to vulnerable children 12 and over. The US CDC placed the UK on its highest tier of COVID-19 warning, urging **Americans** not to visit.
- This week, the **UK** will reportedly tell the **EU** that it may deviate from Brexit agreements unless the EU shows more flexibility on **Northern Ireland**.
- **Britain** announced it would permanently deploy two warships in **Asia** after its Queen Elizabeth aircraft carrier arrives in **Japan** in September.



# Europe

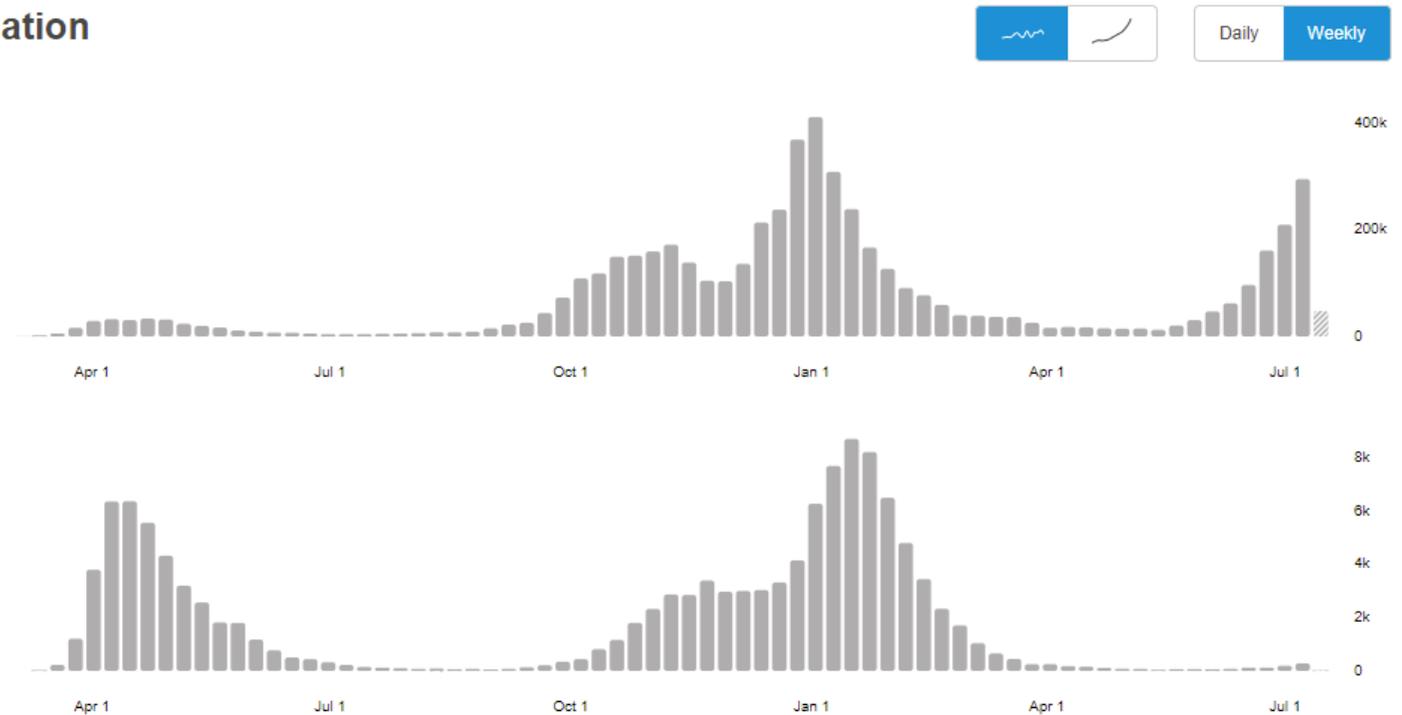
The UK has lifted its lockdown, betting that increasing numbers of new infections will not result in increased deaths.

## The United Kingdom Situation

**5,433,943**  
confirmed cases

**128,708**  
deaths

Source: World Health Organization  
Data may be incomplete for the current day or week.



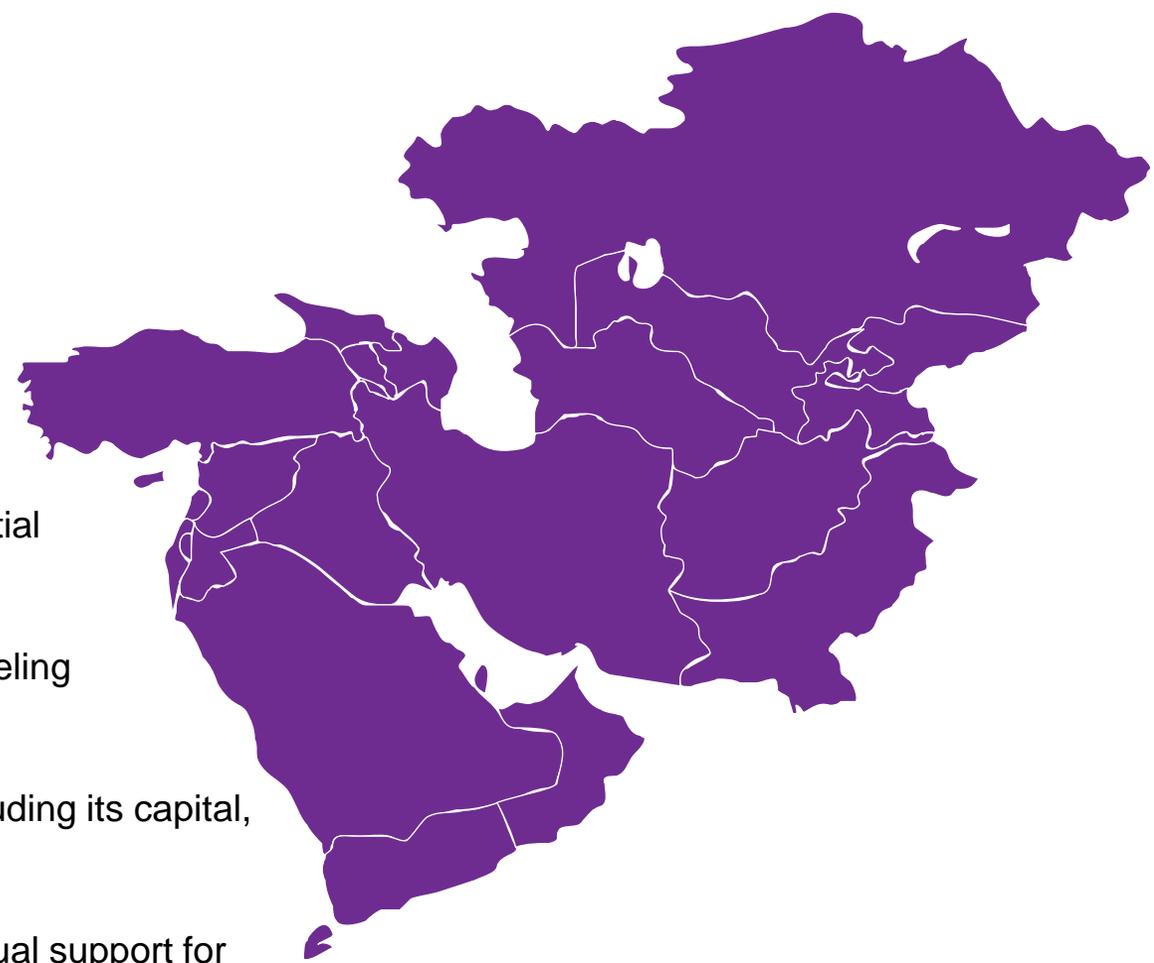
Source: WHO

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# Middle East

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- At least 21 were killed and 33 injured in a bomb blast in a market in Baghdad, **Iraq**; the Islamic State claimed responsibility.
- Rockets hit the **Afghan** capital on Tuesday, landing near the presidential palace during prayers for the Muslim festival of Eid al-Adha.
- **Saudi Arabia** will require all citizens to be fully vaccinated before traveling abroad, starting August 9.
- **Iran** will this week shut down two of its most important provinces, including its capital, as authorities expand travelling restrictions in most of the country.
- **China and the Arab League** released a joint statement pledging mutual support for sovereignty, non-interference, and the establishment of a **Palestinian** state.
- A **Lebanese** prosecutor summoned the country's central bank governor for questioning next month over graft allegations. Lebanon's president will begin parliamentary consultations to appoint a new prime minister next week. Lebanon will allow industries to import diesel directly to combat fuel shortages. Two rockets were launched at **Israel** from Lebanon overnight on Tuesday, setting off sirens but causing no damage or injuries.



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# Americas

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- **Canada** will begin allowing fully vaccinated American tourists into the country from early August.
- **Haiti's** acting Prime Minister Claude Joseph agreed to step down; he has acted as de facto leader of Haiti in the wake of President Moïse's assassination earlier this month.
- In addition to protests, **Cuba** is reporting a per capita infection rate higher than any other in the region.
- **Costa Rican** authorities seized 4.3 tons of Colombian cocaine in their second-largest bust ever.

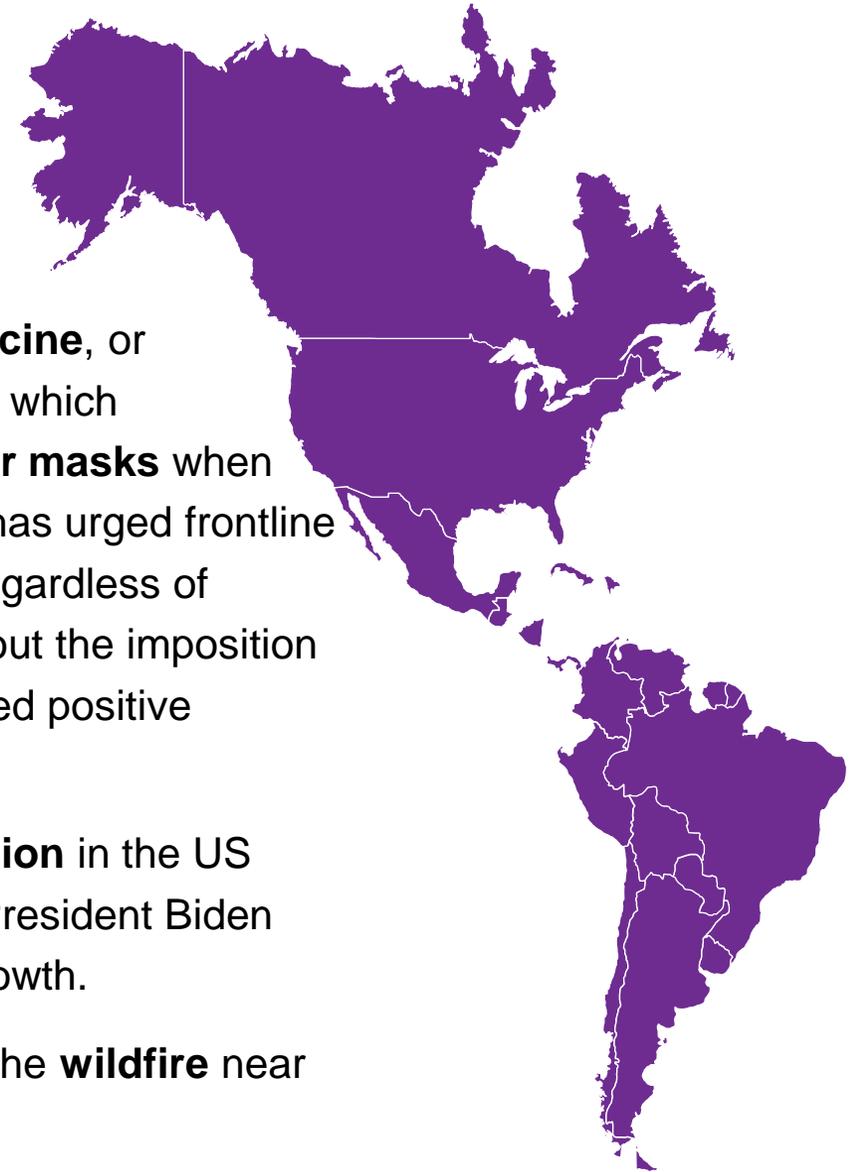


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# Americas: US

- Across the nation, 186.3 million have received at least **one dose of the vaccine**, or 56.1 percent of the total population. The American Association of Pediatrics, which represents about 67,000 pediatricians, recommended that all **students wear masks** when returning to school, regardless of vaccination status. **Kentucky's** governor has urged frontline workers in public-facing jobs such as retail and hospitality to wear masks, regardless of vaccination status. **New York City's** mayor and health commissioner ruled out the imposition of a general face mask mandate. Congressman Vern Buchanan (R-FL) tested positive despite being fully vaccinated.
- The National Bureau of Economic Research said that the **COVID-19 recession** in the US lasted only two months, from February – April 2020. In a speech Monday, President Biden sought to allay fears about **inflation** in the US by emphasizing economic growth.
- A further 2,100 people in Oregon were ordered to evacuate their homes as the **wildfire** near the California border grows.
- Secretary Blinken met with **Belarusian** opposition leader Svetlana Tikhanovskaya in a show of support for the opposition.

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# Didi's IPO Drama Underscores Continued Misunderstanding of Political Risks from China

By Briana Boland

***“At a time when warnings about the risks of operating at the crossroads of the Chinese government and the international economy are being issued more frequently than ever before, surprise at Didi's spoiled IPO underlines the ongoing uncertainty and misunderstanding exhibited by investors trying to interpret the plans and intentions of Chinese authorities.”***

Over the past month, Wall Street analysts and China watchers alike have been riveted by the drama surrounding Chinese ride-hailing group Didi Chuxing's spoiled IPO. Slated to become the biggest US listing since by a Chinese company since Alibaba's in 2014, investor enthusiasm – and Didi stock value – was quickly tanked by Chinese regulator's announcement of an investigation into the company's network security two days after Didi's initial listing. Since that announcement, Didi's fortunes have continued to suffer, with Chinese authorities announcing last week the unusual step of stationing investigators at Didi's offices to continue the security probe. Amid the reactions to Didi's IPO troubles, one sentiment stands out: surprise. At a time when warnings about the risks of operating at the crossroads of the Chinese government and the international economy are being issued more frequently than

ever before, surprise at Didi's spoiled IPO underlines the ongoing uncertainty and misunderstanding exhibited by investors trying to interpret the plans and intentions of Chinese authorities.

The reasons behind Didi's fall from grace – and its significance for future trends – has been variously interpreted by western commentators: as a sign of China's desire to discourage domestic companies from listing abroad, as a further blow in the “cold war” between the US and China, or just as a cautionary tale about the Chinese government's willingness to assert its power in the private sector. On the more technical level, some analysts have framed Didi's IPO troubles as primarily part of the development of China's emerging data governance system, focused more for domestic purposes than an international audience.

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# Didi's IPO Drama Underscores Continued Misunderstanding of Political Risks from China

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Underlying these takes is continued uncertainty around the intentions of Chinese authorities, driven by lack of transparency around decision-making processes centered in Beijing. Given this uncertainty, incidences like the Didi IPO should prompt international businesses and investors to question assumptions about the Chinese government's policy plans and priorities.

One key assumption that businesses should question is: how much does the Chinese government really care about attracting foreign investment? Chinese officials, including President Xi himself, often rhetorically emphasize that China seeks to be integrated in the global economy, presenting the country as a desirable destination for foreign investment. Numbers back this up: in 2020, foreign direct investment (FDI) into China rose to a record high, despite the COVID-19 pandemic. With the world's second largest economy and massive consumer base, the government has plenty of reasons to be confident that international businesses and investors will continue to seek profit from China. However, incidences like the Didi IPO show that Chinese authorities have priorities they care

much more about than foreign cash. One convincing interpretation of the Didi investigation is that Chinese authorities want to ensure that Chinese companies have their house in order at home, particularly where data security is concerned, before going abroad – and that this is a higher priority than helping companies like Didi raise money. This would put data security in company with numerous other Chinese policy priorities that seem to take precedence over desires to attract foreign investment. Just one month ago, China passed a new Anti-Foreign Sanctions Law, which joins a growing legal toolkit to push back on sanctions and long-arm jurisdiction that creates new risks for international companies operating in China. While multinational companies are unlikely to be a primary target of the new law, its passage still raises risks that companies may find it increasingly difficult to be in compliance with both international and Chinese laws in the future. The potential for unease among international companies did not discourage Beijing from rushing through the Anti-Foreign Sanctions Law – just as it did not discourage Beijing from other actions like the implementing the national security law in Hong Kong.

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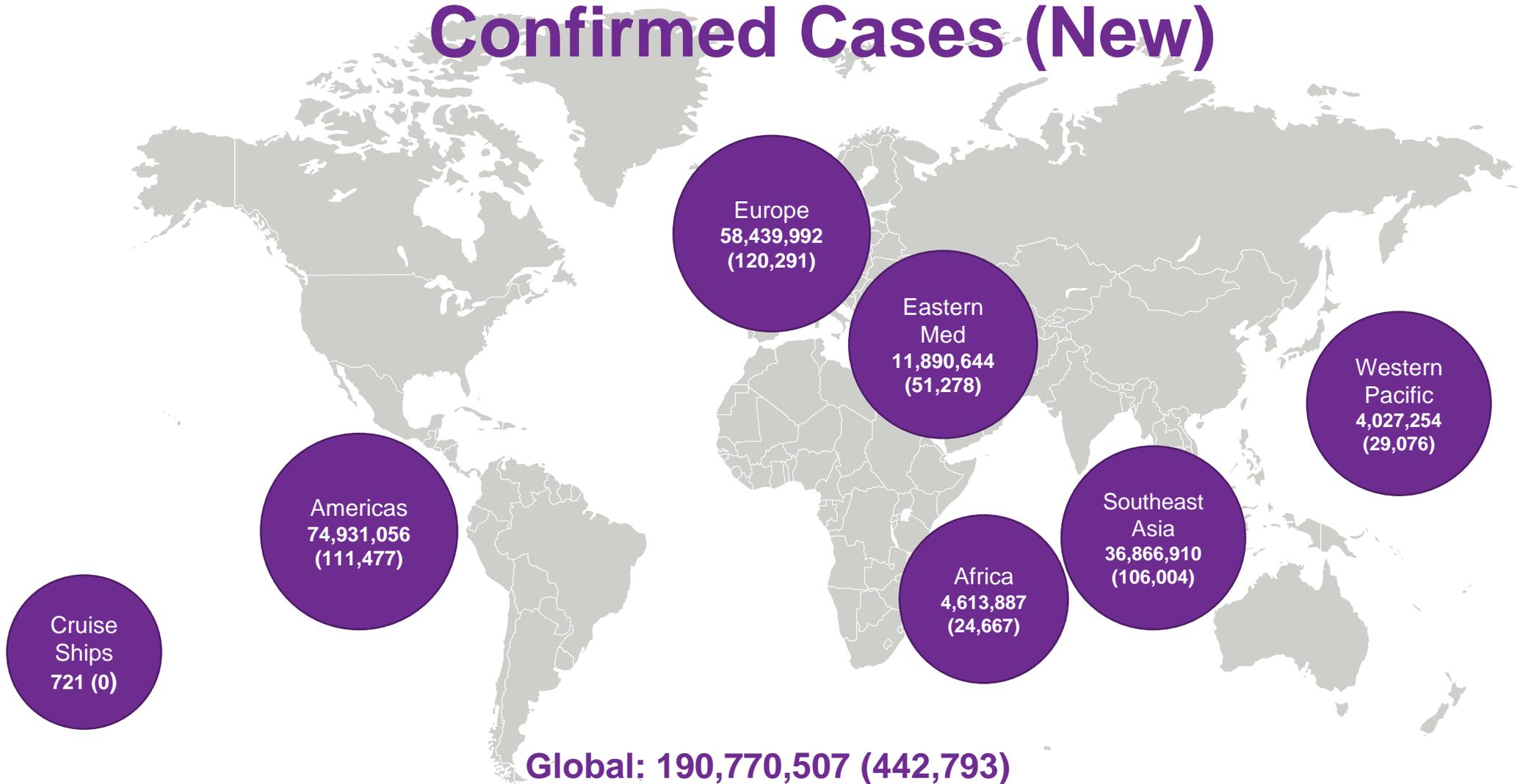
Understanding the balance between China's policy priorities and China's hesitance to spook foreign investment is critical to understanding the political and business risks of operating in China. With the exception of top CCP leadership, nobody truly knows the precise nature of this balance. But a series of incidences over recent months and years, from the crackdown on Hong Kong's democracy to the backlash against H&M over Xinjiang cotton, show an image of a government that is assertive in pursuing its policy plans and is not overly concerned about disturbing foreign business. International investors should be careful not to overestimate the importance of raising money from abroad in policy decisions. While the Chinese government may emphasize through words that China is open to global business, its actions show it is open only on its own terms.

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# Coronavirus Condition Updates

As of 5:42 pm CEST on July 19, 2021

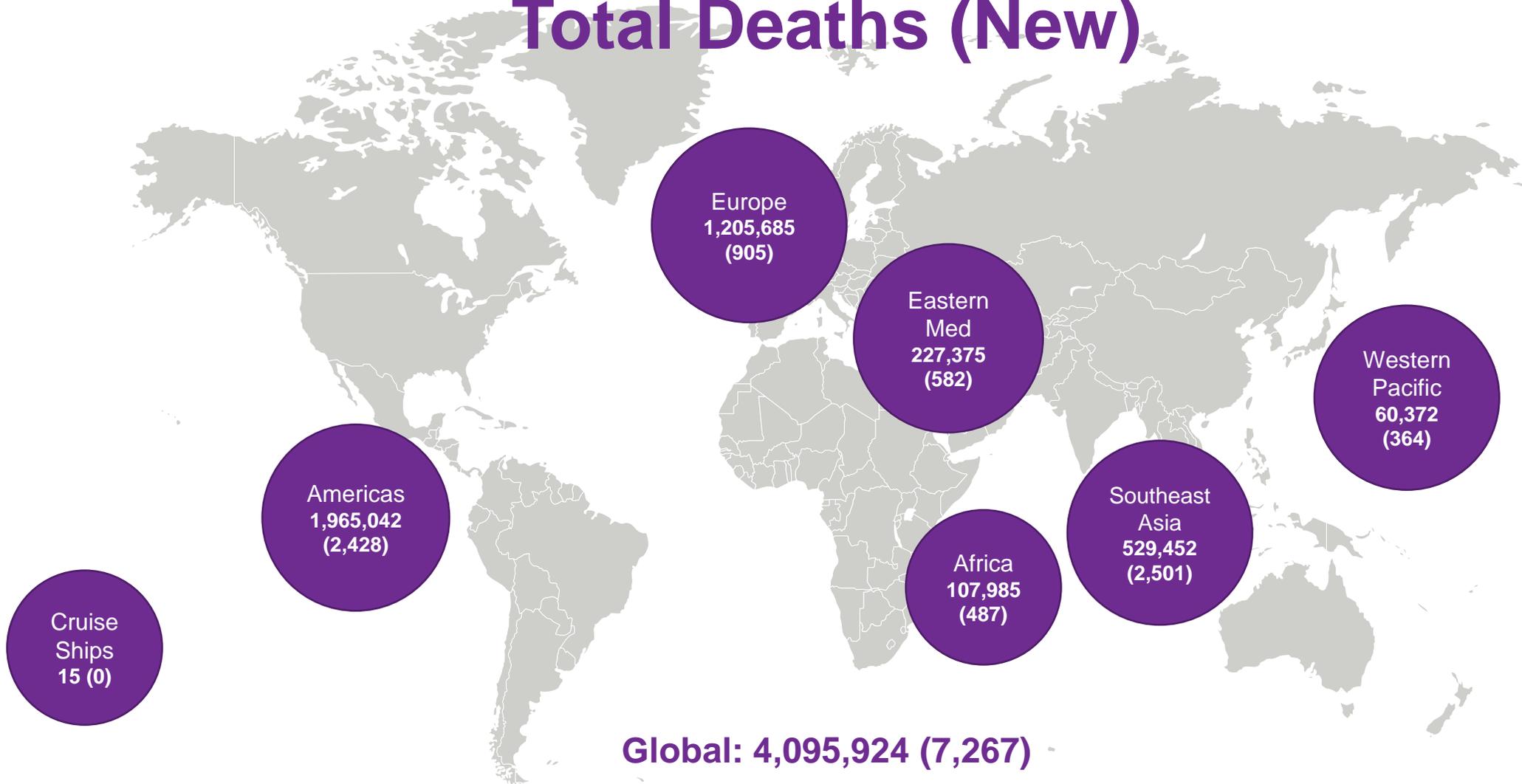
# Confirmed Cases (New)



Reflects data as of 5:42 pm CEST on July 19, 2021.  
Data Source: World Health Organization

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# Total Deaths (New)



Reflects data as of 5:42 pm CEST on July 19, 2021  
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.*

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