

# Dentons Flashpoint

## Daily Global Situation Report

July 22, 2021

# Global Situation Update: July 22, 2021

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## KEY TAKEAWAYS

Pfizer and BioNTech announce new vaccine production site in South Africa.

The US and Germany have reached a truce over the Nord Stream 2 pipeline, in a move that will ease strain on US-German relations but anger Ukraine.

US states announced a landmark \$26 billion settlement with major drug companies to resolve opioid lawsuits.

*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

Iran is contending with a severe water shortage as a result of a prolonged drought, sparking further violent protests and unrest throughout the country. Khuzestan, the country's primary energy-producing region has become the epicenter of the demonstrations which have been met by deadly crackdowns by security forces of the regime.

Iran is going through a presidential transition period, adding to the potential for political violence and regional instability. Incoming president Ebrahim Raisi is a hardline religious cleric who is under US sanctions for his role in the extrajudicial executions of thousands of political prisoners in 1988.



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# Global

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**Globally, confirmed coronavirus cases topped 191.1 million with 4.1 million deaths; more than 3.5 billion vaccine doses have been administered.**

- A study from Germany found that large indoor events such as concerts are not necessarily **super-spreader events**, provided precautions such as testing and mask wearing are adhered to.
- China rejected a WHO plan for a second phase of an investigation into the **origin of the coronavirus**, which includes the hypothesis it could have escaped from a Chinese laboratory.
- The head of the IMF warned that the pandemic will not be over by the end of 2022 unless global **vaccinations** accelerate.

# COVID-19 Vaccine

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**Two doses of Pfizer or AstraZeneca's COVID-19 vaccine are nearly as effective against the Delta variant as they are against the previously dominant Alpha variant, per a new study.**

- **Pfizer and BioNTech** will begin producing their COVID-19 vaccine at a new site in Cape Town, **South Africa** in an effort to increase vaccine rollout across the region.
- A study from researchers at New York University found that the **Johnson & Johnson vaccine** may be less effective in battling COVID-19 variants than vaccines made by **Pfizer-BioNTech or Moderna**.
- **Vietnam** domestically produced its first batch of the **Russian Sputnik V vaccine**.
- Vaccine advisers to the US CDC will meet today to review preliminary data on whether COVID-19 **vaccine boosters** will be needed in the future -- especially for people with compromised immune systems.

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# Markets & Business

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## Global investment banks are redirecting Chinese groups' IPOs towards Hong Kong after new cyber security rules instituted by Beijing halted lucrative tech listings previously heading for New York.

- Months of declining bond yields are underlining investor belief that **inflation** is not the chief threat to the US and global economy.
- **United Airlines** chief Scott Kirby said that the airline would be open to checking passengers' vaccination status if the government requires it.
- **Coca-Cola** raised its full-year outlook on forecasts of looser restrictions on restaurants, cinemas and stadiums.
- **Chipotle** shares hit a record as the chain expressed confidence about returning diners – despite higher menu prices.
- **Johnson & Johnson** posted higher profits in the second quarter in a sign of returning healthcare demand.
- US states announced a landmark \$26 billion settlement with **Johnson & Johnson, McKesson, Cardinal Health and AmerisourceBergen** to resolve opioid lawsuits.

# Africa

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- The **South African** government estimated that some 40,000 businesses were affected by rioting and looting in last week's protests.
- The leaders of **Tanzania's** main opposition party were arrested ahead of a meeting to demand constitutional reforms, on charges of violating COVID-19 gathering restrictions.
- The **UK** asked **Nigeria** to explain the circumstances of the arrest of an indigenous Biafran leader.
- One hundred kidnapped villagers in northwest **Nigeria** were freed Tuesday, police said, following negotiations with their abductors who had held them hostage for 42 days.

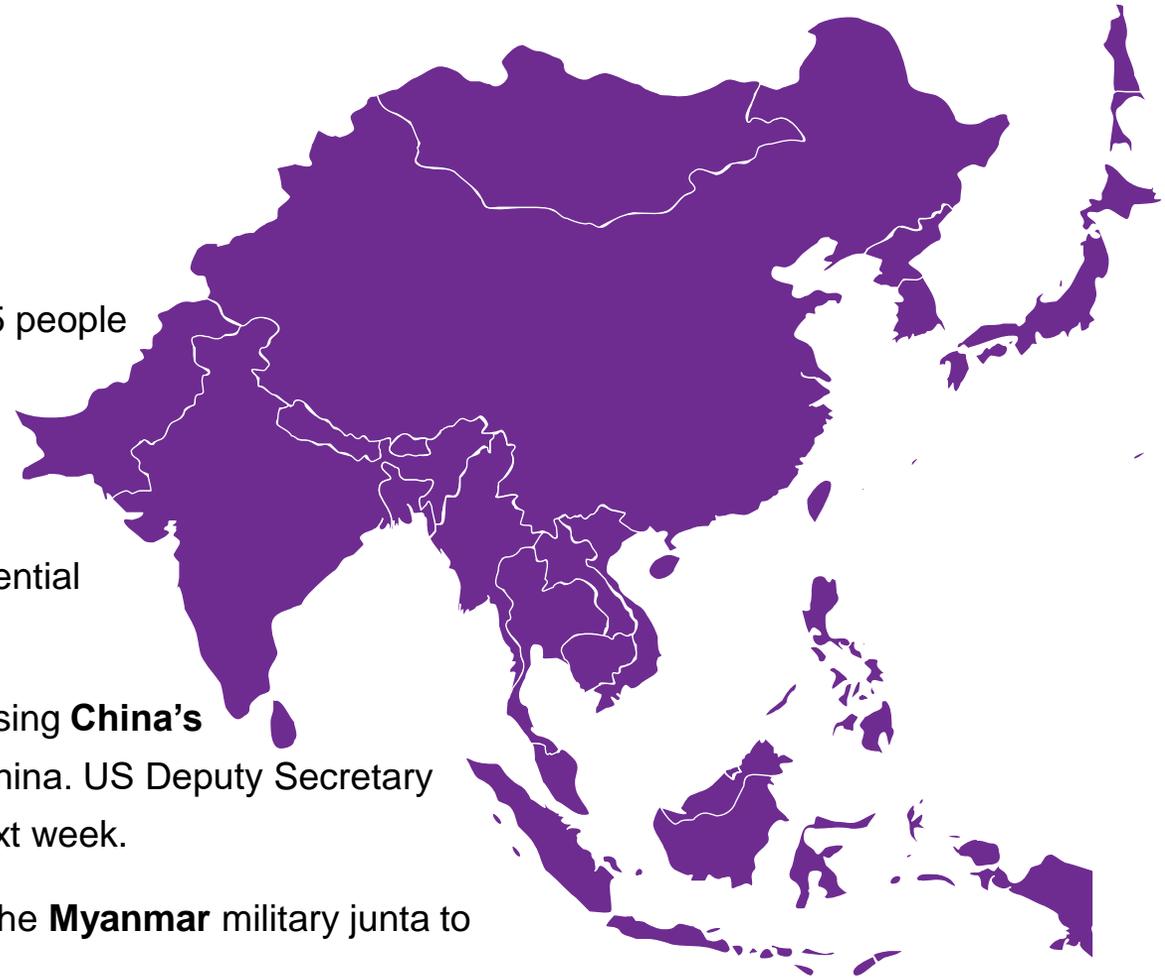


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# Asia

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- Ongoing heavy flooding in **China's** Henan province has now killed 25 people and continues to displace hundreds of thousands; the Chinese government dispatched 5,000 PLA soldiers and firefighters for rescue efforts.
- **India** reported its first death from H5N1 bird flu, raising fears of a potential new epidemic risk.
- **US** Trade Representative Tai pledged to support **Australia** in addressing **China's** state-led, non-market practices in the country's trade disputes with China. US Deputy Secretary Wendy Sherman and Chinese Foreign Minister Wang Yi will meet next week.
- **Russia's** state exporter said that the country is working closely with the **Myanmar** military junta to equip them with military hardware, including aircraft.
- **Hong Kong's** legislature began discussion of its new anti-doxxing privacy law, which technology companies say may hamper their ability to function in the region.

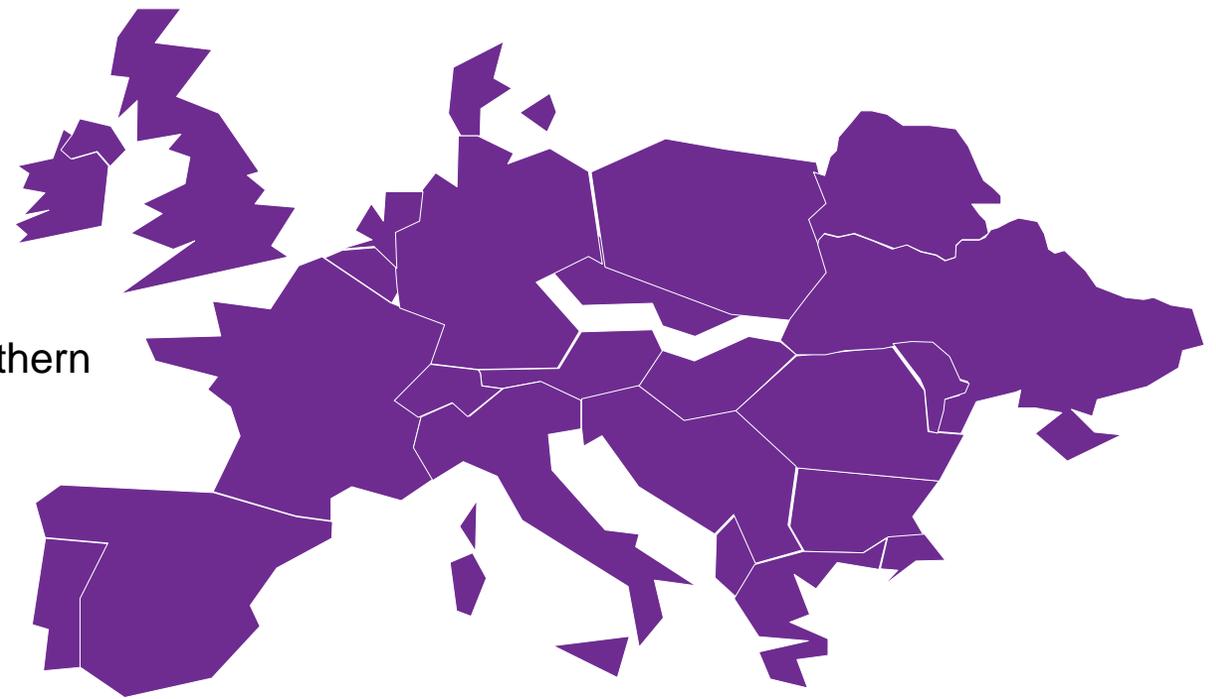


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# Europe

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- The **EU** has rejected the **UK's** new push to overhaul Northern Ireland trading rules.
- The **German** government unveiled a €200 million aid package to support areas hit by flooding.
- The **US and Germany** have reached a truce over the Nord Stream 2 pipeline, in a move that will ease strain on US-German relations but anger **Ukraine**.
- The **UK** defended its decision to maintain a 10-day quarantine requirement for travelers from **France** due to the prevalence of Beta variant cases there. Workers at the NHS have been granted a 3 percent pay raise, after backlash at the UK government's initial plan for a 1 percent raise; unions remain critical of the percentage, given inflation levels. UK opposition Labour leader Kier Starmer is in self-isolation after his child tested positive.



# Middle East

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- **Tunisia's** president placed the military in charge of the country's pandemic response.
- **Saudi Arabia** will ban unvaccinated people from entering virtually all public places from August 1 and banned citizens from traveling to Indonesia.
- Half of all district centers in **Afghanistan** are now under Taliban control, per the US.
- The death toll in violent protests in **Iran** over water shortages rose to five, including a police officer.
- The **Israeli** government appointed a task force to investigate reports that its NSO Group's Pegasus software has been abused to surveil high-profile targets throughout the world.



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# Americas

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- **Brazilian** President Bolsonaro said that he is planning a ministerial shakeup next week, in a likely bid to strengthen his alliance with parliamentary supporters.
- Protestors blocked roads in the northern **Haitian** city of Cap-Haitien, holding the police responsible for the assassination of President Jovenel Moise, whose body will be laid to rest there on Friday.
- **Colombia's** government formally presented a pared-down \$3.9 billion tax plan to Congress; anti-government protests, originally ignited by a larger version of the plan, resumed.
- **Peruvian** police announced they had dismantled a criminal ring that had charged as much \$21,000 per bed for seriously ill COVID-19 patients in a state-run hospital.



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# 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](#).*

# Americas: US

- Across the nation, 186.8 million have received at least **one dose of the vaccine**, or 56.3 percent of the total population. The CDC is likely to advise that kids who have not been vaccinated against COVID-19 should wear **masks** when they return from summer holidays to school in the fall. The nation's largest hospital association called Wednesday for **all health workers** to be vaccinated against the coronavirus as case numbers surge again. The US extended COVID-19 **travel controls** with Canada and Mexico. **Missouri's** governor has announced a vaccine lottery in an effort to boost vaccination rates in the state. **New York** City will require workers in city-run hospitals and clinics to either get vaccinated or take a weekly test.
- **Wildfire** smoke from the west is affecting the east coast; Oregon's Bootleg fire is nearing 400,000 acres while over 80 other large blazes are burning across the west.
- President Biden will convene private sector leaders for talks on collective action against **cyber security** threats in August.
- Senate Republicans blocked Biden's \$1 trillion bipartisan **infrastructure package**; while negotiations among centrist lawmakers will continue, the failed vote is a setback. Republicans withdrew support for a special committee to probe the **January 6 riots** after Speaker Pelosi rejected two staunch Trump allies.
- President Biden said that he is committed to maintaining CATSA sanctions against **Turkey** over its purchase of the Russian S-400 system. The US is weighing sanctions on **Cuban** officials following the government crackdown on protesters.

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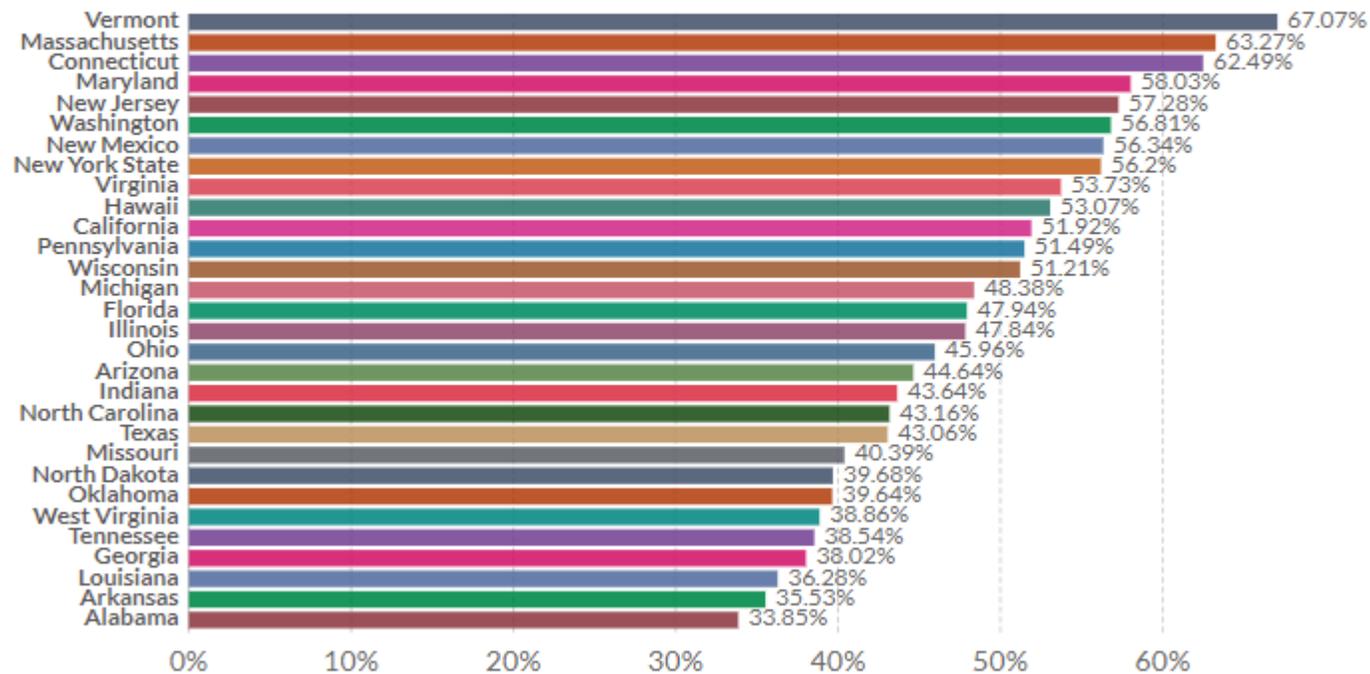
# Americas: US

## US: Share of the population fully vaccinated against COVID-19, Jul 21, 2021

Our World  
in Data

Share of the total population that have received all doses prescribed by the vaccination protocol.

+ Add state



Source: Centers for Disease Control and Prevention - Last updated July 21, 14:50 (Eastern Time)  
OurWorldInData.org/us-states-vaccinations • CC BY

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# Geopolitical Implications of Nord Stream 2's Impending Completion

By Alexander Lucaci

***The completion of Nord Stream 2, a natural gas pipeline connecting Russia and Germany, appears inevitable as the Biden Administration signals conditional acceptance of the project. The pipeline is expected to be a financial and political boon for Moscow, allowing Russia to increase energy exports to Europe while simultaneously strengthening bilateral relations with Germany. The decision to waive opposition to Nord Stream 2 is a dramatic departure from previous US policy under two presidential administrations, which was formed with the belief that Russia would use its advanced energy capabilities to blackmail US allies and pressure Europe into adopting a friendlier stance towards Moscow.***

In particular, Ukraine stands to be the most affected by the Biden Administration's decision. Nord Stream 2 will allow Russia to bypass Ukraine as the primary importer of Russian gas, depriving Kyiv of transit fees and leaving the country without leverage in peace talks over the war in eastern Ukraine. Senior officials at the White House and State Department, seemingly aware of the precarious position in which Ukraine has been placed, are now attempting to deal with the political fallout from both Congress and leadership in Kyiv and Brussels.

Although President Biden continues to officially oppose Nord Stream 2, the move to strike a deal with Germany and lift sanctions on the pipeline's parent firm indicates that his

administration is prioritizing mending relations with Europe over playing geopolitical hardball with Russia. On one hand, the White House clearly does not believe that it should be expending its international political capital trying to prevent the completion of a pipeline that is already 95 percent finished. Conversely, the administration will now find itself in hot water domestically, as both Democratic and Republic lawmakers in Congress are already gearing up to oppose the sanctions waivers and impose heavy costs on the project. The US and Germany are preparing ways to soften the economic and political damage to Ukraine, including proposals that would “ensure Russia cannot weaponized energy flows” and bilateral energy deals between Berlin and Kyiv.

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Nevertheless, the Ukrainian government is likely to view the Biden Administration's decision as a betrayal of their national interests - President Volodymyr Zelensky is now expected to visit Washington in late August in order to shore up other aspects of the bilateral relationship.

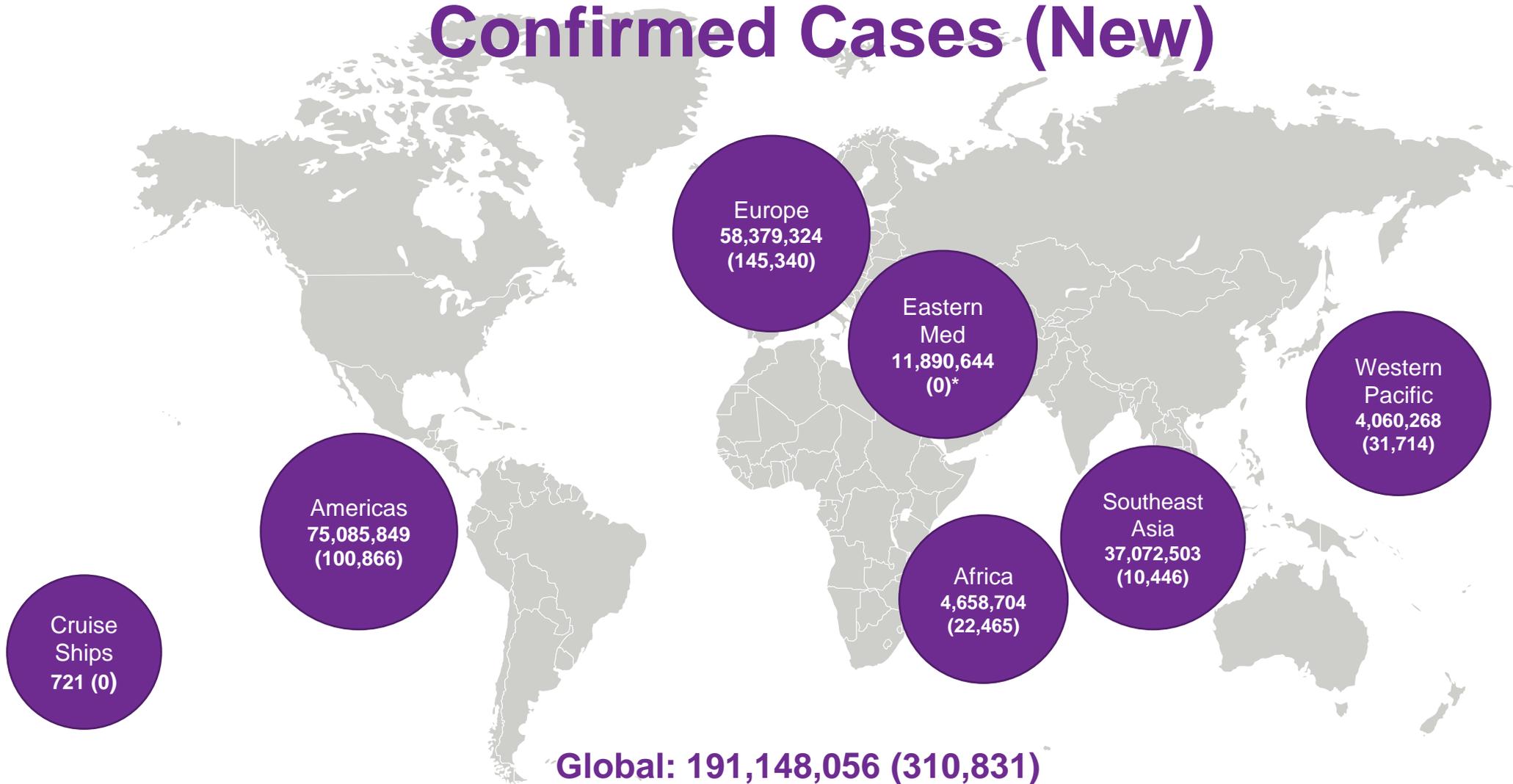
What happens next for Ukraine and other post-Soviet states will depend on the level of future US political and security support. Ukraine, Georgia, and Moldova in particular are all facing various levels of Russian threats to their territorial sovereignty and emerging democratic systems. Moscow currently supports frozen military conflicts within the territories of all countries in order to prevent their bids for closer European integration, while simultaneously providing political and financial support to local politicians with pro-Russian views. Over the past several years, leadership in Kyiv and Tbilisi have been increasingly vocal about their intentions to join the European Union and NATO, while Moldova continues to move in a pro-Western direction with the

2020 election of reformist president Maia Sandu and her party's subsequent success in this month's parliamentary elections. From Moscow's point of view, these developments are blinking red lights which signal the decreasing influence the Kremlin has in their claimed "sphere of influence." The accession of any of Moldova, Georgia, or Ukraine to NATO or the EU would be a body blow to Russia's strategic interests and would represent the strengthening of US-led alliances in Eastern Europe and the Caucasus. In the past, President Biden has hinted at the prospects of NATO expansion to include Ukraine should Kyiv tackle its internal corruption and governance issues. The White House's decision to allow the completion of the Nord Stream 2 pipeline may send a wake-up call to Ukraine and further embolden Kyiv, Tbilisi and Chisinau to more actively pursue European integration in the form of EU and NATO membership.

# Coronavirus Condition Updates

As of 6:09 pm CEST on July 21, 2021

# Confirmed Cases (New)

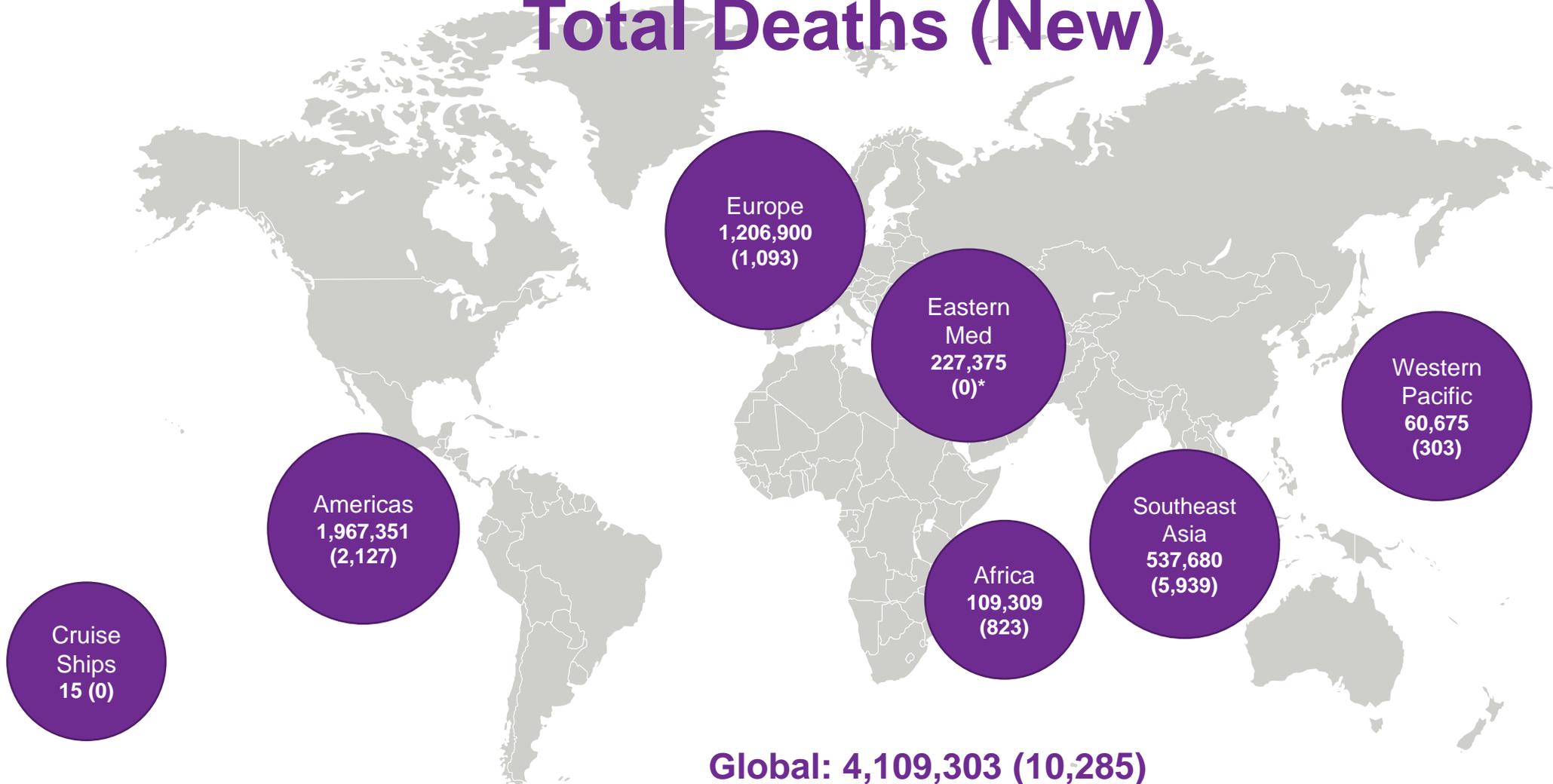


Reflects data as of 6:09 pm CEST on July 21, 2021.  
Data Source: World Health Organization

\*Eastern Med is not reporting daily statistics due to the Eid al Adha holiday

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# Total Deaths (New)



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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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## **Karl Hopkins**

Partner and Global Chief Security Officer  
Dentons  
Washington, DC

D +1 202 408 9225  
[karl.hopkins@dentons.com](mailto:karl.hopkins@dentons.com)

## **Melissa Mahle**

Senior Analyst  
Dentons  
Washington, DC

D +1 202 408 6383  
[melissa.mahle@dentons.com](mailto:melissa.mahle@dentons.com)