Dentons Flashpoint

Daily Global Situation Report

July 27, 2021

Global Situation Update: July 27, 2021

KEY TAKEAWAYS

Extreme weather events this summer are causing certain food prices to rise in the US and around the world.

The US Department of Veterans Affairs, California, and New York city all announce new vaccine requirements for employees.
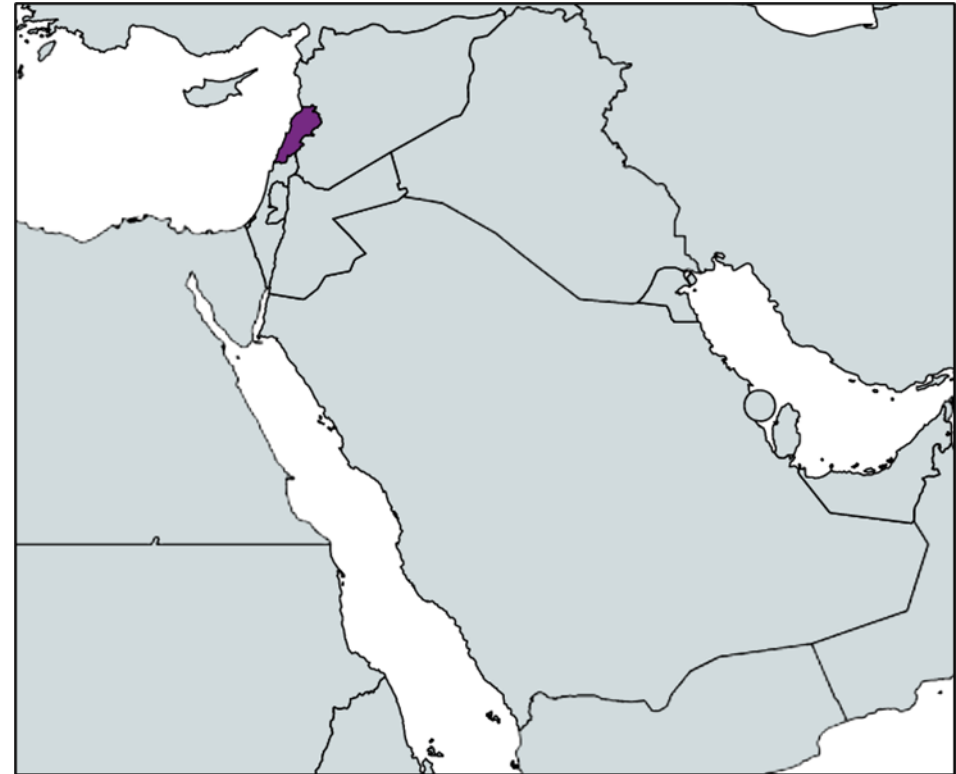
Russian internet regulators block the website of Russian dissident Alexei Navalny ahead of a parliamentary election.

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WHAT WE'RE WATCHING

On Monday, Lebanese billionaire and former prime minister Najib Mikati secured enough parliamentary votes to be designated as the next prime minister, following the resignation of the last nominee, Saad al-Hariri. As Lebanon faces a financial meltdown, Mikati must now navigate the country's sectarian power-sharing structure to agree on a new cabinet after months of deadlock.

Mikati has pledged to prioritize the reform plan proposed by France, and news of his nomination boosted the Lebanese pound on the country's unofficial parallel market. The Lebanese people will be looking for immediate action, not words, from Mikati, given the view that he is part of the political elite who have driven Lebanon to the brink of state collapse.

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Global

Globally, confirmed coronavirus cases topped 194.0 million with 4.1 million deaths; more than 3.6 billion vaccine doses have been administered.

- **Extreme weather** events this summer are causing certain **food prices** to rise in the US and around the world; historic drought in Brazil is helping push coffee to its highest price in six years, while sugar and flour prices are rising due to drought in the US west.

- Japanese pharmaceutical company Shionogi has begun clinical trials for an **antiviral pill** to treat COVID-19 patients with mild symptoms.

- Tokyo confirmed a record 2,848 new COVID-19 cases on Tuesday, as the **Olympic host city** struggles to stem a steady rise in infections caused by the spread of the Delta variant.

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COVID-19 Vaccine

A new Chinese lab study found that antibodies from Sinovac's Coronavac vaccine decline below a key threshold after six months.

- The US FDA has requested that **Moderna and Pfizer** expand their trials to test coronavirus shots in several thousand **school-aged children** before seeking authorization in order to assess whether a rare inflammation of the heart muscle that has been seen in young adults shortly after vaccination is more common in younger age groups.

- **Israel** is weighing booster shots for over-60 residents.

- **Greece** recommended that children aged 12-15 get vaccinated.

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Markets & Business

Public and bond-market inflation expectations in the US have begun falling over the past month, in a sign that investors do not expect heightened inflation to be long-lasting.

- The real yield on 10-year **US Treasuries** fell below zero Monday on concerns about economic growth.

- The price of bitcoin hit a six-week high Monday amid speculation that **Amazon** may have plans for **cryptocurrency**.

- Shares in EV-company **Lucid Motors** rose 11 percent on their first day after completing a SPAC merger.

- **Tesla's** quarterly profits hit record levels as the EV-maker largely avoided the ill effects of the global chip shortage.

- **Hasbro** reported better-than-expected second quarter revenues on strong toy demand.

- **Blue Origin** offered to cover $2 billion in costs in order to be awarded a NASA contract aiming to send Americans to the moon; **SpaceX** won the contract in April.

- **Aon** and **Willis Towers Watson** abandoned $30 billion merger plans in the face of Justice Department opposition.

- A US judge extended the deadline for the Federal Trade Commission to file an amended antitrust lawsuit against **Facebook**.

- OxyContin maker **Purdue Pharma LP** announced that creditors voted in favor of its bankruptcy plan that would provide billions of dollars to the governments that sued the company for its role in the U.S. opioid crisis.

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Africa

- **Equatorial Guinea** closed its UK embassy after the UK imposed sanctions on its vice president for corruption.

- **South African** President Ramaphosa said that the country had passed its most recent COVID-19 peak and lifted several virus-related restrictions.

- The **Malian** government reported that the man who had attempted to kill military junta leader President Goita had died in custody after his "*health deteriorated during the investigation.*"

- The **US** will announce a new push to expand business ties between American companies and **Africa**, with a focus on building needed digital, health and physical infrastructure on the continent.
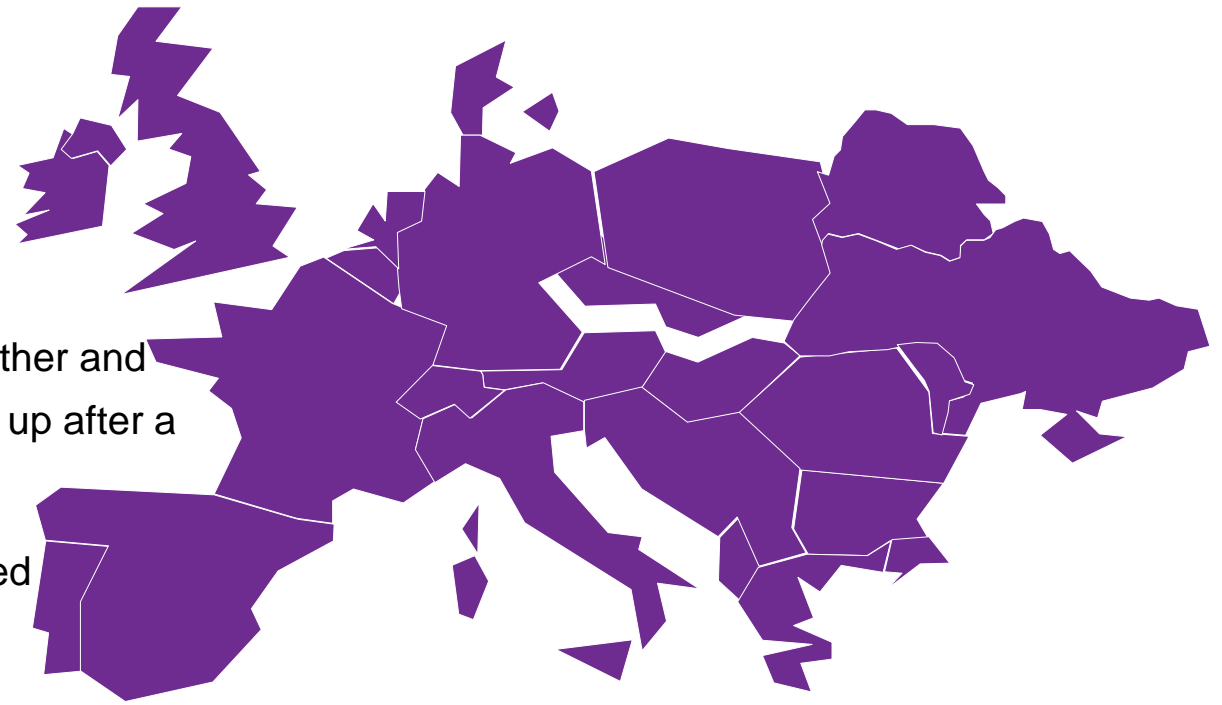
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Asia

- Baptist University announced that all undergraduates must undergo national security education, making at least three publicly funded **Hong Kong** universities that now have national security requirements.

- The first person charged under **Hong Kong's** national security law was found guilty on Tuesday of terrorism and inciting secession in a landmark case with long-term implications for personal freedoms and legal protection in Hong Kong.

- A meeting between **Chinese** vice foreign minister Xie Feng and **US** Deputy Secretary of State Wendy Sherman in Tianjin resulted in continued tough rhetoric and China presenting the US with a list of demands including dropping restrictions on Chinese officials and journalist.

- **Mongolia** currently leads Asia in both the proportion of its population that are fully vaccinated (55 percent) and proportions of new daily COVID-19 cases. **South Korea** began vaccinating people aged 55-59 amid a fourth wave of infections. **Singapore** is hoping to ease border restrictions by September, by which time it hopes to vaccinate 80 percent of its population. **India** will miss a target to administer a half a billion vaccines by the end of the month, as Bharat Biotech struggles to boost output.

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Europe

- Wildfires burned across southern **Europe**, fueled by hot weather and strong winds, as some northern countries continued to clean up after a weekend of torrential rain and flooding.

- The website of **Russian** dissident Alexei Navalny was blocked by Russian internet regulators ahead of a parliamentary election.

- A **UK** government advisor urged the country to vaccinate teenagers. A new survey shows that mask-wearing among young Britons has dropped 6 percent since "Freedom Day," while older groups were just as likely to wear masks as before restrictions dropped. The UK government will this week consider loosening travel restrictions for travelers from the **EU and the US**.

- The **EU** is on course to hit a target of fully vaccinating at least 70 percent of the adult population by the end of summer given that percentage of those 18 and over have now received a first dose.

- The **Netherlands** announced it would ease COVID-19 restrictions to allow travel to all EU countries.

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Middle East

- Water shortage protests in **Iran** spread to Tehran. Outgoing President Rouhani promised to open dams to provide more water.

- Supporters of the opposition party in **Tunisia,** Ennahda, attempted to storm the parliament building in Tunis to protest President Saied's seizure of power. Saied dismissed his defense minister. The government denied reports that the ousted Prime Minister Mechichi was under house arrest.

- **Iraqi** Prime Minister Kadhimi met with **US** President Biden; the US is set to announced an end date for its combat mission in Iraq, although the US is unlikely to fully withdraw.

- **Israel** appointed Amir Hayek as its first ambassador to the **UAE**.

- NATO Secretary-General Stoltenberg advised **Afghanistan** President Ghani that NATO would continue to support the country. **Pakistan** reopened a major border crossing with a Taliban-controlled Afghanistan town.

- The party of **Pakistani** Prime Minister Khan won a majority in regional Kashmir elections.

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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**.*
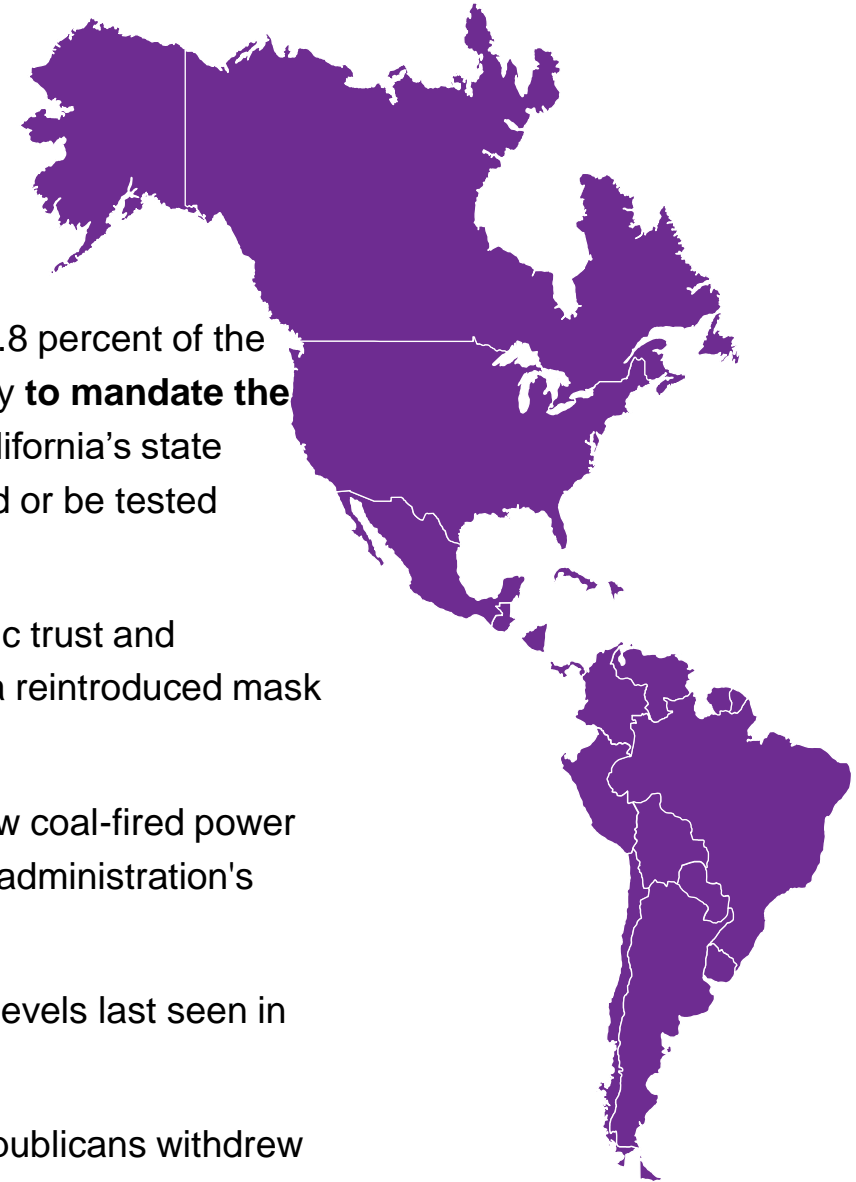
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Americas

- **Nicaraguan** President Ortega arrested a seventh rival presidential candidate.

- An opposition-led bloc won its confidence vote to lead **Peru's** parliament, posing problems for narrowly-elected elected socialist president Castillo.

- **Canada** installed an indigenous woman as governor general for the first time, following several weeks of controversy over unmarked graves at residential schools.

- **Mexican** President Obrador called on **US** President Biden to quickly make a decision on lifting or partially lifting the embargo on **Cuba.**

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Americas: US

- Across the nation, 188.7 million have received at least **one dose of the vaccine**, or 56.8 percent of the total population. The Department of Veterans Affairs became the first US federal agency **to mandate the COVID-19 vaccine** for all healthcare personnel working in its facilities and all staff. California's state government and New York City will require all public employees to either get vaccinated or be tested regularly; the deadline for New York City's mandate is September 13.

- Missouri Governor Parson (R) argued that **universal mask mandates** undermine public trust and vaccination efforts. His comments came as St. Louis, Missouri and Savannah, Georgia reintroduced mask requirements in indoor public settings due to rising infections.

- The Environmental Protection Agency announced it will set stricter requirements for how coal-fired power plants dispose of wastewater full of arsenic, lead and mercury, a reversal of the Trump administration's major **environmental rollbacks**.

- Sales of **newly built homes** fall unexpectedly for the third consecutive months, hitting levels last seen in April 2020, due to supply constraints.

- The **Congressional January 6 commission** will hold its first hearings today; most Republicans withdrew their support, leaving Trump critics Kinzinger (R-PA) and Cheney (R-WY) the sole Republican representatives on the panel.
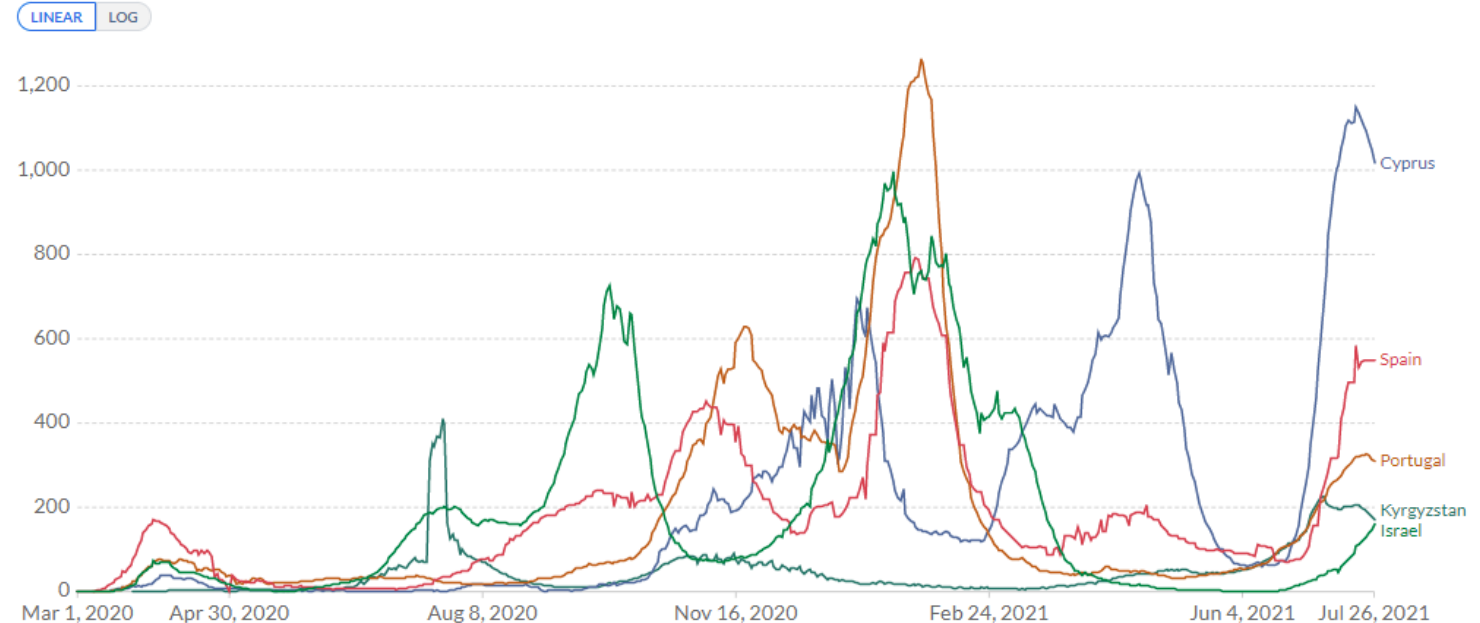
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Americas: US

The US will not lift any existing travel restrictions "at this point" due to concerns over the highly transmissible COVID-19 Delta variant. The State Department and Centers for Disease Control and Prevention issued new travel advisories for Israel, Cyprus, Portugal and Spain, as well as Kyrgyzstan, citing surging case numbers in all five countries.

Daily new confirmed COVID-19 cases per million people
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.

LINEAR LOG

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Internet Shutdowns Grow Longer and More Targeted to Quell Protests, Decrease Transparency, and More

By Anni Coonan

Since its advent, the internet has been a powerful tool for activists, journalists, rebel groups, and more, and an equally potent challenge for governments attempting to curb online and real-life expression or hamper international insight into their domestic situations. In recent years, government-enforced internet blackouts have become commonplace in several regions, and rising instability and democratic backsliding, the rising importance of the internet in an increasingly digital world, and more creative tools to target internet blackouts will make the tool a staple in unstable or repressive countries.

The #KeepItOn Coalition, an internet outage watchdog operated by the digital rights group Access Now, reported 50 discrete internet outages throughout 21 countries in the first five months of 2021. Although the number is slightly down from the 2020 numbers, when #KeepItOn recorded 155 outages in 29 countries over 12 months, the organization reports that these outages are becoming longer in average length and increasingly targeted by region and platform. Common triggers for blackouts included protests, both to "*thwart and disarticulate*" the movement, per #KeepItOn, and to conceal potential human rights abuses; elections, to quell election-related violence, allow for fraud, or prevent close observation; and in active conflict zones, to hamp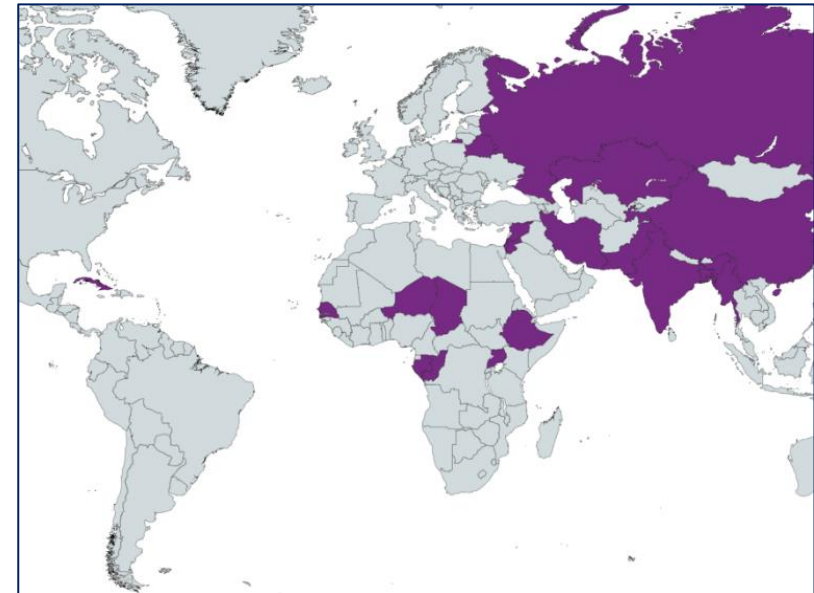er rebel forces, conceal abuses, and prevent international scrutiny. Governments also increasingly engaged in platform-specific behavior, either full blackouts or throttling traffic to the site (see Nigeria's block of Twitter during last year's anti-police violence #EndSARS protests, or Russia's throttling of traffic to Twitter for failing to delete content to which the Kremlin objected). Most recently, internet blackouts in Cuba amid historic anti-government protests have grabbed attention. Protesters in Cuba, which has only had mobile internet for three years, used social media to drum up support and organize for protests, until the government fully cut internet service for 30 minutes and then reportedly selectively targeted mobile internet and phone service for activists (the US has floated restoring full internet service as a potential intervention).

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Internet Shutdowns Grow Longer and More Targeted to Quell Protests, Decrease Transparency, and More

Other recent and notable cases of internet outages include intermittent blackouts in Iran during this week's protests over water shortages; intermittent shutdowns in the Ethiopian conflict zone in Tigray; weeks-long blackouts and brownouts in Myanmar during the military coup, and the follow-up practice of "whitelisting," wherein only approved businesses, institutions and individuals are given full internet access; and the conflict-related destruction of telecommunications infrastructure in Gaza by the Israeli police, resulting in days-long shutdowns. Less frequently covered, but notable, were the blackouts in Jammu and Kashmir, which was in place from August 2019 to February 2021 and constitutes the longest internet blackout in a democracy in history (both regions still report spotty service).

Although a long-time practice, government-orchestrated internet blackouts are evolving, lasting for longer, and likely increasing in effect as repressive or unstable countries refine their techniques. The limiting of traffic, as in the Russian Twitter case, in particular is a relatively novel tactic, one that is difficult to circumvent and easier for governments to pass off as benign bandwidth issues. Extended blackouts - like the ones in Jammu and Kashmir

According to #KeepItOn, 24 countries implemented nationwide or targeted internet shutdowns between January and May of 2021.

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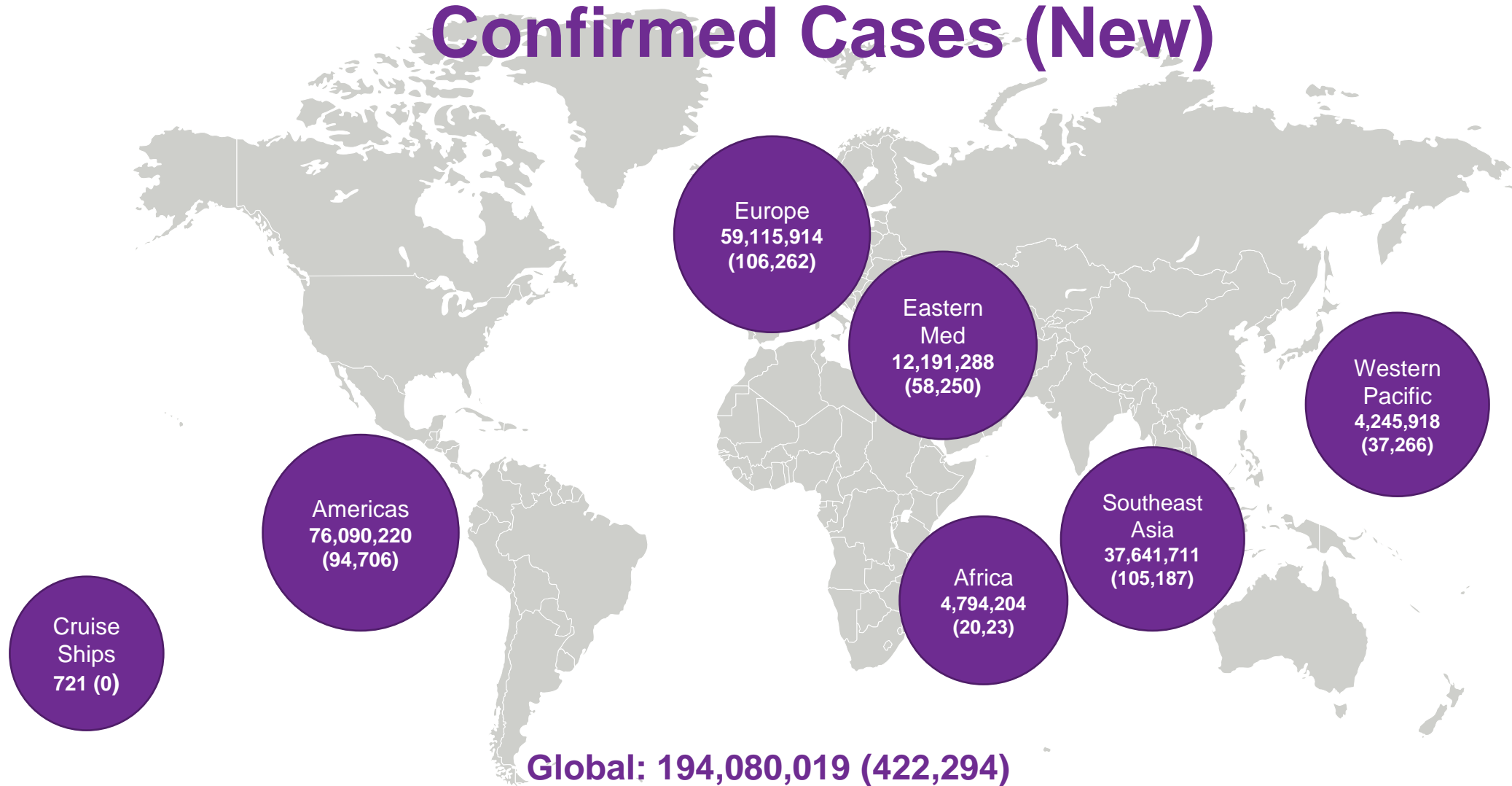
and Tigray in 2020 - have the effect off cutting the region off from world, creating confusion and a lack of information that can hamper international responses (for several months after the invasion of Tigray, for example, reliable reports out of the region were rare, and both the scale of the crisis and the presence of Ethiopian and Eritrean troops were near impossible to confirm). Additionally, the lines between full tech blackouts and tech regulation that results in a de facto blackout is blurring - in the case of Russian throttling of Twitter, for example, but also in the case of Indian privacy laws blocking TikTok in the country or imminent Chinese privacy laws that social media companies say will prevent them from operating there - creating operational and reputational risks for tech companies and the clients who use their products across borders. Government tactics to limit the use of internet will continue to evolve, creating risks for activists and amplifying humanitarian impacts, as well as endangering business operations, who will find their ability to maintain regular operations, keep security systems up, and maintain contact with employees during time of unrest hampered.

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Coronavirus Condition Updates

As of 6:28 pm CEST on July 26, 2021

Confirmed Cases (New)

Europe
59,115,914
(106,262)

Eastern Med
12,191,288
(58,250)

Western Pacific
4,245,918
(37,266)

Americas
76,090,220
(94,706)

Southeast Asia
37,641,711
(105,187)

Africa
4,794,204
(20,23)

Cruise Ships
721 (0)

Global: 194,080,019 (422,294)

Reflects data as of 6:28 pm CEST on July 26, 2021.
Data Source: World Health Organization

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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Total Deaths (New)

Europe
1,212,703
(920)

Eastern Med
231,466
(790)

Western Pacific
62,149
(241)

Americas
1,992,005
(2,430)

Africa
113,034
(605)

Southeast Asia
550,934
(2,658)

Cruise Ships
15 (0)

Global: 4,162,304 (7,644)
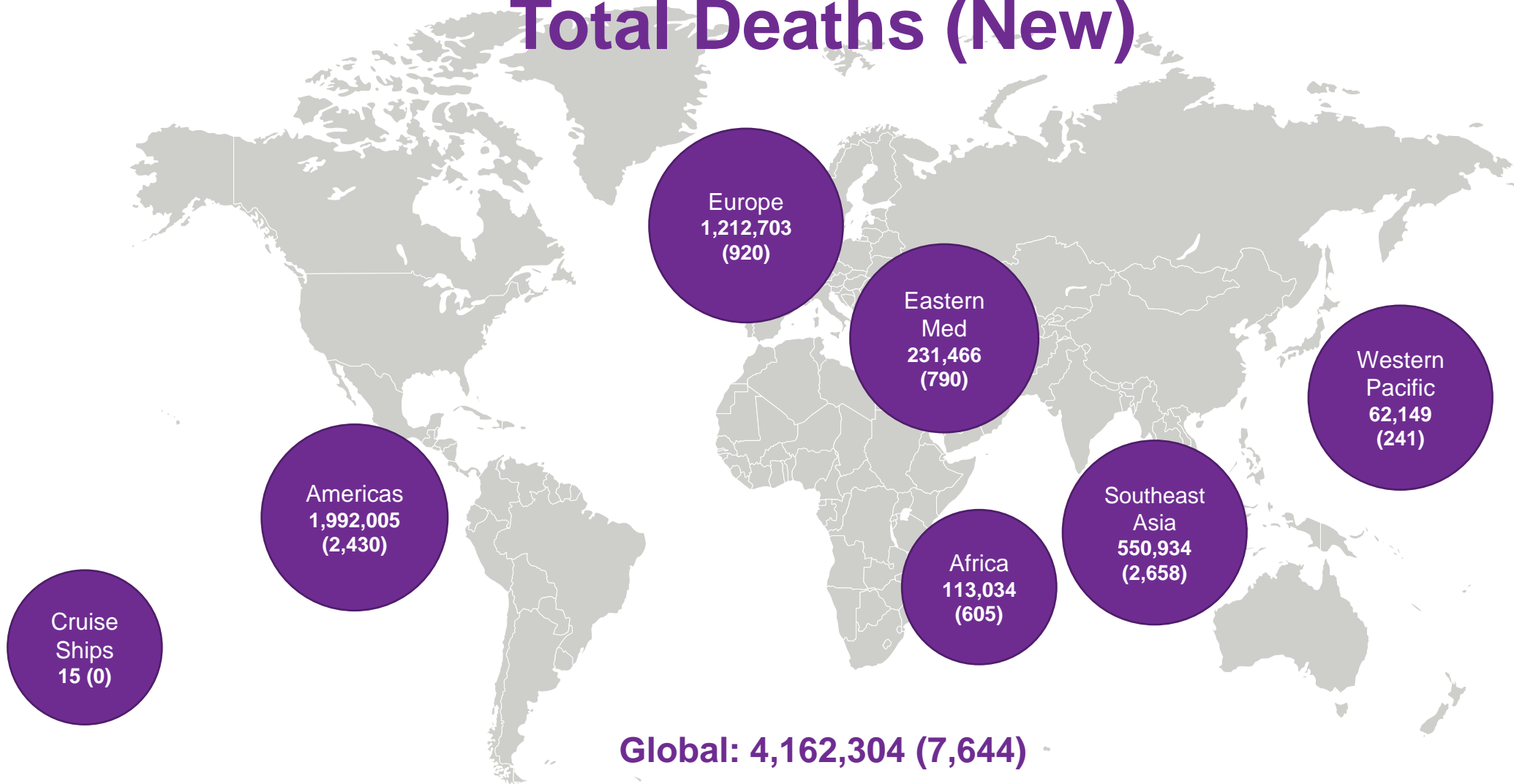
Reflects data as of 6:28 pm CEST on July 26, 2021
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Contacts

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.

*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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