

Dentons Flashpoint

Daily Global Situation Report

June 30, 2021

Global Situation Update: June 30, 2021

KEY TAKEAWAYS

The WHO assesses that the Delta variant of COVID-19 is 55 percent more transmissible than the Alpha variant.

The Netherlands accused Russia of harassing a Dutch navy frigate in international waters in the Black Sea earlier this month.

US home price growth accelerated in April at the fastest pace in more than 30 years.

Global Situation Update: June 30, 2021

WHAT WE'RE WATCHING

Today, Lisbon will host an important European Union COVID-19 economic recovery summit, and at its conclusion, Portugal will relinquish control of the rotating presidency of the EU. Ministers for the Economy and Finance of the EU will meet with a group of renowned economists to help chart the way forward for the bloc's governance structure and monetary policy. Slovenia will next takeover the presidency.

The EU will determine how to most effectively dispense money from its 750 billion Euro (\$900 billion) rescue fund, while other issues up for debate include whether there is an alternative well-being indicator for the economic health of European nations beyond GDP in this age of climate change concerns and social justice.

Invitation

Recovery Summit

JUNE 30TH, 2021, 14:00 (LISBON TIME)
CENTRO CULTURAL DE BELÉM, LISBOA

**2021
PORTUGAL.EU**

OPENING REMARKS: Minister of State for Finance João Leão

WORKING SESSION 1: RESHAPING THE POST-COVID EUROPEAN ECONOMY

GUEST SPEAKER
Olivier Blanchard
C. Fred Bergsten Senior Fellow, Peterson Institute for International Economics

PANEL DISCUSSION
Andrej Šircelj, Bruno Le Maire, Irene Tinagli (tbc), Nadia Calviño, Paolo Gentiloni

WORKING SESSION 2: RETHINKING THE EU ECONOMIC GOVERNANCE

GUEST SPEAKER
Paul de Grauwe
John Paulson Chair in European Political Economy, LSE

PANEL DISCUSSION
**Margarida Marques, Richard Baldwin, Guido Lorenzoni,
Vítor Constâncio, Zsolt Darvas**

CLOSING REMARKS: Secretary of State for Finance João Nuno Mendes

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 181.3 million with 3.9 million deaths; 2.6 billion vaccine doses have been administered.

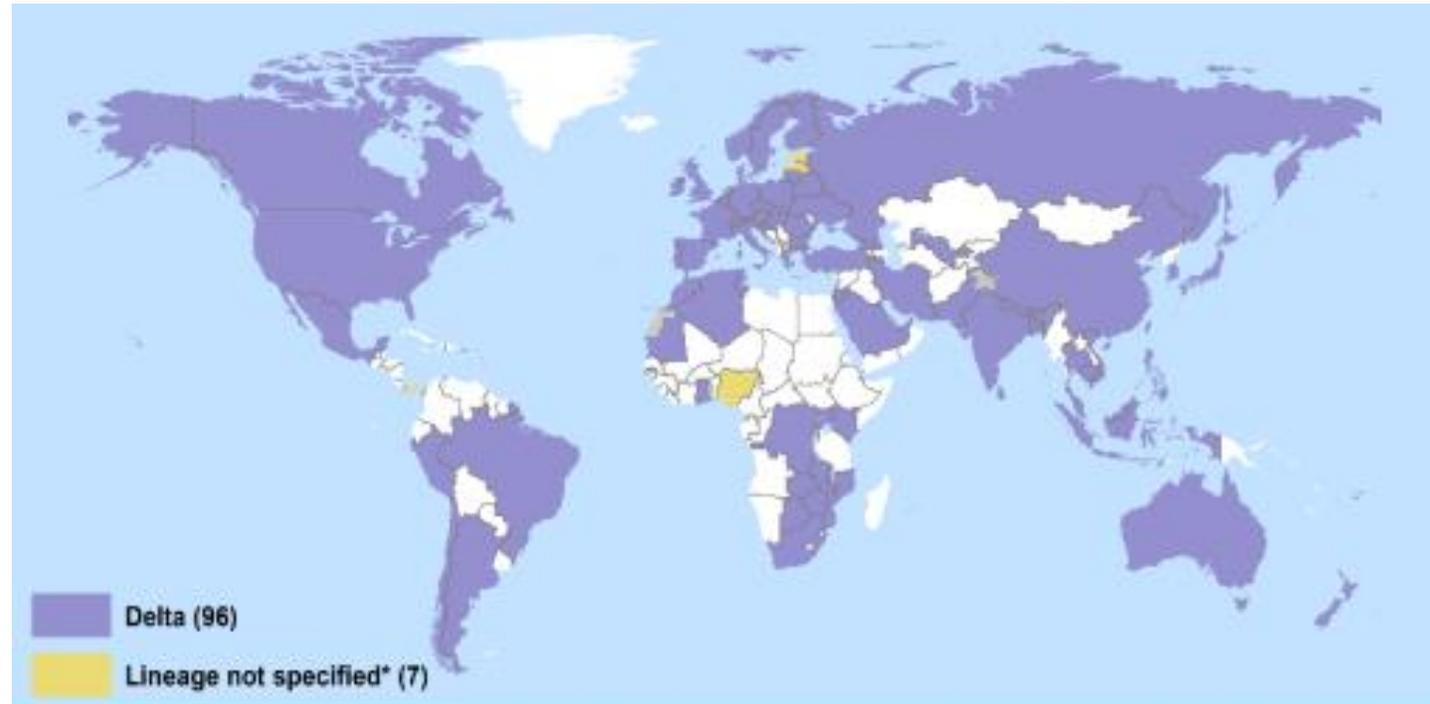
- The US has surged to the top of Bloomberg's ranking of the world's most **COVID-resilient countries**, accounting for factors of vaccination speed, reopening, and severity of past lockdowns.
- Sluggish vaccination campaigns stand between the world's poorest nations and the resumption of normal life, casting a shadow over a **global rebound** that is otherwise shaping up as the most impressive in 80 years, according to the World Bank.
- A new study published in Nature found that tropical nations will face more coastal flooding from **climate change** than other countries; a third of the total highly affected countries are in Asia.
- Japan is considering an extension of two weeks to a month for coronavirus prevention measures in Tokyo and other areas, with less than a month left until the opening of the **summer Olympics**.

Global

According to the WHO, the Delta variant is 55 percent more transmissible than the Alpha variant first identified in Britain last year; WHO expects the Delta variant to become the dominant strain over the coming months.

The number of countries with confirmed Delta infections rose to 96, compared to 85 last week.

Countries, territories and areas reporting the Delta variant, as of 29 June 2021



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COVID-19 Vaccine

Moderna said that its vaccine triggers antibody response to a number of variants, including the Delta variant.

- The UK is offering COVID-19 vaccines for delegates to **COP26**, the climate summit that will be held in Glasgow in November.
- **Brazil** will suspend the \$324 million vaccine deal with India that has prompted graft accusations against President Bolsonaro.
- **India** approved **Moderna's** vaccine for emergency use.
- **Guatemalan** had asked Russia to return money already paid for doses of the **Sputnik V COVID-19 vaccine** because of non-delivery.

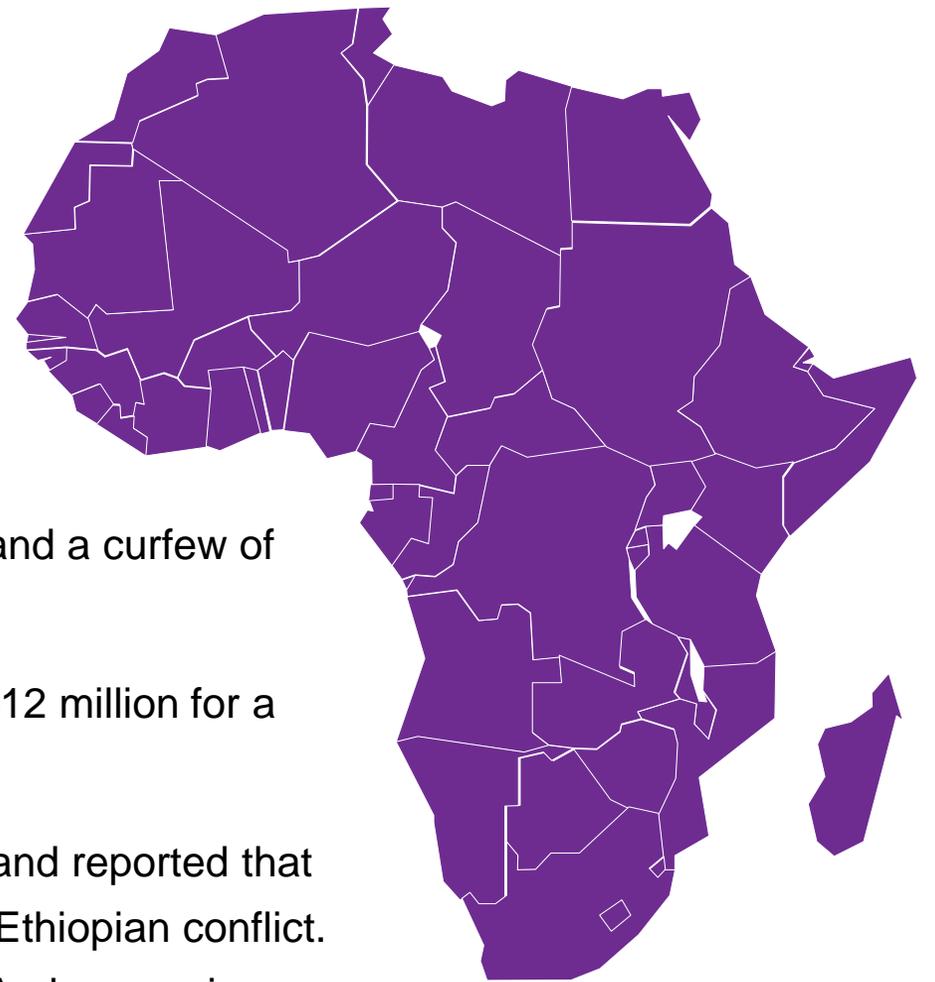
Markets & Business

International tourism arrivals are set to stagnate this year, except in some Western markets, causing up to \$2.4 trillion in losses, per a report by the UN's World Tourism Organization.

- Several US automakers and the **United Auto Workers union** decided that vaccinated workers will no longer have to wear masks at work next month.
- **United Airlines** placed an order for 270 jets, its biggest order ever recorded, in a sign of returning demand for travel.
- **Intel** is delaying the production of one of its newest chips to improve its performance, marking the company's first production setback under new CEO Pat Gelsinger.
- In the US, **car dealers** are selling vehicles above sticker price, and in some cases requiring customers buy certain add-ons, such as protective coatings and accessories, as part of the increase.

Africa

- **South Africa's** constitutional court sentenced former president Zuma to 15 months in jail for contempt of court following several months of no-shows at court amid ongoing corruption trials.
- The government of **Eswatini** ordered businesses closed by 5:30 pm and a curfew of 6 pm to 5 pm amid several days of anti-monarchy protests.
- The South African Development Community announced a budget of \$12 million for a standby force to aid in anti-Islamist operations in **Mozambique**.
- Tigrayan forces seized the regional capital and the key town of Shire and reported that **Ethiopian** forces were fleeing as tides appeared to turn in the Tigray-Ethiopian conflict. Tigrayan leaders vowed to follow “*enemy*” forces into Eritrea and the Amhara region.
- **Somalia's** Prime Minister Roble said that the country will indirectly elect a new president in September, potentially ending a political crisis wherein the current president attempted to extend his tenure.



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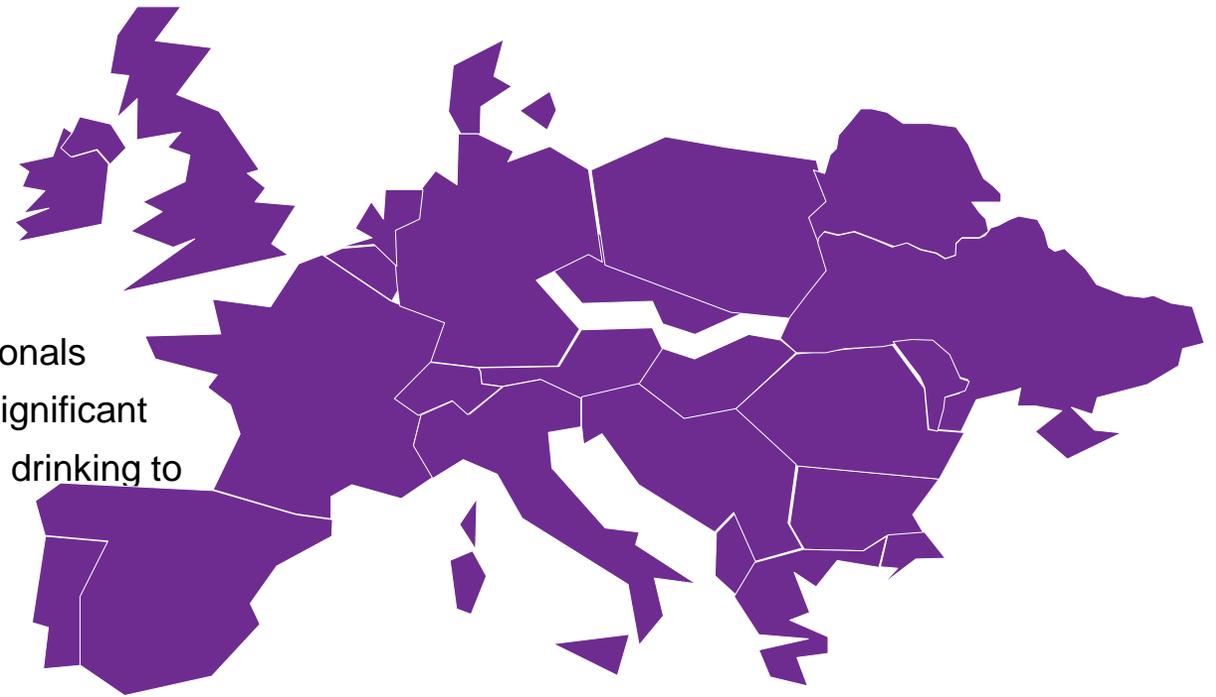
Asia

- Guangzhou, which is frequently the first stop for incoming travelers to **China**, is building a quarantine hotel near its airport.
- Former **South Korean** prosecutor-general Yoon Suk-yeol announced his candidacy for next year's presidential election, roundly criticizing the current Moon administration.
- Aung San Suu Kyi urged the people of **Myanmar** to remain "*united*" at her latest appearance in a military junta court. The junta dropped charges against 24 celebrities who had been declared wanted under an anti-incitement law.
- A former senior journalist at **Hong Kong's** pro-democracy tabloid Apple Daily was released on bail two days after his arrest at the airport. Per a new Amnesty International report, Hong Kong authorities have used a new national security law to target dissent and justify "*ensorship, harassment, arrests and prosecutions that violate human rights.*"
- The acting chief of **Taiwan's** representative office in Macau returned home after being refused a visa extension due to his refusal to sign a document claiming **Chinese** sovereignty over the island. China said it was "*strongly dissatisfied*" after a senior Japanese defense official said his country should protect Taiwan "*as a democratic country.*"



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Europe

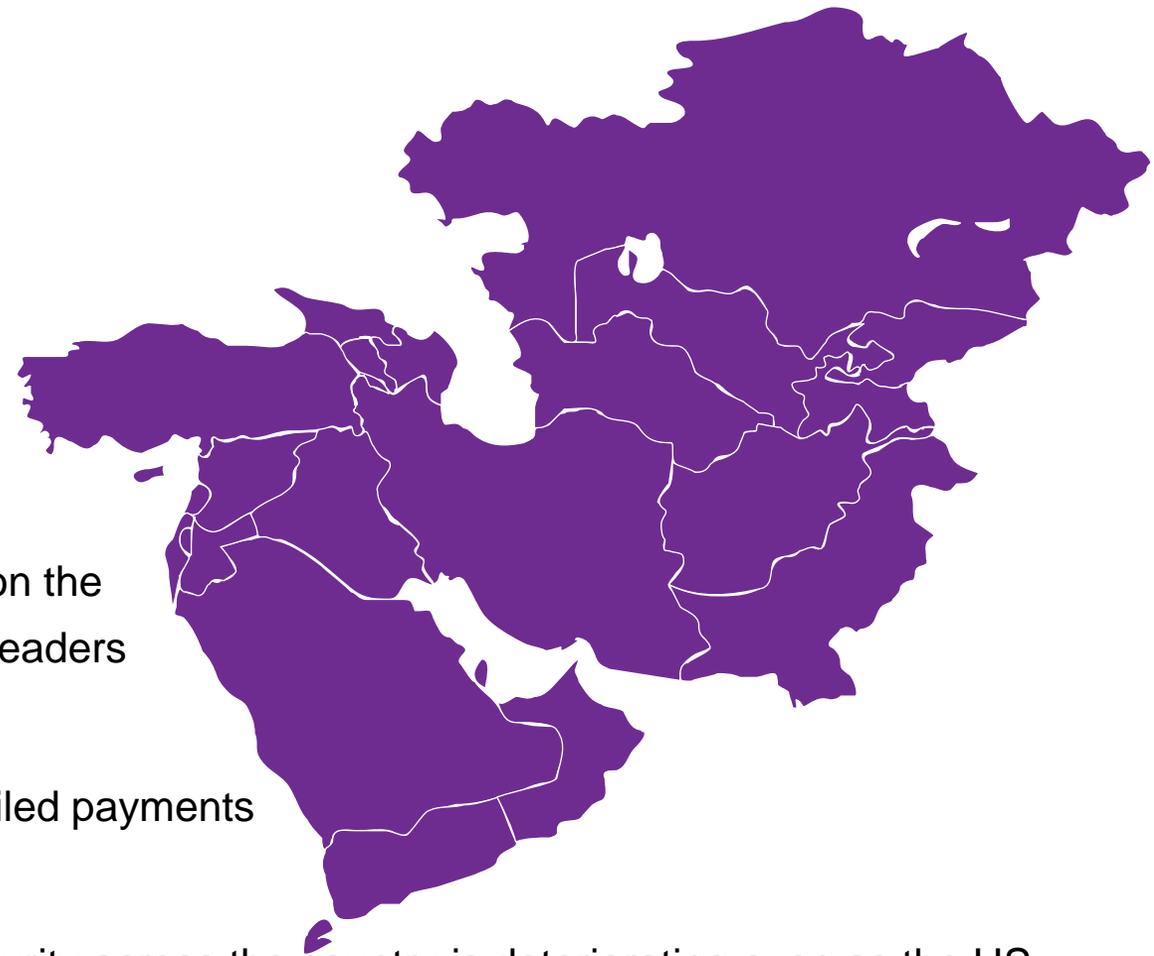


- The **UK** laid out new rules excepting executives at large multinationals from quarantine requirements if they are deemed to be bringing significant economic benefit to England. **Ireland** restricted indoor dining and drinking to the vaccinated only. **Denmark** said that it would purchase nearly 1.2 million excess doses of Pfizer-BioNTech vaccines from **Romania**, which is combating vaccine hesitancy.
- Inflation in **Germany** fell to 2.1 percent in June, but economists still predict that it will hit 4 percent later this year.
- **UK** house prices rose at their fastest rate in 16 years and consumer borrowing rose for the first time in almost a year as the UK looks to reopen.
- Environmental groups are urging the **EU** to scrap agriculture reform plans, because they do not sufficiently address climate issues. The EU wants to overhaul its carbon market to cut planet-warming emissions faster and put a price on pollution from shipping, road transport and heating systems in buildings.
- The **Netherlands'** defense minister said that **Russian** fighter jets armed with air-to-surface missiles had harassed a Dutch navy frigate in international waters in the Black Sea earlier this month, conducting mock attacks and jamming communication systems.

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Middle East

- New **Israeli** foreign minister Lapid made his first visit to the **UAE**, where he inaugurated Israel's first embassy in the country.
- Foreign ministers of **France, the US and Saudi Arabia** met on the sidelines of the G20 Foreign Ministerial to call for **Lebanese** leaders to implement reforms to stabilize the economy.
- **Iran** halted power supply to **Iraq** yesterday after months of failed payments by Iraq, raising the risk of protests in Iraq.
- The top **US** military commander in **Afghanistan** said that security across the country is deteriorating even as the US prepares for departure. The **German** military completed its withdrawal from Afghanistan.
- A UN official backed investigations into **Iranian** president-elect Raisi's alleged involvement with state-backed executions of thousands in 1988.



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

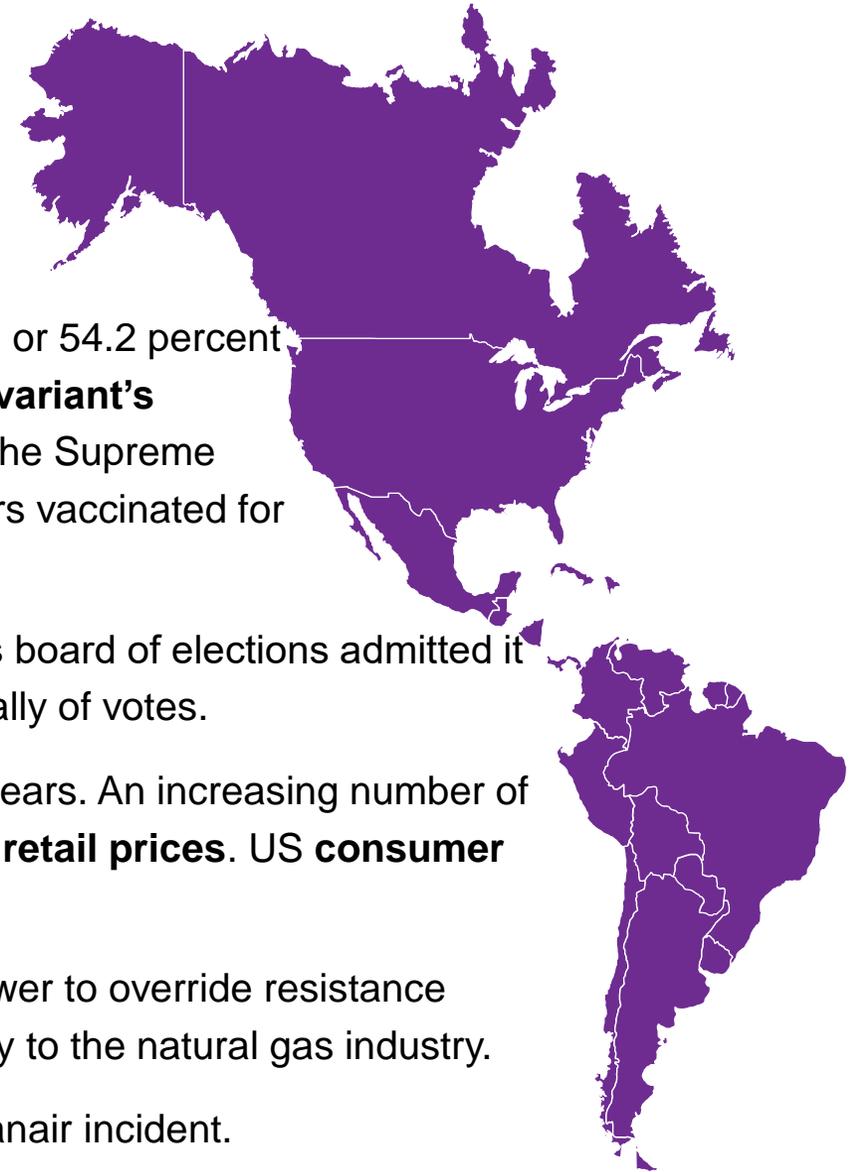
- The heatwave that hit the Pacific Northwest of the US is now shifting into **Canada** – where some areas have reached over 117 degrees and could hit 120. The Canadian province of British Columbia will lift its state of emergency and most of its Covid-19 restrictions on Thursday.
- **Venezuela** will allow a coalition of major opposition political parties to field candidates in upcoming elections, the head of the electoral council announced. Venezuelan migrants are crossing the southern border of the US in record numbers.
- A bill allowing more commercial farming and mining on indigenous lands advanced the Brazilian Congress. **Brazil** banned fires and will redeploy is military to guard against deforestation and forest fires in the Amazon.



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Americas: US

- Across the nation, 179.9 million have received at least **one dose of the vaccine**, or 54.2 percent of the total population. Mayor de Blasio said that officials are watching the **Delta variant's** spread “*very carefully*” but that new COVID-19 restrictions are not yet required. The Supreme Court left the CDC ban on **evictions** in place. A new study of US military members vaccinated for COVID-19 revealed higher than expected rates of **heart inflammation**.
- The **New York mayoral race** fell into disarray on Tuesday evening after the city's board of elections admitted it had erred in the count by including more than 130,000 test ballots in its latest tally of votes.
- **US home price growth** accelerated in April at the fastest pace in more than 30 years. An increasing number of car dealerships across the country are selling vehicles at well **above suggested retail prices**. **US consumer confidence** jumped to a new pandemic-era high in June.
- The US Supreme Court ruled that PennEast Pipeline Co could invoke federal power to override resistance from the state of New Jersey to its **pipeline construction**, delivering a key victory to the natural gas industry.
- The US moved to ban travel between the US and **Belarus** in the wake of the Ryanair incident.



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China Bulletin: The CCP's 100th Anniversary

By Briana Boland

On July 1, the Chinese Communist Party (CCP) will celebrate its 100th anniversary, a milestone that has become a focal point for patriotism within the country while sparking an international wave of speculation about the power and longevity of China's ruling party.

The events surrounding the centenary provide an important glimpse into how the CCP seeks to bolster its support and build a narrative for its future, which will in turn impact policy and strategy in Beijing. Beyond China's borders, the centenary is prompting analysts, opinion leaders and politicians to weigh in on the CCP's legacy with both praise and criticism, once again demonstrating a widening gap between how the CCP portrays its own history and future versus how numerous international players actually see it.

Within China, the centenary is set to be a grand celebration of the CCP's achievements and history, marking an opportunity for Beijing to reshape the national narrative on the Party's past and take steps to define its future image. July 1 will be celebrated with massive events, light shows in multiple cities, and numerous exhibitions themed on the Party's origins. The focus on Party history

has also been evident for months in the buildup to the centenary and comes as part of a wider campaign against "historical nihilism" spearheaded by President Xi, defined as attempts to undermine or question the CCP's leading role in China's modern history. Room for discussion of negative events in the Party's past is ever narrowing, particularly for Mao-era history, while patriotic history instead focuses on the origins of the CCP and its revolutionary struggle. This celebration of Party history is particularly noticeable in a surge of interest in "red tourism" - visiting sites associated with important party history, such as towns where Mao Zedong held particularly important meetings or cities famous for "red culture." Many tourists, often retired citizens, dress in old-style Red Army uniforms to visit such sites, recreating an imagery of positive Party history that will likely be prominent in July 1's celebrations.

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China Bulletin: The CCP's 100th Anniversary

For the Party's leadership, the centenary is also a time to signal what the Party will stand for in the future. Despite its humble origins 100 years ago, the CCP has increasingly become a party of elites and technocrats – an image that President Xi seems dedicated to pushing back against. Actions leading up to the centenary indicate a determination to re-establish the CCP's credentials as a party for the people. For example, Tuesday's presentation of "July 1 Medals" giving high honors for Party members' contributions to CCP success recognized "ordinary heroes" – working class citizens – for their work, including a soldier who died in 2020's border clash with India and a Uighur village chief awarded for fighting local separatism. Other actions have been designed more broadly to reinforce patriotism and loyalty to the party, from President Xi leading his politburo in an oath to "sacrifice everything" for the party and the people to more technical moves like new rules on where and how the CCP's emblem and flag can be displayed.

Internationally, the centenary is being greeted with a wave of analysis and criticism of the CCP's history and the prospects of its future rule, with many analysts and economists pondering whether

party infighting or economic stagnation will destabilize the Party. In pushback to Beijing's promotion of patriotic history, commentary from more skeptical countries tends to emphasize the instances of violence and brutality marking the past 100 years, prompting some pointed political criticism of China. Last week, a bipartisan group of US House Representatives introduced a resolution to highlight the CCP's human rights abuses, giving an idea of the more hardline rhetoric that is greeting the centenary from CCP-skeptics. The resolution's sponsor, Representative Mike Gallagher (R-WI), said of the anniversary: "*This centenary is not a cause for celebration--it is a time to reflect upon the egregious acts the Party has committed and honor the tens of millions of victims who suffered under the Party's cruel regime.*" While such criticism is hardly rare in Washington or numerous other international capitals, reactions from Beijing bear watching, as the centenary could mark a moment of heightened sensitivity to real or perceived attacks on China and the CCP.

Along with being a national celebration, the CCP centenary is an important marker in Beijing's plans for the country's development and is the first of the critical "two centenaries" which are key dates

China Bulletin: The CCP's 100th Anniversary

for achieving goals of national prosperity laid out by President Xi in 2012. By this year's centenary, China is meant to have a full "Xiaokang" society – often translated as "moderately well-off."

By the next centenary, the 100th anniversary of the People's Republic of China in 2049, China is intended to have become a "strong, democratic, civilized, harmonious and modern socialist society." Such anniversaries should be seen not only events to celebrate the progress of a country, but as milestones for the CCP to plan policy implementation and for the CCP to establish its legitimacy by pointing to its achievements – as well as for leaders like President Xi to mark their accomplishments. Different analysts have conflicting views on how the two centenaries will impact broader policy and strategy. A few have speculated that the CCP centenary and upcoming 2022 Olympics will encourage Beijing to avoid the type of controversial policy moves that would generate strong international backlash – but other analysts point out that Beijing's behavior over the last year, from clashes on the Indian border to imposing Hong Kong's national security law, do not support this, and that the centenary is instead likely to lay the

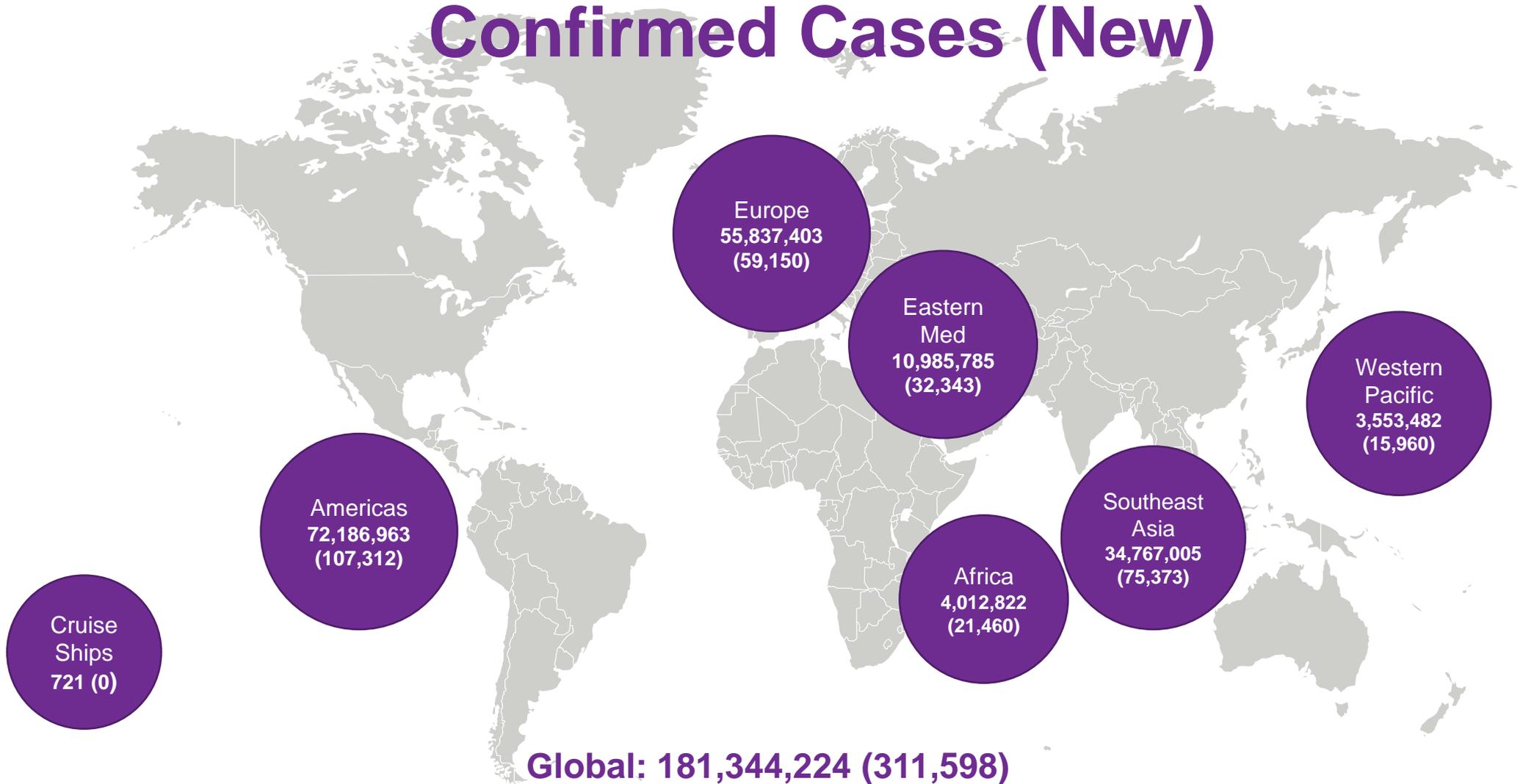
groundwork for more nationalistic policies directed at stoking domestic patriotism. As the Party enters its second century, the messages promoted at the centenary can provide key insight into the narrative that the CCP seeks for its future, creating the backdrop for Beijing's long-term policy and strategy.

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Coronavirus Condition Updates

As of 10:12 am CEST on June 30, 2021

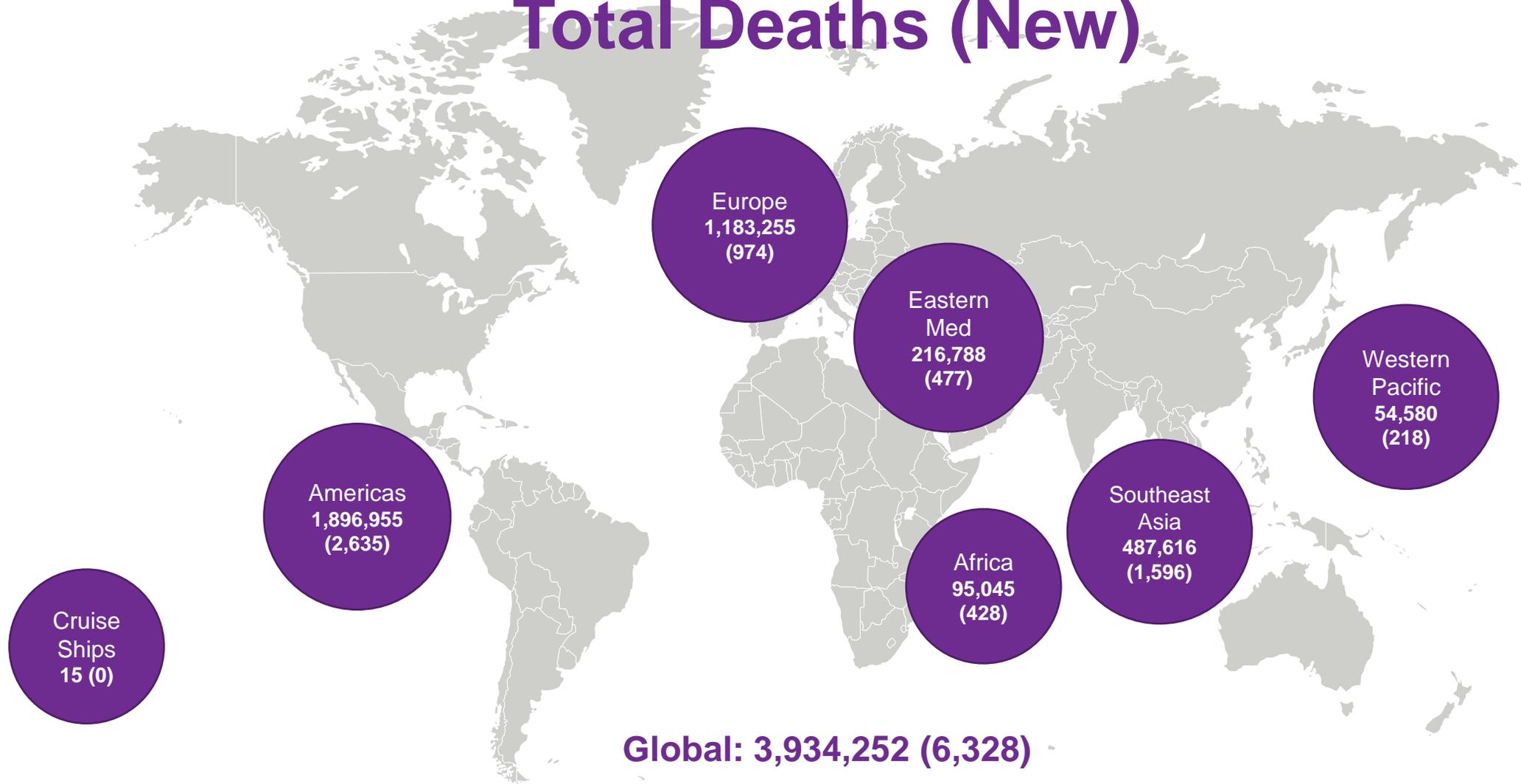
Confirmed Cases (New)



Reflects data as of 10:12 am CEST on June 30, 2021.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 10:12 am CEST on June 30, 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.

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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