

Dentons Flashpoint

Daily Global Situation Report

October 20, 2021

Global Situation Update: October 20, 2021

KEY TAKEAWAYS

The Gates Foundation will allocate up to \$120 million to help lower-income countries get an experimental COVID-19 drug.

Russia scrambled two fighter jets to escort a pair of US strategic bombers over the Black Sea.

A member of the US FCC called for restrictions on Chinese drone maker DJI, calling the company “Huawei on wings.”

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WHAT WE'RE WATCHING

Today, the US Food and Drug Administration (FDA) is likely to announce that "mix and match" coronavirus vaccine boosting is safe, meaning that people can get a different additional shot to the dose they initially received. The FDA is also expected to authorize boosters for the Moderna and Johnson & Johnson vaccines for eligible Americans such as the elderly, frontline workers and high-risk individuals.

Although the FDA may encourage using the same vaccine, when possible, official approval of the "mix and match" approach should simplify booster shot rollout in the US ahead of a potential fifth wave of COVID infections during the winter. If effective, "mix and match" vaccines could drive down the price of boosters and ease supply chains in places where it is difficult to obtain the vaccination.



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Global

Globally, confirmed coronavirus cases topped 240.9 million with 4.9 million deaths; more than 6.5 billion vaccine doses have been administered.

- **Atea Pharmaceuticals** reported that its trial COVID-19 treatment pill failed to reduce the amount of virus in patients with mild or moderate infections.
- The **Gates Foundation** will allocate up to \$120 million to help lower-income countries get an experimental COVID-19 drug being developed by US drugmaker **Merck & Co Inc.**
- US cybersecurity company **CrowdStrike** said the hacking group **LightBasin**, which has suspected ties to China, has infiltrated mobile networks around the world to access text messages and call records.

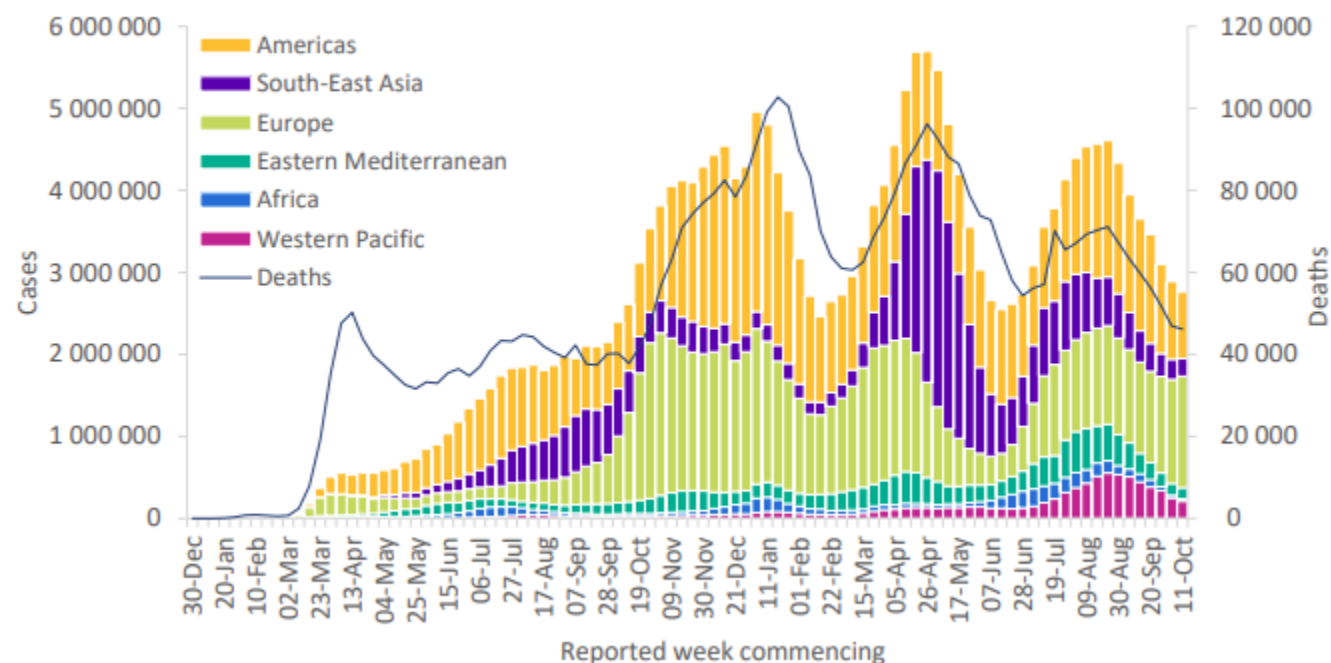
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Global

The numbers of weekly COVID-19 cases and deaths has stabilized this week, with over 2.7 million cases and over 46,000 new deaths, a 4 percent and 2 percent decrease respectively, representing similar numbers as those reported last week.

With the exception of the European region, which for the third consecutive week reported an increase in new COVID-19 cases (7 percent increase as compared with the previous week), all the other regions reported a decline.

Figure 1. COVID-19 cases reported weekly by WHO Region, and global deaths, as of 17 October 2021**



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Markets & Business

French securities depository Euroclear announced the conclusion of a 10-month experiment utilizing cryptocurrency and blockchain in several bond transactions. The experiment, which involved large banks and the French public debt office, is the largest official test of cryptocurrency in a developed market.

- **Facebook** agreed to a \$14.25 million settlement over allegations that it discriminated against American workers by reserving positions for temporary visa holders, marking the largest civil penalty recovered in the 35-year history of the Immigration and Nationality Act's anti-discrimination clause.
- **Gucci**, conglomerate Kering's largest brand, slowed unexpectedly in Q2 due to resurgent COVID-19 in Asia.
- **WeWork** will make its long-delayed stock market debut via SPAC after a \$9 billion merger was approved by the blank-check company.
- **Procter & Gamble** will raise the prices of some of its products in the US to counter higher production and freight costs.
- **Johnson & Johnson** reported lower-than-expected quarterly profits after sales of its COVID-19 vaccine missed estimates due to production setbacks.

Africa

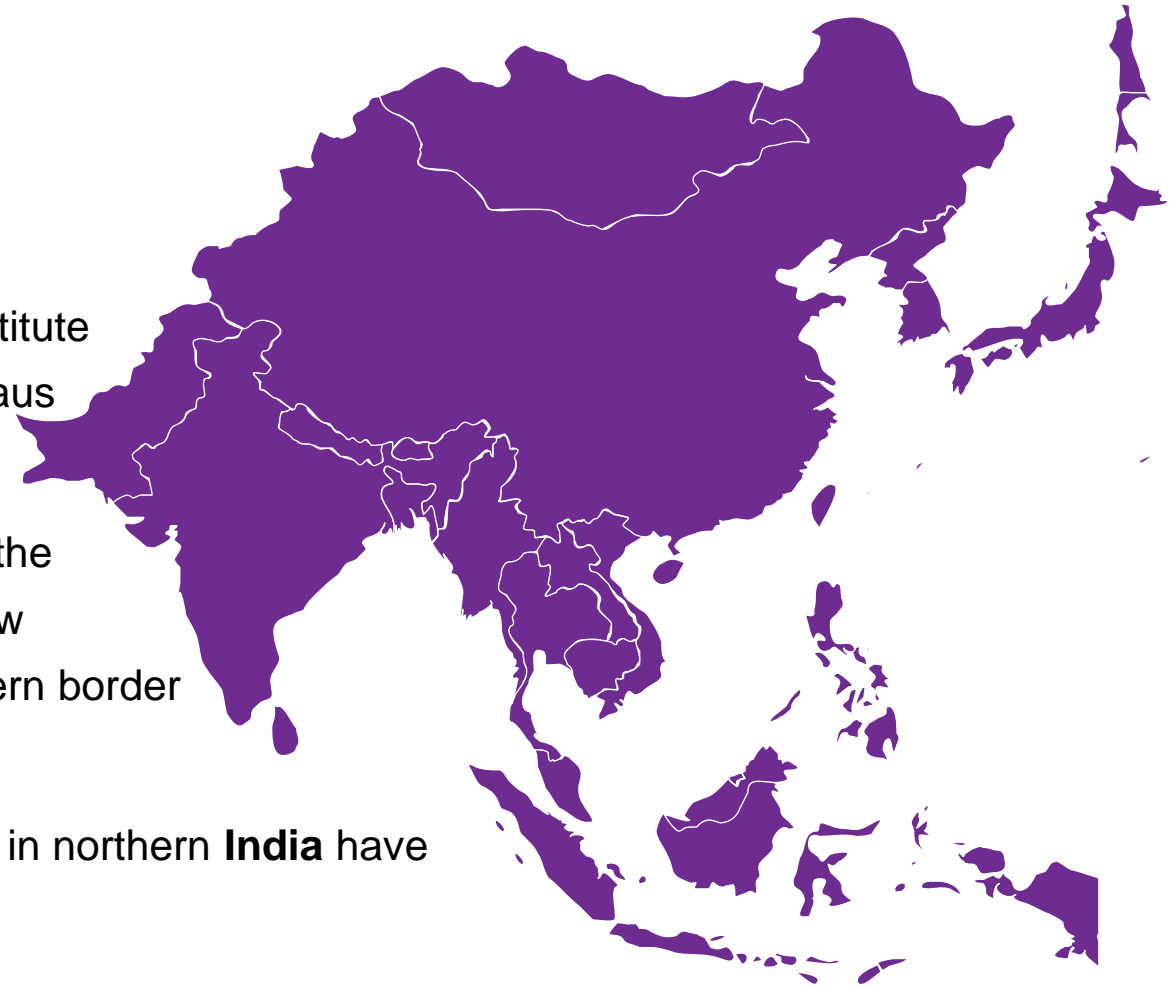
- Credit Suisse agreed to pay a \$400m settlement to end a US probe into the **Mozambique** “tuna bonds” scandal, in which Credit Suisse supplied \$2 billion in government-backed loans to officials without parliamentary approval.
- **Africa’s** lead climate negotiator going into COP26 announced that African nations are pushing for a new system to track funding from wealthy nations that are falling short of a \$100 billion annual target for helping developing countries fight climate change.
- The **Sudanese** government warned against “*escalation*” of protests following a large anti-government protest in Khartoum.
- The UN estimated that by 2030, 118 million extremely poor people in Africa will be newly vulnerable to droughts, floods and extreme heat as a result of climate change.



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Asia

- A sweeping new report by the Australian Strategic Policy Institute revealed extensive details of the **Chinese** government bureaus and individuals involved in Xinjing's governance.
- **China's** state planning agency is considering intervening in the coal market to address rising prices. China reported nine new domestically transmitted COVID-19 cases, sending to northern border areas to implement lockdown measures.
- Landslides and flash floods triggered by days of heavy rains in northern **India** have killed at least 24 people.
- Alibaba founder Jack Ma is in **Europe** for business meetings, marking his first international business travel since he appeared to fall afoul of **Chinese** authorities last November.



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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.

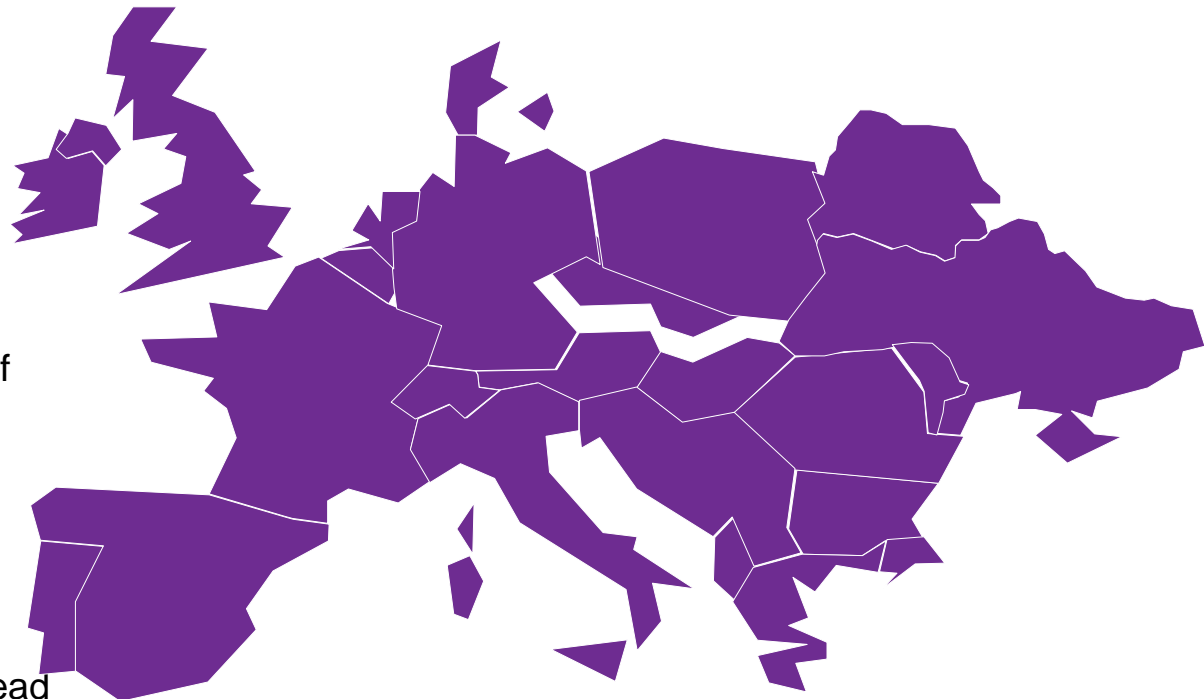
Dentons Intelligence and Security Services Group offers bespoke services to provide business leaders with the intelligence they need to understand and thrive in complex operating environments.

- ❖ 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](#).

Europe

- **Russia** scrambled two Sukhoi Su-30 fighter jets to escort a pair of **US** B-1B strategic bombers over the Black Sea, an incident that coincided with a visit to the region by the US Secretary of Defense Austin.
- The mayor of Seville announced that the **Spanish** city would be the first to begin naming and categorizing heat waves to help spread awareness of their dangers.
- **Turkey** summoned the ambassadors of the **US** and nine other countries to protest their calls for the release of civil rights activist Osman Kavala. The **EU's** executive said that Turkey's efforts to join the bloc have "*come to a standstill.*" Turkey's largest business association called for central bank independence, a rare show of public disapproval of Erdogan's policies.
- **Latvia's** last-minute COVID-19 lockdown, announced Monday night, will cost the country €200 million in extra support to businesses.
- **EU** Commission President van der Leyen said that the EU "*will act*" to punish **Poland** for challenging the supremacy of EU law, noting tools ranging from a legal challenge, formal sanctions, and stripping Poland of membership rights. The EU is seeking to extend relaxed state aid rules as the pandemic continues to harm businesses.



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Middle East

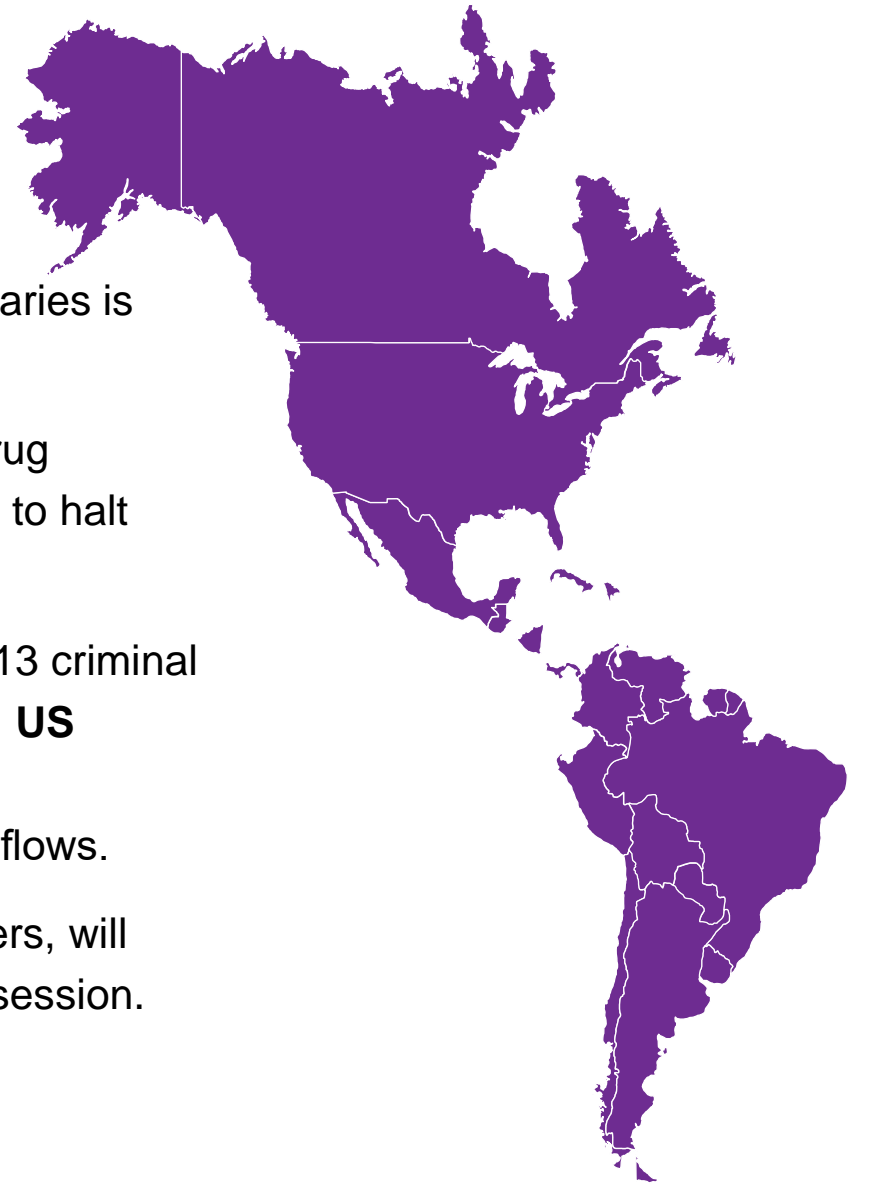
- The IMF upgraded its growth forecasts for the **Middle East and North Africa** slightly, citing “*good progress*” on vaccination.
- **Qatar** created an environment and climate change ministry and appointed a new finance minister in a government reshuffle.
- UNICEF said that 10,000 children have been killed in **Yemen’s** conflict since 2015.
- The head of the UN’s nuclear watchdog says he expected to visit Tehran, **Iran** before the end of November.
- **Greece** pledged to link **Egypt** to the **EU** energy market through an undersea cable in the eastern Mediterranean.



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Americas

- The **Haiti** gang that abducted a group of American and Canadian missionaries is demanding \$18 million in ransom for their release.
- **Ecuador's** president declared a 60-day state of emergency to confront drug trafficking and crime. Indigenous groups in Ecuador sued the government to halt plans for expanded oil development.
- A **Brazilian** senator recommended that President Bolsonaro should face 13 criminal charges, including homicide, for his handling of the COVID-19 pandemic. **US** Secretary of State Blinken spoke with his Brazilian counterpart to discuss “*unprecedented*” regional migration and ways to halt northward migration flows.
- **Canada** said anyone entering the House of Commons, including lawmakers, will have to be fully vaccinated on November 22, when Parliament is back in session.



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Americas: US

- Across the nation, 219.2 million have received at least one dose of the **vaccine**; or 66.0 percent of the total population. Supreme Court Justice Stephen G. Breyer rejected a request from health-care workers in Maine to immediately halt enforcement of the state's coronavirus **vaccine mandate**.
- **Vaccine-related layoffs** are beginning in earnest across the US as a number of states, cities, and private companies begin enforcing vaccine mandates. In Boston and Chicago, police officers and firefighters are facing a series of layoffs, while Washington State University (WSU) fired its head football coach for failing to get the vaccine in a high-profile case. GE and Union Pacific became the latest US companies to impose an employee vaccine mandate.
- The Richmond Federal Reserve said that **labor issues** may outlast the pandemic unless the skills mismatch and childcare issues are not addressed. The rate of **new home construction and permits** to build fell more than expected last month due to supply chain issues.
- Expectations for a La Niña winter are sending heating **fuel prices** soaring, causing Bloomberg to predict an “Armageddon” in propane markets.
- A member of the US Federal Communications Commission (FCC) called for restrictions **on Chinese** drone maker DJI over national security issues, calling the company “Huawei on wings.” The FBI has searched a Washington residence connected to Oleg Deripaska, reigniting US enforcement action against the **Russian** metals tycoon who was placed under sanctions in 2018 over alleged links to the Kremlin.

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Iran's Nuclear Program: The US and Israel Discuss a Plan B

By Dan Arbell, Senior Advisor to Dentons

Although talks in Vienna between the P5+1 and Iran on a possible return to compliance with the JCPOA have been paused for four months, recent media reports point to efforts by Iran to organize a meeting in Brussels with the European members of the P5+1 to examine the possibility of a return to broader talks.

While the Europeans deny that they have agreed to a meeting, the new dynamic represents a decision by the new government in Tehran to explore the possibility of resuming talks in Vienna. Nevertheless, in the aftermath of Iran's presidential elections and the victory of hardliner Ebrahim Raisi, Iran has been sending mixed signals to the international community, raising serious doubts on whether it intends to return to talks at all. Iran continues to dodge attempts by the IAEA to resume inspections and monitoring in some of its nuclear facilities, as well as increase production of enriched uranium and uranium metal, develop and put to use new and more advanced centrifuges, and gain more knowledge and expertise in the process.

US and Israel share concerns

Iran's recent actions have been followed closely by the Biden Administration and the new Israeli

government led by PM Naftali Bennett. As Iran continues developing and expanding its nuclear program, decision makers in Washington and Jerusalem have begun feeling restless. The Biden Administration, which from the start pursued diplomacy with the aim of returning to full US compliance in return for full Iranian compliance with the JCPOA, has started questioning the validity of its own approach. The Bennett government, in return, seized on the opportunity and began advocating more forcefully for a tougher US public stance vis-a-vis Iran, which will include

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the “*all options on the table*” element (i.e., not ruling out the use of military means to bring an end to Iran’s nuclear program). Another element in Israel’s efforts with the US was to create a “Plan B” in case diplomacy fails: a US-led international plan of action on Iran focused on increased pressure and sanctions on the Iranian regime, including through the use of tactical military and covert elements.

Biden and Bennett step up rhetoric

Ahead of PM Bennett’s first visit to Washington and meeting with President Biden in August, his advisors met with National Security Advisor Jake Sullivan and urged for a US return to the “*all options on the table*” talk. Israelis were extremely pleased when in the Biden-Bennett Oval Office meeting that resulted, in which the president publicly pledged that Iran “*will never get a nuclear weapon*,” adding that though he prefers a diplomatic solution, there are “*other options*” should that fail.

In his first address to the UN General Assembly in September, Bennett sharpened Israel’s message, stating Iran’s nuclear program “*has hit a watershed moment*,” and so has Israel’s tolerance. Bennett added that words do not stop centrifuges from spinning and vowed Israel “*will not allow Iran to acquire a nuclear weapon*,” calling on countries of the

world to put their heads together to find a solution to this problem. Bennett’s message was designed first and foremost for Israeli audiences, which for years have grown accustomed to former PM Benjamin Netanyahu’s tough rhetoric on Iran, and Bennett clearly wanted to sound just as tough. Bennett’s message was also directed at the Biden Administration, sending the message that Israeli patience is running out. As the nuclear talks in Vienna seem stalled, Israel continued to convey to the Administration its desire that the US and Israel begin devising a Plan B to deal with Iran. Israel did not completely negate America’s pursuit of a diplomatic solution but expressed deep skepticism that it is within reach. In this context, the US and Israeli NSAs convened a special joint bilateral interagency working group devoted to the Iran nuclear issue, which reportedly addressed the Plan B option, although not in great detail.

Blinken and Lapid inch closer to addressing the military option

A firmer US stance was presented by Secretary of State Antony Blinken during a press availability on October 13 in Washington with the visiting foreign ministers of Israel and the UAE. While Blinken repeated Biden’s message that the Islamic Republic cannot be allowed to have a nuclear weapon and stated that diplomacy is the preferred and most viable

Iran's Nuclear Program: The US and Israel Discuss a Plan B

option in the US view, he raised concerns that Iran is not returning to talks in Vienna and that time is running out, because as time passes it will be harder to return to the original JCPOA framework. Blinken emphasized that the US and Israel are looking at various options. Although pressed by reporters during the Q&A, Blinken refrained from using the term “*military option*,” however. US Special Envoy for Iran, Rob Malley, on the other hand, spoke that same day at an event at the Carnegie Endowment for International Peace and was somewhat softer in tone. Malley said that with every day that goes by there is a growing sense Iran may not wish to return to the JCPOA, adding that If the Islamic Republic does not rejoin the agreement, the US and Israel “*will need to coordinate*” policy. Israeli FM Yair Lapid held his harder line, saying that Iran is on its way to becoming a “*nuclear threshold country*” and that Israel cannot and will not sit idly by and allow Iran to develop a nuclear bomb. Lapid emphasized as well that Israel and the US are discussing all possible options.

Going forward

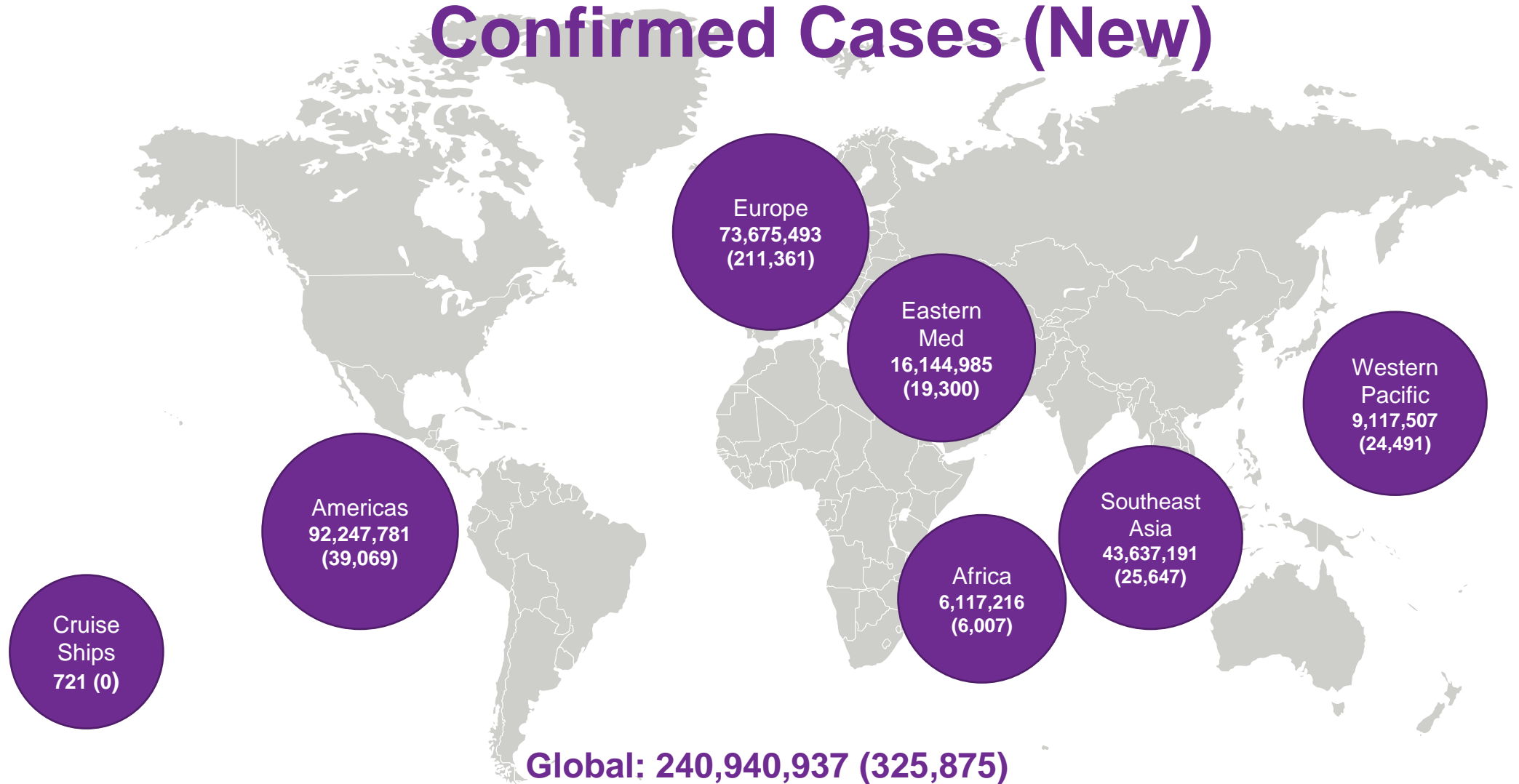
The Biden Administration's preferred option remains a return to full compliance with the JCPOA. While time is running short, the US is cautious about publicly setting a deadline for Iran to respond. Until that

happens, the Biden Administration keeps “*moving the goalposts*” and has adopted new terminology when addressing the issue, i.e. talk of “*other options*.” In the event the US reaches the conclusion Iran has closed the door on a return to the JCPOA, it may start actively pursuing a Plan B. Nonetheless, in the aftermath of the US withdrawal from Afghanistan and ahead of ending its combat mission in Iraq, it is hard to see the US move toward the military option vis-a-vis Iran. For its part, Israel has toughened its public posture toward the Islamic Republic but is yet to match its actions with its words. Israel continues to fight Iran in other arenas (Syria, Horn of Africa and the Arabian Sea) and has been reportedly conducting covert operations inside Iran. In addition, it has reportedly approved a budget of approximately 1.5 billion dollars in preparation of launching a military strike against Iranian nuclear facilities. No dramatic change is expected in the near term, but clearly both the US and Israel are devoting greater resources and planning to the eventuality of Iran failing to return to talks. Coordination between Washington and Jerusalem will have to tighten as the situation develops, and each must recognize each other's concerns, red lines and intentions.

Coronavirus Condition Updates

As of 8:23 pm CEST on October 19, 2021

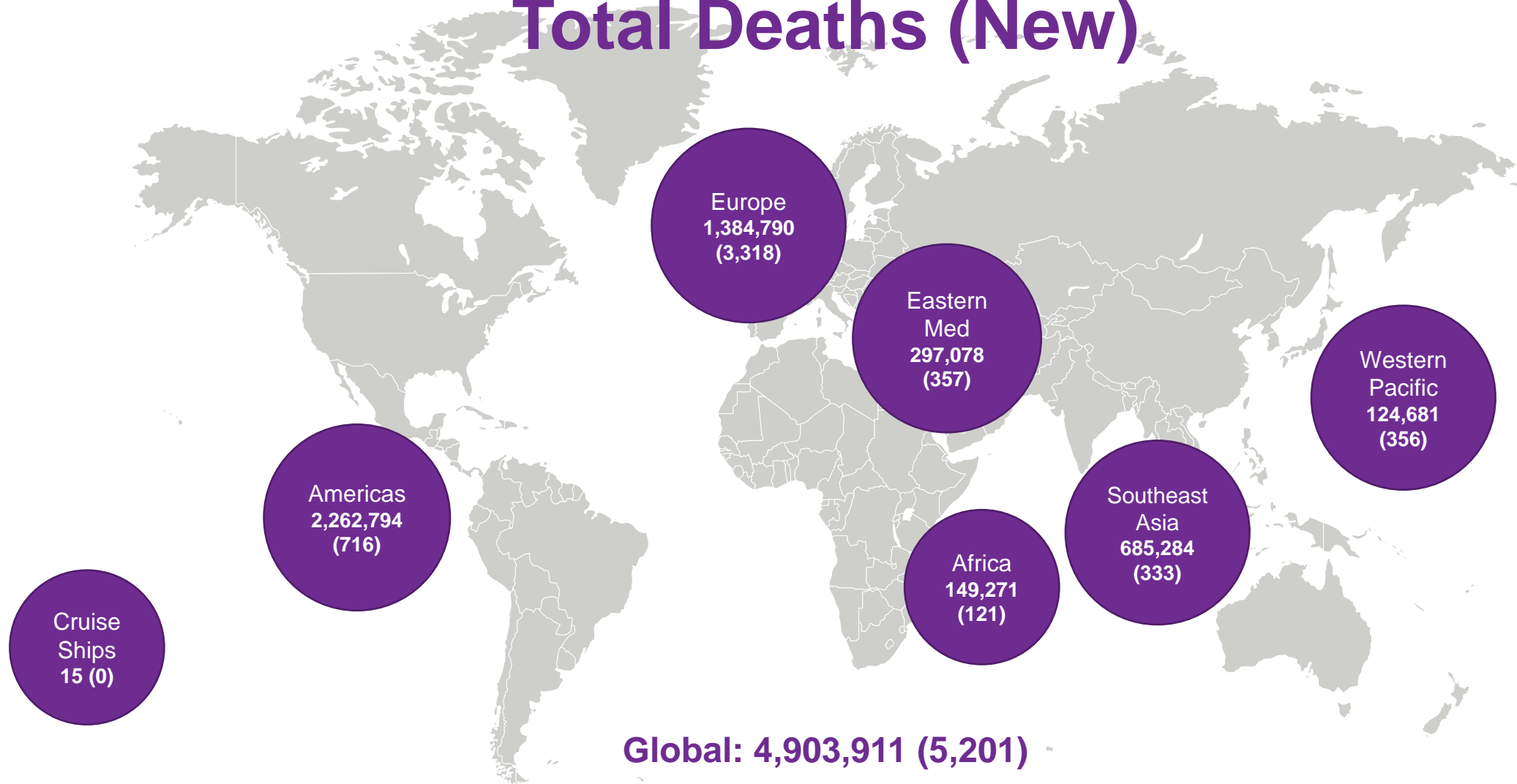
Confirmed Cases (New)



Reflects data as of 8:23 pm CEST on October 19, 2021.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 8:23 pm CEST on October 19, 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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