

Dentons Flashpoint

Daily Global Situation Report

October 27, 2021

Global Situation Update: October 27, 2021

KEY TAKEAWAYS

China locks down northwest city of Langzhou to halt COVID-19 outbreak.

Investment conference in Riyadh warns of sustained inflation and high oil prices.

The Brazilian Senate endorses crimes against humanity charge for President Bolsonaro for his handling of the COVID-19 pandemic.

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

Global Situation Update: October 27 2021

WHAT WE'RE WATCHING

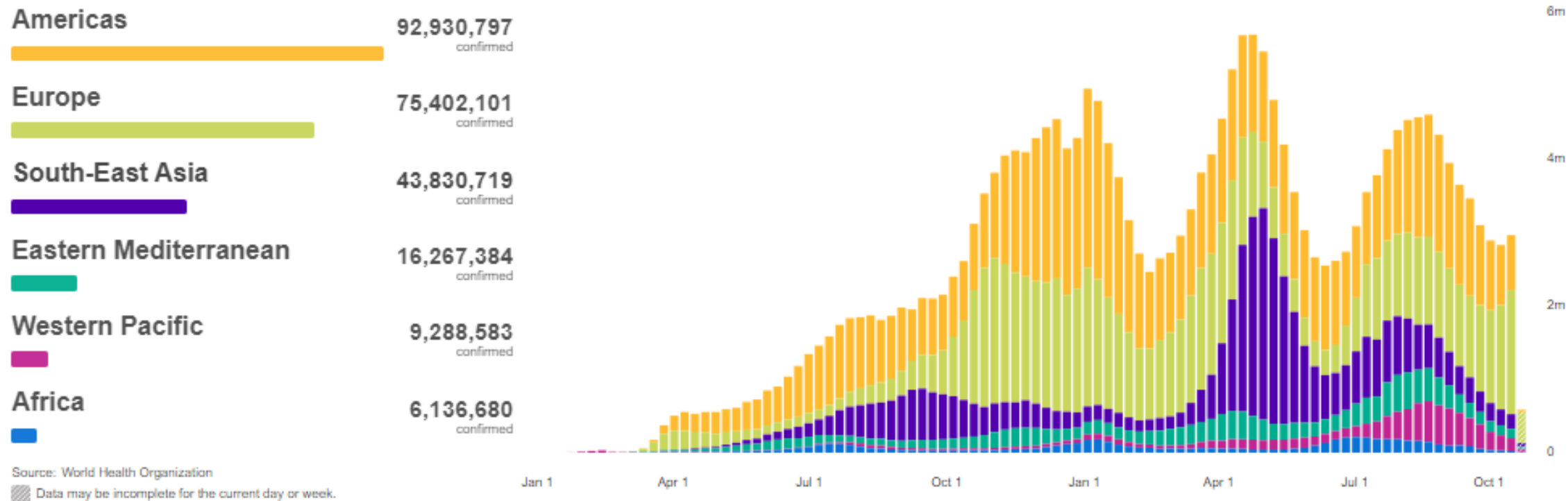
Today is the second day of the Association of Southeast Asian Nations (ASEAN) virtual summit. The gathering has already produced some notable results as Myanmar's junta chief was snubbed from attending and US President Biden announced a \$100 million initiative to beef up American ties to ASEAN. Chinese Premier Li Keqiang is expected to address the summit today.

The decision to exclude the military rulers of Myanmar is significant because it marks the first time a member country was temporarily sanctioned. However, further punitive steps are unlikely. Meanwhile, Biden's presence marked the first time in four years that an American president attended the summit. His new US aid initiative includes money for health spending, a new climate initiative, programs to assist with the economic recovery caused by the coronavirus pandemic.



Global

Globally, confirmed coronavirus cases topped 243.8 million with 4.9 million deaths; almost 6.7 billion vaccine doses have been administered.



Source: WHO

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Global

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- Another UN report on Tuesday warned that **current commitments to cut emissions** only put the world on track to limit global temperature rise to 2.7 degrees C, but are insufficient to meet goals of limiting warming to 1.5 or 2 degrees C.
- **Merck** granted a UN-backed nonprofit a royalty-free license to produce its COVID-19 treatment pill, molnupiravir, allowing companies in lower-income countries to cheaply produce the medicine.

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Markets & Business

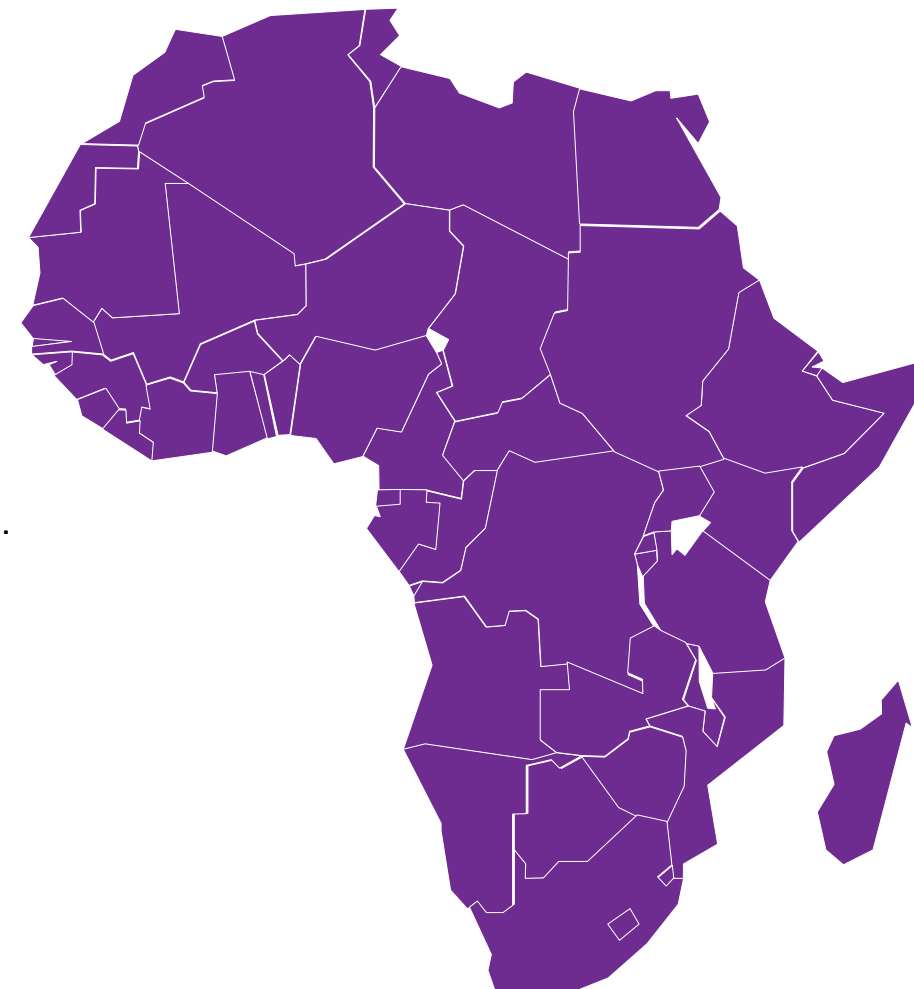
At an investment conference in Riyadh, top Wall Street investors warned of persistent inflation risk, as well as the likelihood of oil prices continuing to grow.

- **3M** lowered its quarterly profit forecast, citing supply chain issues. Toymaker **Hasbro** saw increased profits due to digital gaming and entertainment but said that port congestion contributed to lowered physical orders.
- Executives of **TikTok**, **YouTube**, and **Snapchat** faced questions from US Senators on steps taken to protect children on their platforms.
- **Google** nearly doubled its quarterly profit, its highest jump in 14 years, on historically strong ad sales. Microsoft reported a 22% increase in quarterly profits, mostly due to LinkedIn, business apps and cloud computing. **Twitter** met analyst expectations on profit, saying the impact of Apple's new **privacy measures** was less than expected. **UPS** raised its full year profit forecast on holiday shipping demand.

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Africa

- **Moderna** announced that it will sell up to 110 million COVID-19 doses to the African Union, including 15 million doses in the fourth quarter of this year.
- A military official said Tuesday that **Sudan's** Prime Minister Hamdok, who has arrested during Monday's coup, was allowed to return to his home on Khartoum. Sudan's military leader claimed to have led the coup to stop a civil war between supports of the military and of the civilian leaders. Sudan's aviation authority suspended flights until October 30. State oil company employees and doctors announced that they would join street protests against the coup.
- **Burkina Faso** resumed the high-profile trial of left-wing icon Thomas Sankara, assassinated 34 years ago.
- A **South African** court rejected an appeal by former President Zuma to replace the prosecutor heading his corruption trial, meaning the divisive legal process will resume.
- Only 76,000 **Kenyans** have registered to vote in a new-voter week that targeted 4.5 million new registrations, reflecting deep popular apathy with the system.



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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.

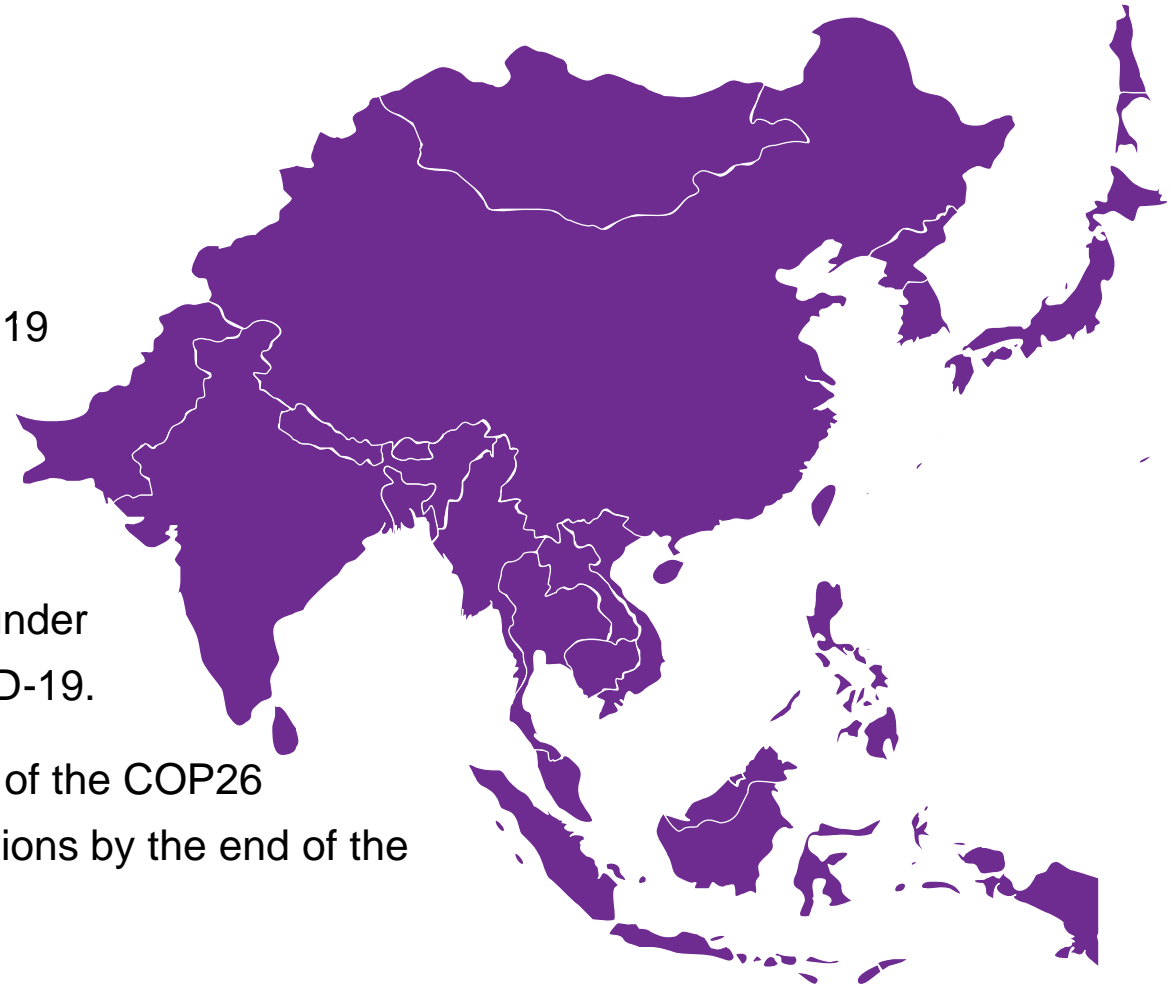
Dentons Intelligence and Security Services Group offers bespoke services to provide business leaders with the intelligence they need to understand and thrive in complex operating environments.

- ❖ 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](#).

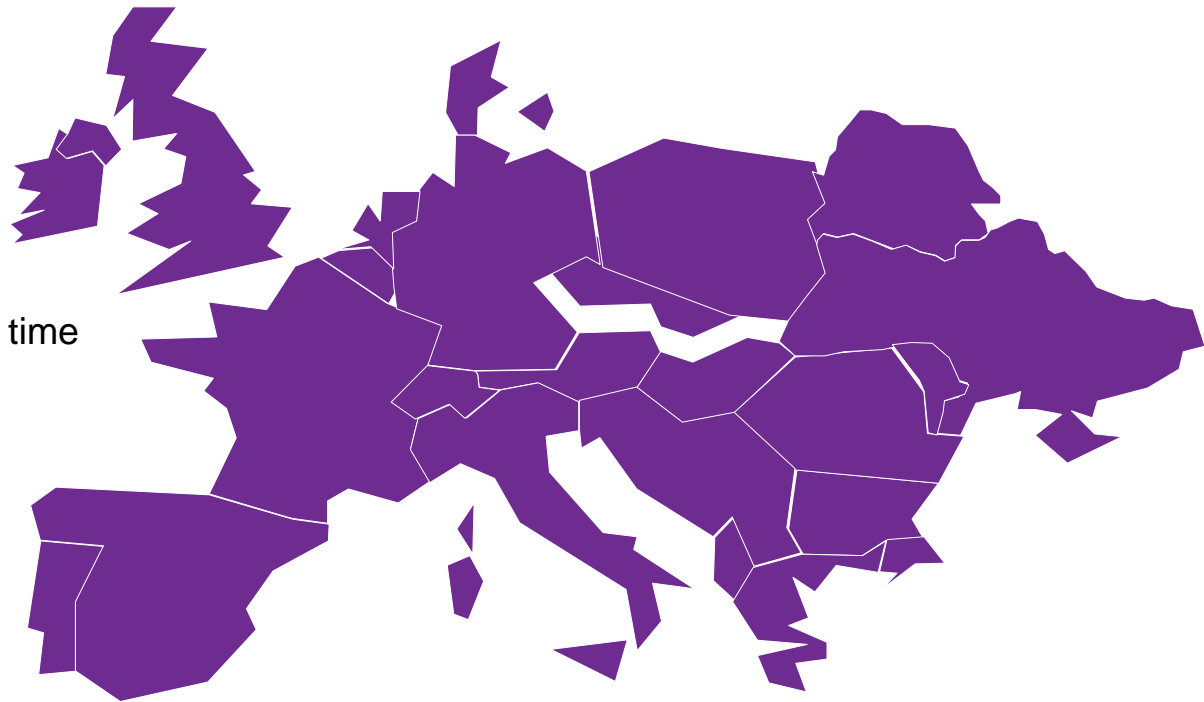
Asia

- **New Zealand's** Prime Minister Ardern announced a COVID-19 vaccine mandate for businesses as the country pushes for a 90% nationwide vaccination target. **Australians** will be permitted to travel freely abroad if they are vaccinated.
- **China** placed Langzhou, a northwestern city of four million under lockdown in an effort to stamp out a small outbreak of COVID-19.
- **China** released its long-awaited emissions plan days ahead of the COP26 climate summit; the plan includes an estimate of peak emissions by the end of the decade and reaching net zero emissions by 2060.
- In her first court testimony since **Myanmar's** February coup, ousted leader Aung San Suu Kyi denied charges of incitement to cause public alarm.



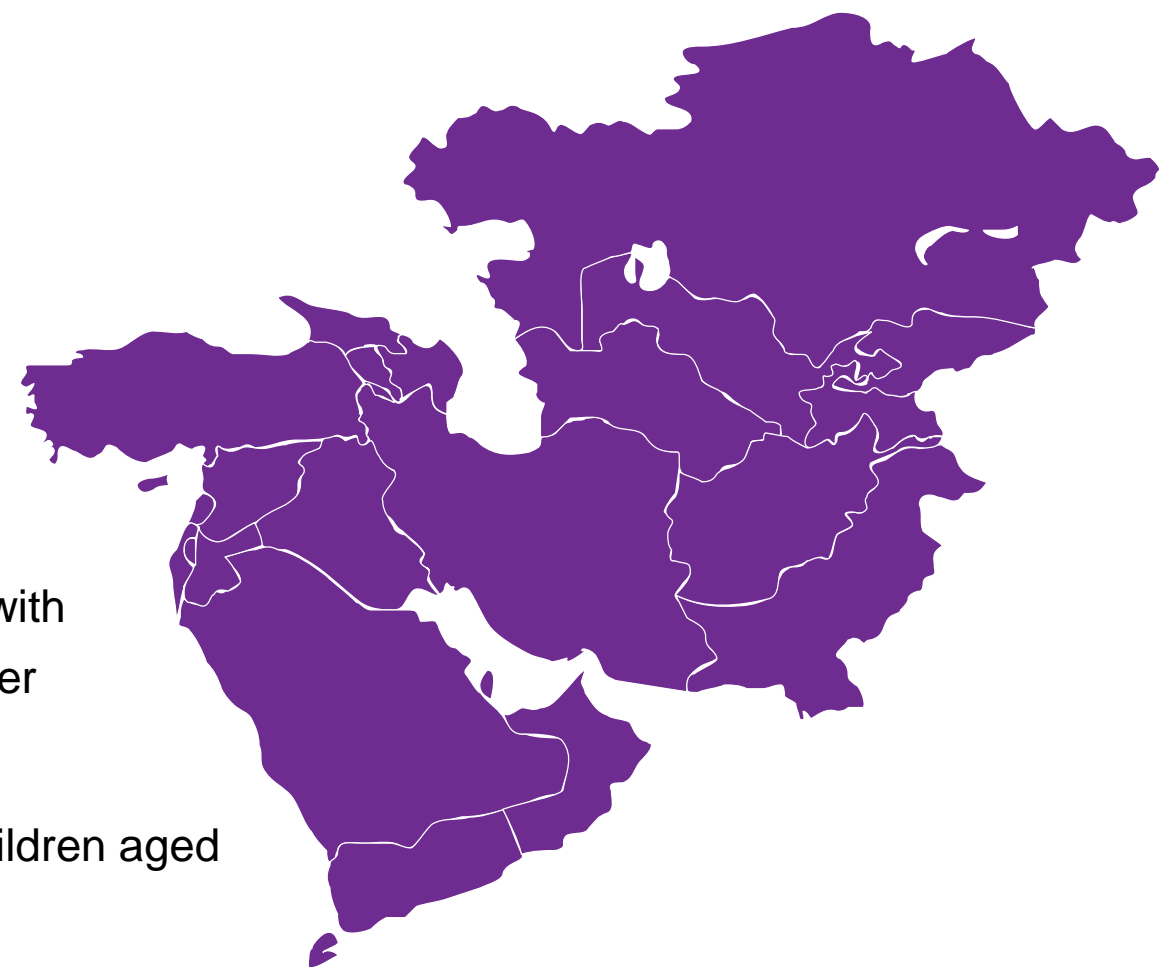
Europe

- More **UK retailers** are facing stock shortages than at any point in time since the index began in 1985.
- Russian state oil company **Gazprom** offered to increase energy supply to **Moldova**, who is facing an energy crisis after Moscow cut shipments by a third last month, if Moldova adjusts its free trade agreement with the EU and delay energy market reforms.
- **Portugal's** anti-capitalist left and communist parties vowed to withhold support in an upcoming vote for the socialist ruling party's budget if further concessions, including higher minimum wage and pensions, are not made; the Prime Minister said he would not step down if the budget fails.
- A delegation from the European Parliament will visit **Taiwan** next week, reportedly planning for high-level meetings with senior Taiwanese government officials.
- **Germany** convened its new parliament, in which the left-leaning Social Democratic Party surpassed the previous majority, the Christian Democrats; outgoing Angela Merkel will serve as caretaker chancellor until the election of a new leader, expected to be the SPD's Olaf Scholz. Germany cut its own 2021 growth forecast, citing supply chain problems and the energy crisis.



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Middle East



- **Lebanon's** top Christian cleric said that the country's three leading politicians had agreed to a "*solution*" to end political tensions.
- **Syria's** electricity ministry signed a \$115 million contract with an Iranian company to rehabilitate a central province power station.
- **Bahrain** approved Sinopharm's COVID-19 vaccine for children aged 3-11.
- The US expressed strong opposition to **Israel's** plans for more settlement units in the **occupied West Bank**, calling the move "*inconsistent with efforts to lower tensions.*"
- Iranian state media said that **Tehran** is ready to engage in direct talks with the **European parties** to the Iran nuclear deal.

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Americas

- **Brazilian** Senators voted to file nine criminal charges against President Bolsonaro, including crimes against humanity, for allegedly allowing the coronavirus to spread unchecked in a bid to reach “herd immunity;” the vote makes formal a set of charges that a panel announced, and then walked back, last week. The Senate filed a request to review the President’s internet activity.
- **Ecuadorian** protesters blocked roads in demonstrations against the economic policies of President Lasso, who recently raised gasoline prices.
- **Canadian** Prime Minister Trudeau named two staunch environmental advocates as his climate change and natural resources ministers.
- **Haitian** gangs blocked the entrances to ports where fuel shipments are unloaded, causing fuel shortages and risking blackouts at businesses and hospitals, which rely on diesel generators.
- Starting in November, **Cuba** will allow visitors with proof of vaccination or negative PCR tests, ending stringent entry restrictions, including quarantines, as most Cubans have been vaccinated.



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Americas: US

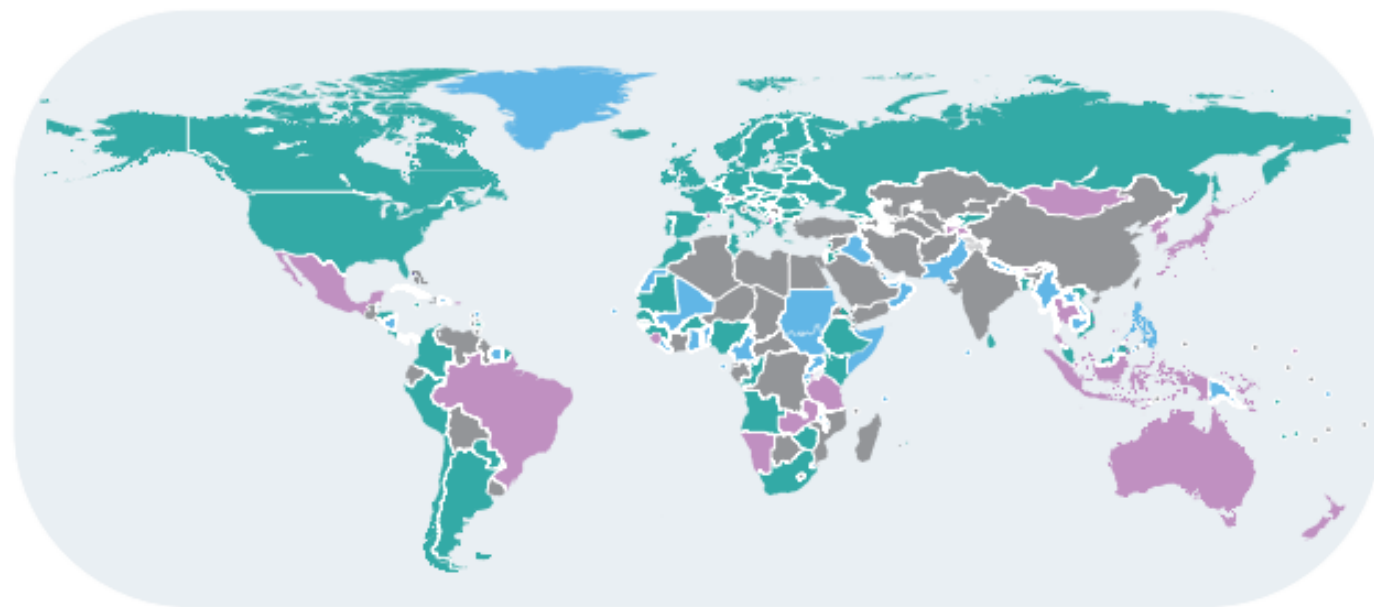
- US **consumer confidence** rose for the first time in three months, buoyed by plans to make large purchases and take vacations as pandemic restrictions ease. US **home prices** remained high, but analysts assessed that they show signs of moderating in the coming months.
- Democrats proposed a “**billionaire’s tax**” and a minimum 15% tax on corporations worth over \$1 billion, a bid to increase funding measures in their embattled long-term funding bill.
- Experts advising the FDA advocated for the authorization of the **Pfizer vaccine** for young children.
- The Department of Justice announced that it had arrested some 150 people worldwide and seized more than \$31.6 million in a massive 10-month probe on darknet opioid trafficking called “**Operation Dark HunTor**.”
- US Secretary of State Blinken urged greater inclusion of **Taiwan** in UN institutions. A Pentagon official said that US intelligence believes **ISIS-K** has the “intent” to launch attacks beyond Afghanistan and could be capable of doing so within 6-12 months.



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Visualizing Risk: Mapping Emissions Ahead of COP26

With just days to go ahead before the critical COP26 Climate Conference will begin in Glasgow, international organizations, national governments, and climate activists alike are working overtime to create momentum for serious climate action. However, the additional pledges made ahead of COP26 continue to fall short.



- New or updated NDC with lower 2030 emissions than prior NDC
- New or updated NDC with equal or higher 2030 emissions than prior NDC
- No new or updated NDC submitted
- New or updated NDC not comparable to prior NDC

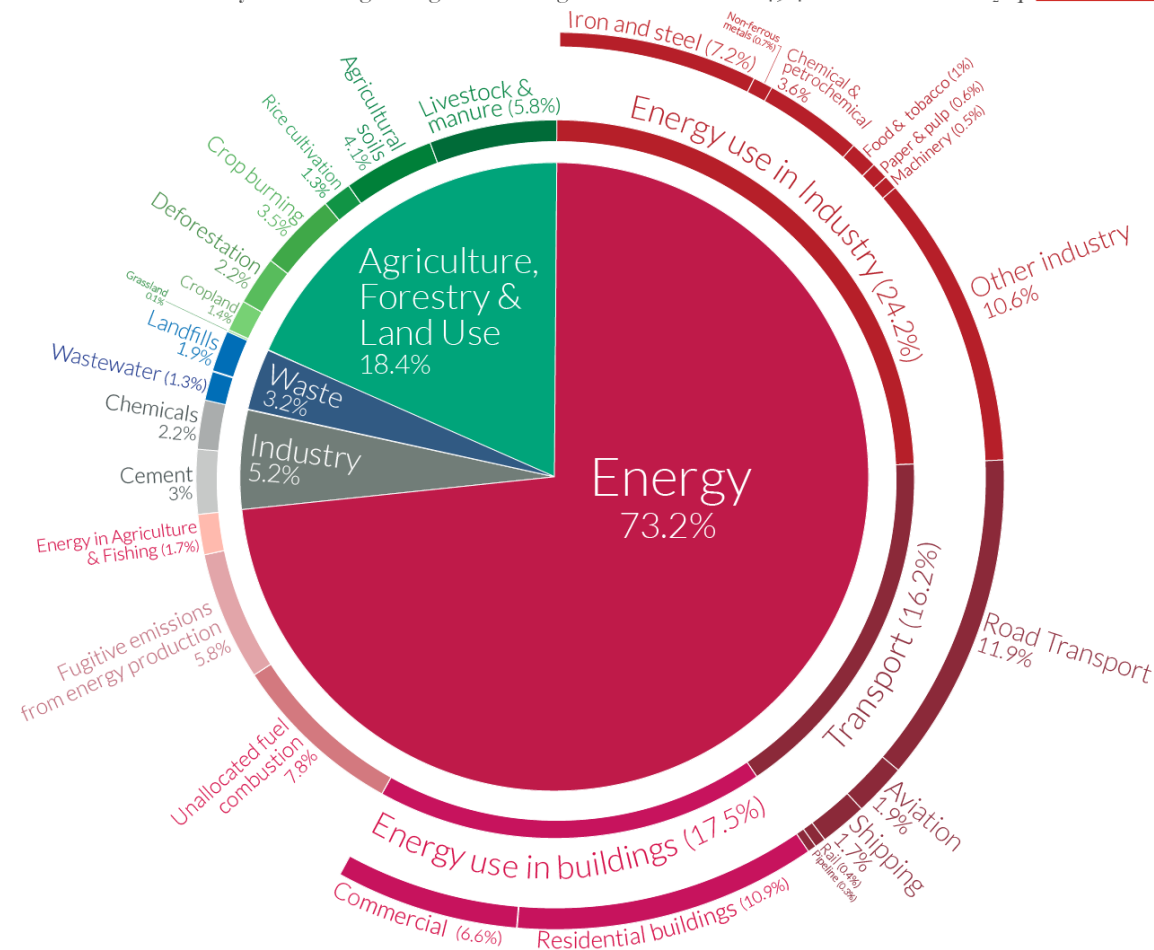
Just yesterday, the UN issued a sobering “Emissions Gap” report examining current pledges and emissions trajectories to underscore the need for more significant action. The “Emissions Gap” report - which joins a series of recent UN assessments raising alarms on the need for ambitious climate action - examined the updates to national climate pledges (nationally determined contributions aka NDCs) and concluded that progress made ahead of COP26 is still far from sufficient to meet 2°C or 1.5°C targets. So, despite a surge in new commitments, the pressure is on for top emitting countries and sectors to pledge further change at the conference.

Visualizing Risk: Mapping Emissions Ahead of COP26

Global greenhouse gas emissions by sector

This is shown for the year 2016 – global greenhouse gas emissions were 49.4 billion tonnes CO₂eq.

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in Data



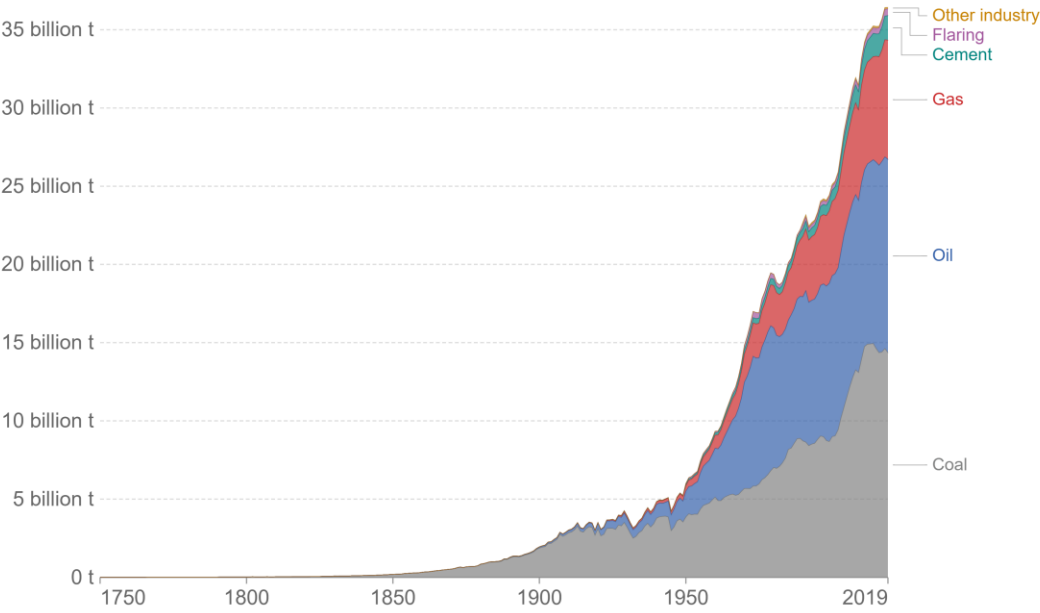
In addition to creating a crucial forum for countries plan action on climate issues, COP26 will play a key role in shaping the global conversation on the energy sector. Recent volatility in energy markets, the growth of pressure to address climate impacts, and a series of groundbreaking reports on the future of the energy sector from the likes of the International Energy Agency (IEA) are driving dialogue around the shape of the energy transition and the role of fossil fuels in future energy markets. While a number of fossil fuel producers have pointed to recent international energy supply crunches as an indicator that more investment in oil and gas is needed, the IEA, climate activists, and governments including the US have pushed back, asserting the need to invest in clean energy to address supply shortfalls (see the [October 18 Edition of Dentons Flashpoint](#) for more on the IEA's position). COP26 will be an opportunity for further policy debate on the role which fossil fuels may continue to play in the energy transition, influencing the makeup of global energy supplies for years to come.

Visualizing Risk: Mapping Emissions Ahead of COP26

Different types of fossil fuel energy and industry practices will be at the forefront of conversations on the role of fossil fuels in the energy transition. In particular, efforts to reduce reliance on coal are critical to meeting climate goals - but have seen mixed progress ahead of COP26. While agreements to end overseas financing of coal plants by the G7 and, more recently, China mark a step away from coal, recent energy supply issues have also caused an uptick in its use, and plans to end domestic coal use in key markets like China remain far removed from the calls of climate activists.

CO2 emissions by fuel type, World

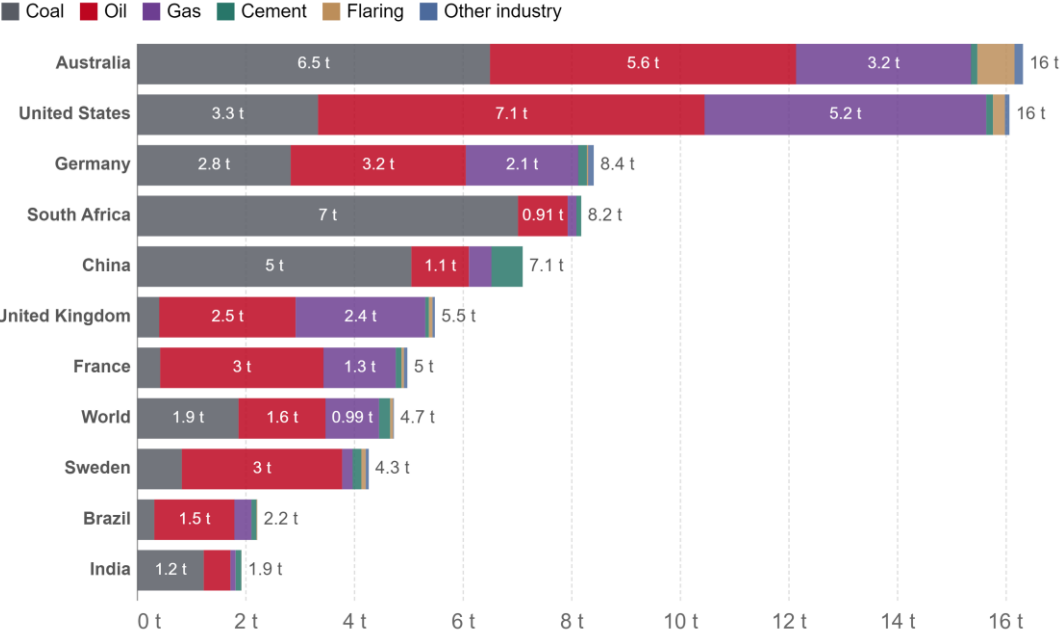
Annual carbon dioxide (CO₂) emissions from different fuel types, measured in tonnes per year.



Source: Global Carbon Project

OurWorldInData.org/co2-and-other-greenhouse-gas-emissions/ • CC BY

Per capita CO2 emissions by fuel type, 2019



Source: Our World in Data based on the Global Carbon Project

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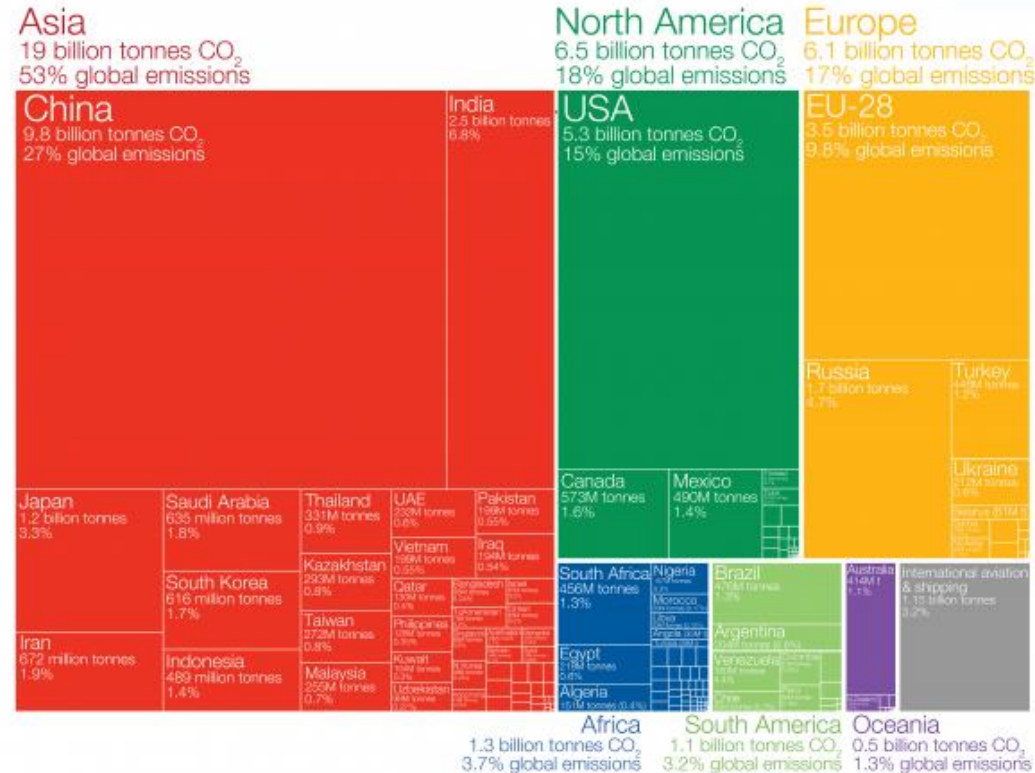
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Visualizing Risk: Mapping Emissions Ahead of COP26

Who emits the most CO₂?

Global carbon dioxide (CO₂) emissions were 36.2 billion tonnes in 2017.

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Shown are national production-based emissions in 2017. Production-based emissions measure CO₂ produced domestically from fossil fuel combustion and cement, and do not adjust for emissions embedded in trade (i.e., consumption-based).

Figures for the 28 countries in the European Union have been grouped as the 'EU-28' since international targets and negotiations are typically set as a collaborative target between EU countries. Values may not sum to 100% due to rounding.

Data source: Global Carbon Project (GCP).

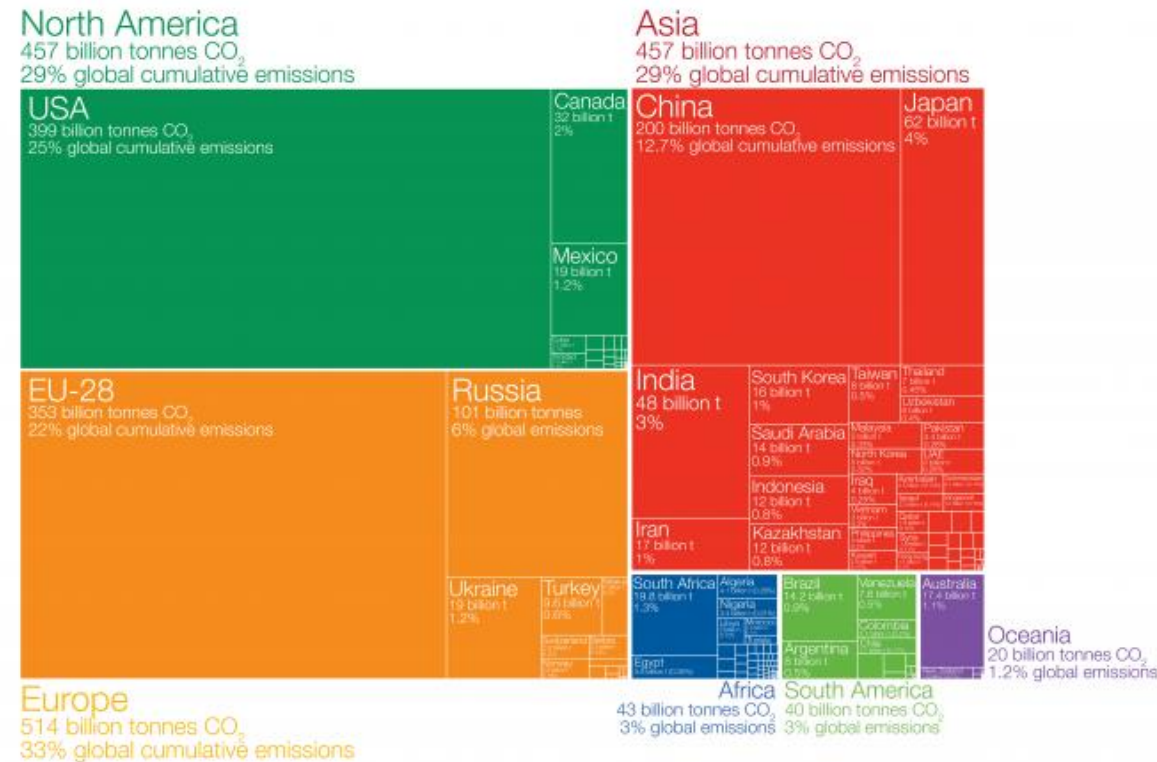
This is a visualization from OurWorldInData.org, where you find data and research on how the world is changing.

Licensed under CC-BY by the author Hannah Ritchie.

Who has contributed most to global CO₂ emissions?

Cumulative carbon dioxide (CO₂) emissions over the period from 1751 to 2017. Figures are based on production-based emissions which measure CO₂ produced domestically from fossil fuel combustion and cement, and do not correct for emissions embedded in trade (i.e., consumption-based). Emissions from international travel are not included.

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Figures for the 28 countries in the European Union have been grouped as the 'EU-28' since international targets and negotiations are typically set as a collaborative target between EU countries. Values may not sum to 100% due to rounding.

Data source: Calculated by Our World in Data based on data from the Global Carbon Project (GCP) and Carbon Dioxide Analysis Center (CDIAC).

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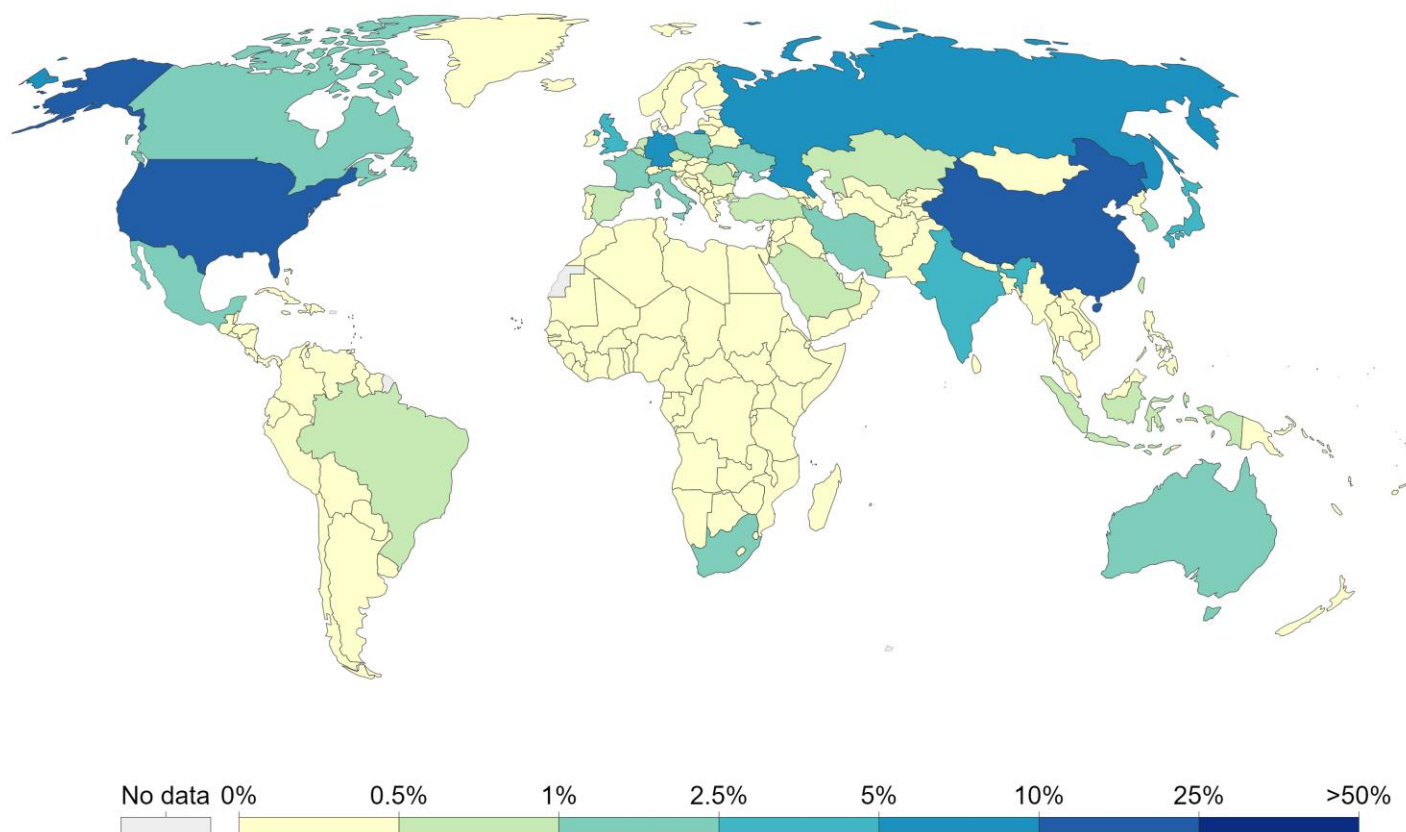
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Visualizing Risk: Mapping Emissions Ahead of COP26

Share of global cumulative CO₂ emissions

Each country or region's share of cumulative global carbon dioxide (CO₂) emissions. Cumulative emissions are calculated as the sum of annual emissions from 1750 to a given year.

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The uneven nature of different countries' role in perpetuating the climate crisis will be another driver of policy discussions at COP26, particularly as many developing nations that have contributed little to global emissions are being asked to make costly energy decisions. This week, a group of wealth nations unveiled a climate finance delivery plan to provide \$100 billion in annual funding by 2023 to support clean energy projects in developing nations. Climate finance will be a critical aspect of COP26, and rich countries will face increased pressure to commit additional investment for clean energy technology development and deployment around the world.

Coronavirus Condition Updates

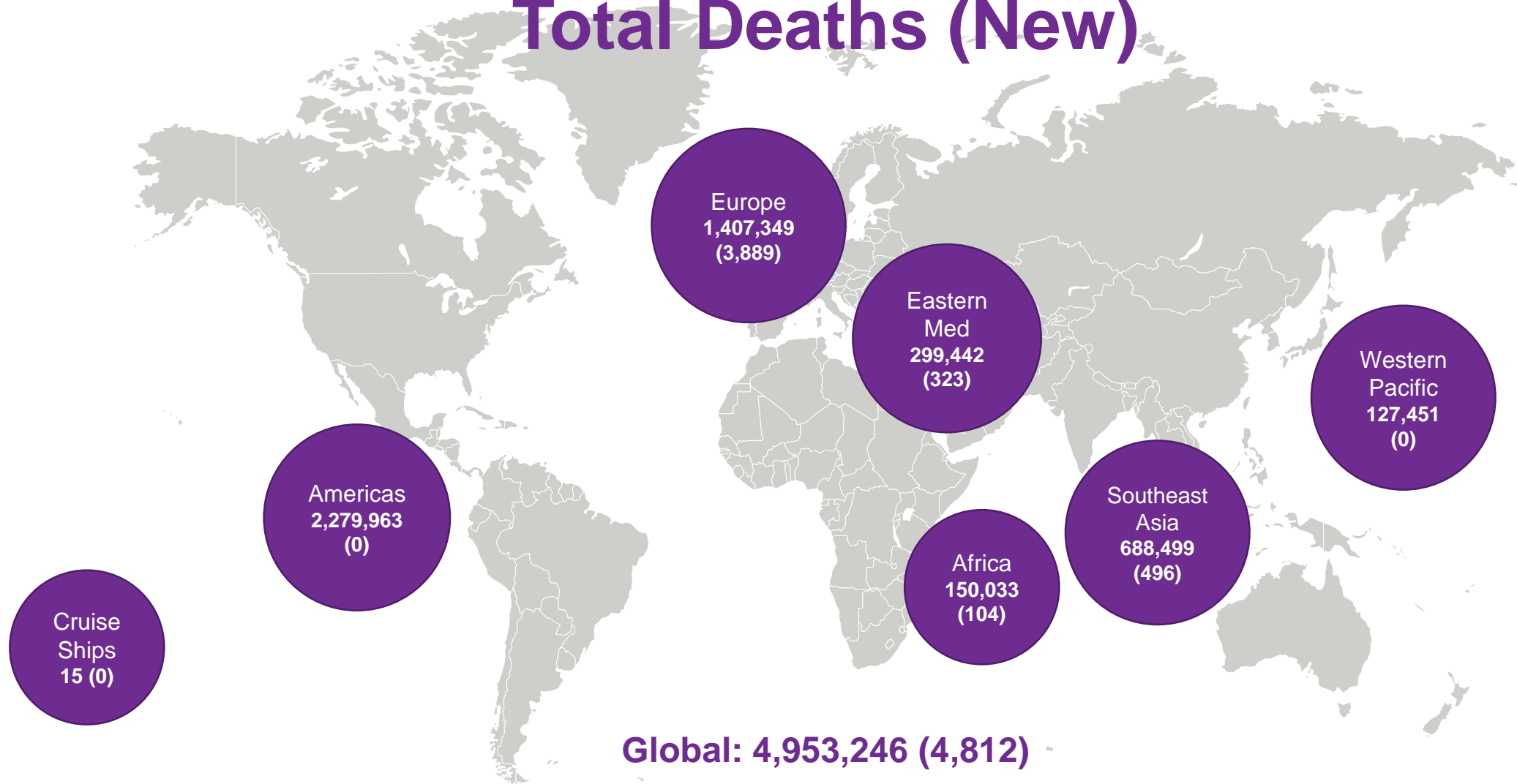
As of 4:52 pm CEST on October 26, 2021

A world map with a light gray background showing the outlines of continents. Overlaid on the map are several purple circular callouts, each containing white text representing confirmed COVID-19 cases for a specific region. The callouts are positioned over North America, South America, Europe, Africa, Eastern Europe/Middle East, Southeast Asia, and the Western Pacific. At the bottom center, there is a large purple callout for the global total. The text in the callouts includes the region name, the total number of confirmed cases, and the number of new cases in parentheses.

Region	Confirmed Cases	New Cases
Americas	92,930,797	(0)
Europe	75,402,101	(243,766)
Eastern Med	16,267,384	(14,452)
Africa	6,136,680	(3,890)
Southeast Asia	43,830,719	(22,518)
Western Pacific	9,288,583	(0)
Global	243,857,028	(284,626)

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Total Deaths (New)



Reflects data as of 4:52 pm CEST on October 26, 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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