

Dentons Flashpoint

Daily Global Situation Report

October 8, 2021

Global Situation Update: October 8, 2021

KEY TAKEAWAYS

Google and YouTube will ban climate deniers from monetizing their content through ads or creator payments on their platforms.

The US has been operating secretly in Taiwan to help train the island's defenses, per new reports.

Pfizer and BioNTech applied for emergency use authorization of their COVID-19 vaccine for kids aged 5-11.

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WHAT WE'RE WATCHING

Today, members of the Organisation for Economic Co-operation and Development (OECD) are meeting in an effort to finalize new global rules to share tax revenues. US Secretary of State Blinken visited with the meeting participants in Paris earlier this week. The intergovernmental organization of high-income economies is celebrating its 60th anniversary this year.

It is expected that the OECD members will reach an agreement to share tax revenues from the world's biggest companies and set a minimum 15% tax rate for corporations with more than \$867 million (€750 million) in annual revenue. Thus, most companies worldwide would not be impacted by the plan. The OECD is also working to broaden the scope of a proposed digital tax to include consumer goods makers as well as IT service companies like Google and Amazon.



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 236.1 million with 4.8 million deaths; more than 6.2 billion vaccine doses have been administered.

- Ireland signed up to a **global tax deal** with a 15 percent minimum corporate tax rate, dropping its long-held insistence on a 12.5 percent rate.
- Pfizer and BioNTech applied for emergency use authorization of their **COVID-19 vaccine** for kids aged 5-11.
- A WHO spokesperson said that the health agency was "near" to resolving issues on **Russia's Sputnik V COVID-19 vaccine**, without giving a date for a potential emergency use listing.

Markets & Business

Tesla is moving its headquarters to Austin, Texas, leaving California in protest against the state's COVID-19 lockdown last year.

- Major food companies including **Conagra Brands, PepsiCo, and Lamb Weston Holdings** are increasing their retail prices as producer costs continue to rise, due to labor shortages and persistent supply chain issues.
- Federal Reserve Governor Lael Brainard outlined how the central bank is preparing to increase its assessments of risks posed by climate-related extreme events, to provide supervisory guidance for large banking institutions to manage **climate risks**.
- **Google and YouTube** will ban climate deniers from monetizing their content through ads or creator payments on their platforms.
- **Asia's junk-bond market** saw a further selloff on Thursday, pushing down the value of many Chinese developer's bonds.

Africa

- The Congo Research Group issued a report on mismanagement of the COVID-19 pandemic in the **Democratic Republic of Congo**, comparing it to similar failures during measles, cholera, and Ebola outbreaks.
- **Guinea's** new transitional prime minister Mohamed Béavogui pledged to “*build the foundations for change*;” Béavogui was appointed after President Doumbouya seized power in a coup on September 5.
- Sixteen soldiers were killed and 10 wounded in an attack in central **Mali**; the army blamed suspected jihadists.
- **Nigerian** security agents rescued 187 people who had been abducted by armed gangs in the northwestern state of Zamfara.



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Asia

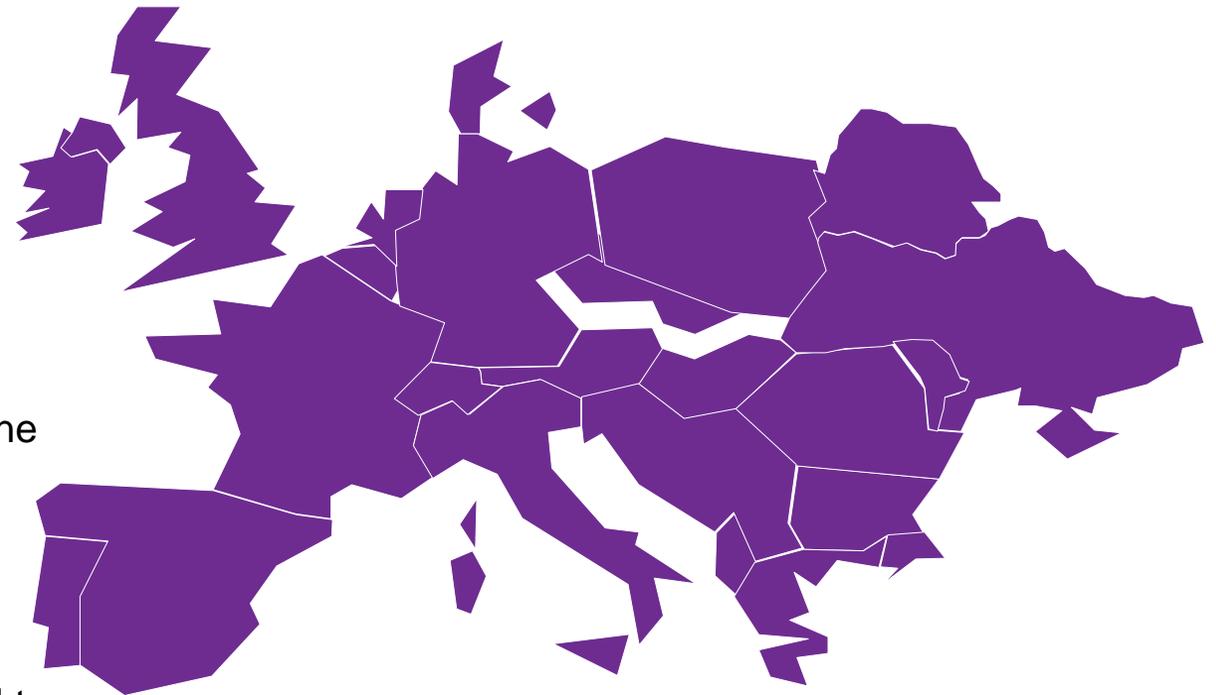
- The *Wall Street Journal* reported that a **US** special operations unit and Marines contingent have been operating secretly in **Taiwan** to help train forces there, as part of a broader effort to boost the island's defense under threat of attack from mainland **China**.
- **Chinese** officials have ordered more than 70 mines in Inner Mongolia to ramp up coal production by nearly 100 million tons as the country battles its worst power crunch and coal shortages in years. North **Indian** states have suffered electricity cuts and face further outages because of a lack of coal. India is the world's largest coal consumer after China.
- **India** plans to reopen to foreign tourists from October 15, after over a year of keeping its borders closed due to COVID-19.
- A 6.1 magnitude earthquake shook Tokyo on Thursday evening, injuring more than 20 people; however, **Japanese** authorities said there is no tsunami risk. An earthquake in Pakistan killed at least 20 and injured hundreds.
- **Philippine** Vice President Leni Robredo, a strong supporter of President Duterte, joined the country's race for president.



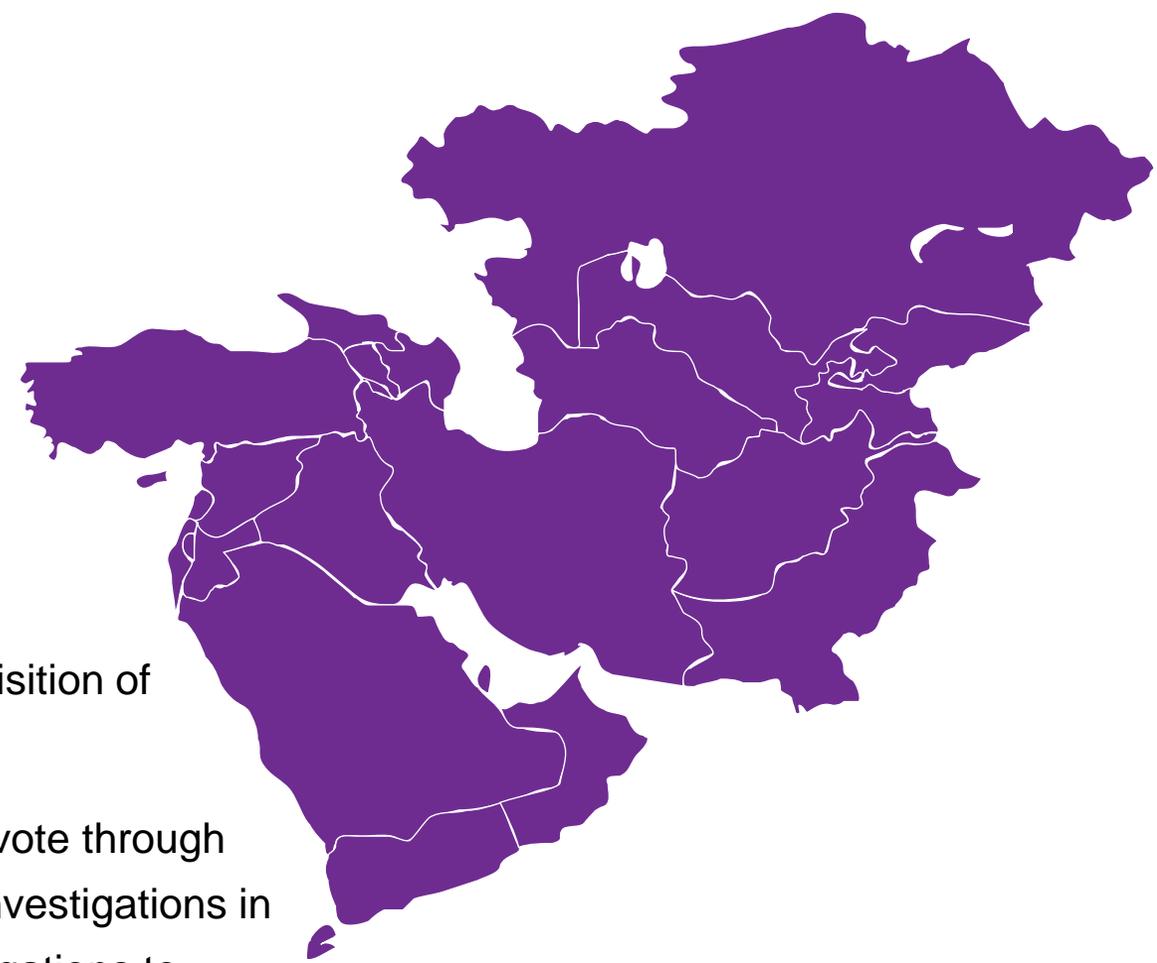
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Europe

- The **UK** dropped 47 out of 54 countries from its “*red list*” of destinations from which visitors must undergo hotel quarantine when they enter the country. The chief economist of the Bank of England warned that UK inflation is likely to last longer than initially hoped.
- At a resettlement forum in Brussels, the UN called on the **EU** to resettle 42,500 **Afghans** over the next five years; EU officials did not commit to any agreement.
- The leader of **Germany’s** center-right Christian Democratic Union (CDU) signaled that he will step down following the party’s worst-ever election result.
- **Poland’s** constitutional tribunal ruled that aspects of **EU** law are incompatible with the Polish constitution, marking a major escalation of EU-Poland tensions over rule of law and judicial independence; for Poland, tens of billions of euros in EU funding are at stake.



Middle East



- The **UAE** announced a plan to reach net zero by 2050, including \$163 billion in renewable energy investments.
- All **Americans** stranded in the Mazar-i-Sharif airport in **Afghanistan** have now been evacuated to **Qatar**.
- A **Saudi**-led investment group completed a £300 million acquisition of **English** football club Newcastle United.
- A number of states including **Russia and Bahrain** pushed a vote through the UN Human Rights Council to shut down UN war crimes investigations in **Yemen**, despite pressure from western nations for the investigations to continue. Separately, the Human Rights Council created a new special rapporteur for **Afghanistan**.

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Americas

- **Puerto Rico's** power authority plans to declare a state of emergency in order to quickly address problems with its power generators.
- **Mexican** President Lopez Obrador is scheduled to meet today with **US** Secretary of State Blinken; Lopez Obrador pledged to continue pressing the US for increased investment in low-income countries during the meeting. The US and Mexico meet today for security talks to replace the Merida Initiative that will focus on exchanging information and the root causes of violence, in a bid to soothe bilateral friction.
- **Mexico's** government said that no lithium mining permits would be issued in the country if legislators do not pass a bill declaring lithium a “strategic mineral” and reserving future mining for the government.
- An **Argentine** judge dismissed the case against former President Cristina Fernandez de Kirchner over an alleged cover-up of **Iran's** possible role in the 1994 bombing of a Jewish community center that killed 85 people.



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Americas: US

- Across the nation, 216.3 million have received at least one dose of the **vaccine**; or 65.1 percent of the total population. President Biden said more US businesses should **obligate workers** to receive COVID-19 vaccinations, calling the move vital to ending the pandemic and sustaining the economy.
- The Senate reached a deal to extend the **debt ceiling** through early December, temporarily staving off risk that the US would default on its debt.
- The Coast Guard boarded a German container ship on Wednesday as part of its investigation into the major **oil spill** across the coast of California.
- US small businesses said that **labor shortages** worsened in September. **Weekly jobless claims** declined for the first time in a month, almost reaching pandemic-era lows.
- The CIA announced the formation of a new “**China Mission Centre**” on Thursday. US intelligence believes that **Russian** intelligence (SVR) was behind the hack using SolarWinds and Microsoft software to burrow into federal agencies, stealing information about counter-intelligence investigations, policy on sanctioning Russian individuals and the country’s response to COVID-19.



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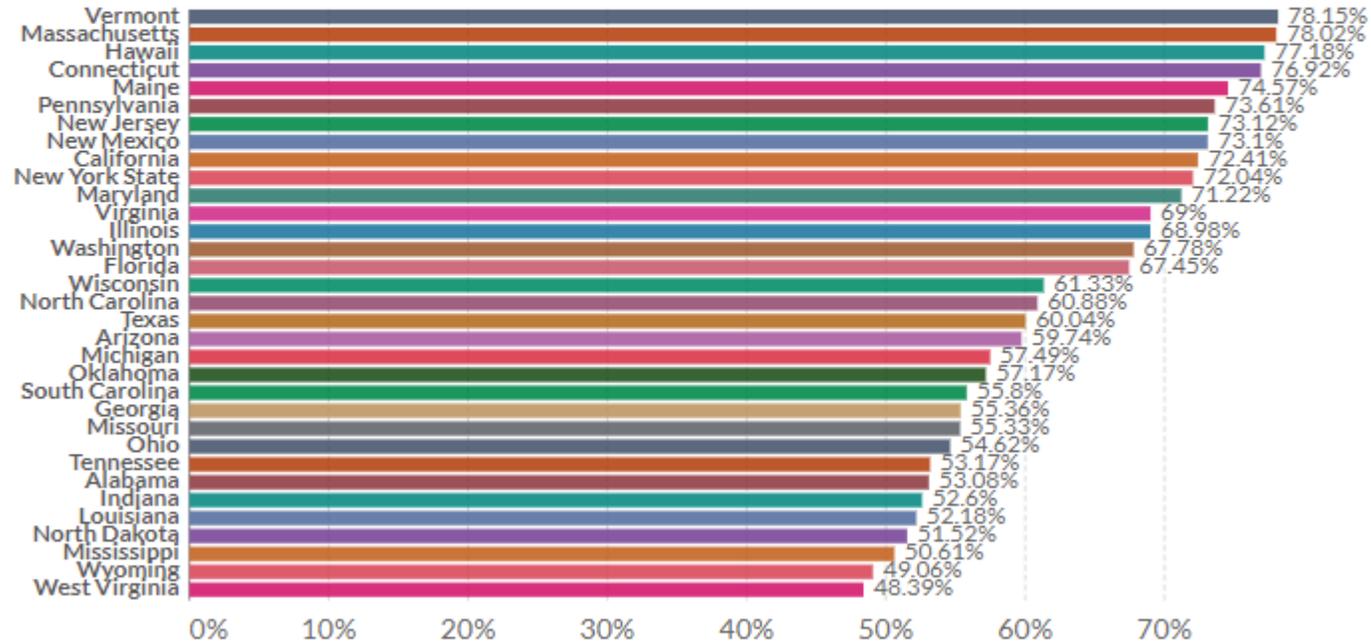
Americas: US

US: Share of people who received at least one dose of COVID-19 vaccine, Oct 7, 2021

Our World
in Data

Share of the total population that received at least one vaccine dose. This may not equal the share that are fully vaccinated if the vaccine requires two doses.

+ Add state



Source: Centers for Disease Control and Prevention - Last updated October 7, 14:50 (Eastern Time)
OurWorldInData.org/us-states-vaccinations • CC BY

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How do You Manage Cyber Risks?

Today, there are more risks for cybersecurity and a wider array of threat actors capable of doing damage to organizations due to rapid advances in technology. A single cyber breach risks dealing irrevocable harm to businesses and their critical assets.

Dentons offers business leaders a full complement of counseling and advice, regulatory and litigation services, analysis and intelligence products for cyber risk management that helps them thrive in complex operating environments, including:

- ❖ organizational cyber risk assessment
- ❖ crisis management for cyber incidents
- ❖ privacy law and compromised data advice
- ❖ self-reporting, liaising with law enforcement following cyberattack
- ❖ ransomware attack guidance
- ❖ cybersecurity readiness and remediation
- ❖ cyberattack source and method identification

All interaction with Dentons is attorney-client privileged

To learn more about the bespoke intelligence and risk services from Dentons, contact [Karl Hopkins](#).

The Pandora Papers Elevate Political Risks

By Alexander Lucaci

On Monday, the International Consortium of Investigative Journalists (ICIJ), in conjunction with several other news organizations, began to release a series of reports based on the more than 11.9 million leaked documents, the largest ever cache of previously confidential information. The ICIJ, which was also the main journalistic body behind the Panama Papers leak, has titled this latest leak the “Pandora Papers” given the breadth and depth of the newly revealed information about the offshore financial system, including the involvement of current and former political leaders from over 35 different countries. Furthermore, the Pandora Papers leak has once again elevated the issue of how wealthy and powerful interests are able to abuse or exploit the global offshore industry to shield assets from governments and avoid taxes.

Offshoring of assets in itself is not illegal, and some countries do not even have reporting requirements, which complicates the legal context of these financial transactions. However, the perception that offshoring is linked to illegal efforts to hide illicit funds increases the reputational and political risks for individuals and jurisdictions implicated in the Pandora Papers. The timing of the Pandora Papers’ release elevated political risk levels for several nations and leaders and may cause short-term instability in parts of Europe and the Middle East. In particular, leaders in the Czech Republic, Ukraine, and Jordan have come under the microscope. Czech Prime Minister

Adrej Babis, facing re-election this week, allegedly failed to declare an offshore investment company to purchase two French Villas. The Pandora Papers have also revealed that King Abdullah II of Jordan spent more than \$100 million on luxury homes in California and Washington DC. Other key revelations from the ICIJ include millions of dollars in real estate and cash secretly owned by members of Pakistan’s military and intelligence services, the president of Kenya, and an alleged mistress of Russian President Vladimir Putin. Perhaps most importantly, the Pandora leaks show that Ukrainian president Volodymyr Zelenskyy, a close US ally who won his election through

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The Pandora Papers Elevate Political Risks

the strength of his anti-corruption message, launched a network of offshore companies alongside the current head of the country's main intelligence agency. Although the next Ukrainian presidential election is not until 2024, the popular fallout from these revelations appears to be undermining Zelenskyy's credibility and may expose him to challenges from pro-Russian political parties and candidates. Outside of Europe, the fallout from the Pandora Papers will likely increase anti-incumbent sentiment where members of political leadership are implicated and increase the potential for electoral surprises through 2021 and beyond.

In the United States, the Pandora Papers have the potential to revive populist sentiments across the political spectrum, as well as increase momentum for anti-corruption legislation on Capitol Hill despite the noticeable lack of Americans among the leaks. This is likely because several states, including Nevada, South Dakota, and Delaware, appear now to rival other offshore tax havens as a location for protecting assets from local taxes and authorities. Although banks are already required to investigate clients and sources of wealth, some state laws have created loopholes for trusts, accountants, and other

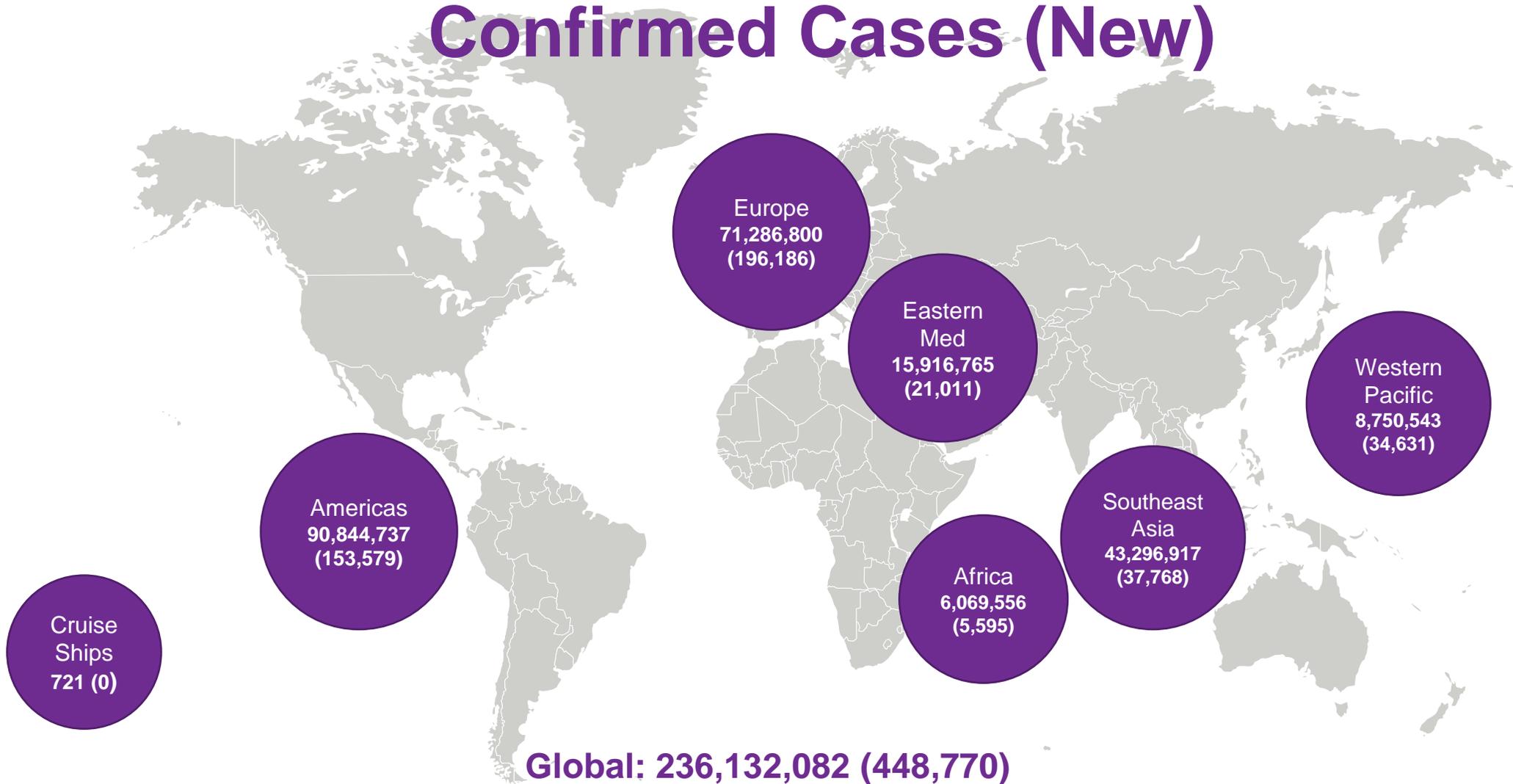
investment advisers to be excluded from due-diligence rules. Representatives John Curtis (R-UT) and Tom Malinowski (D-NJ) have already signaled their intention to introduce a bill, as soon as this week, designed to make it harder for kleptocrats and corrupt foreign officials to park assets in the United States. Across the pond, the European Commission is now preparing to pass new legislation to tackle tax avoidance and evasion as a consequence of the Pandora Papers leak. The Biden Administration will likely feel pressure to actively support these types of measures at home and abroad, as the President himself campaigned on "*leading efforts internationally to bring transparency to the global financial system.*" The key question that remains is whether this latest round of leaks will have the necessary staying power in the public domain to influence legislative processes and force governments to take anti-corruption measures. Based on the evidence thus far, it appears that this may be the case, especially given the high likelihood of additional document dumps in the short to medium term.

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Coronavirus Condition Updates

As of 6:57 pm CEST on October 7, 2021

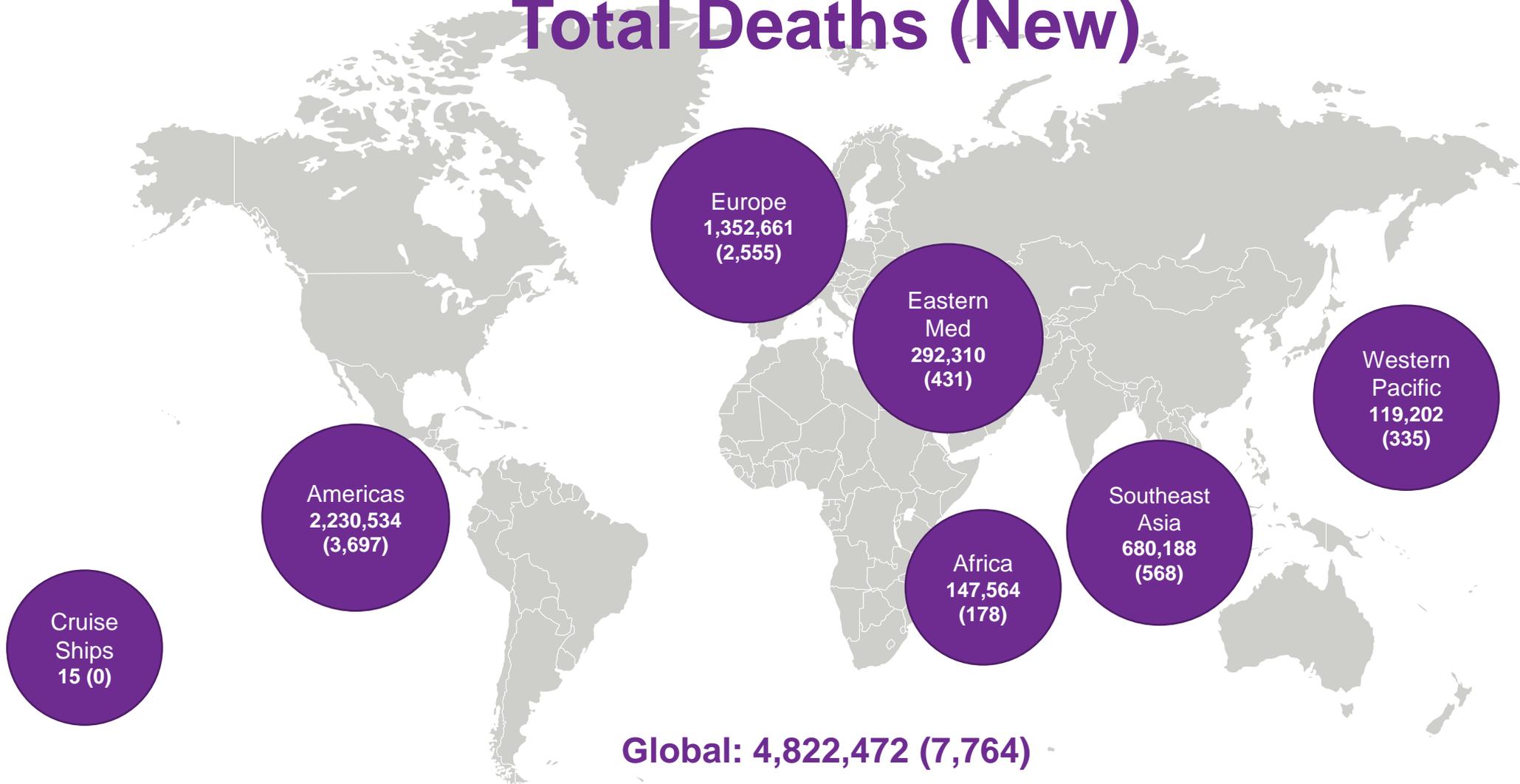
Confirmed Cases (New)



Reflects data as of 6:57 pm CEST on October 7, 2021.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 6:57 pm CEST on October 7, 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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