

Dentons Flashpoint

Daily Global Situation Report

September 8, 2021

Global Situation Update: September 8, 2021

KEY TAKEAWAYS

UK President Johnson announced a tax hike to fund healthcare and social spending.

China has now vaccinated two-thirds of its population.

German Chancellor Angela Merkel backed Armin Laschet as her successor

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Global Situation Update: September 8, 2021

WHAT WE'RE WATCHING

Cryptocurrency is expected to be more widely available across Central and South America, after El Salvador became the first country to use Bitcoin as legal tender on September 7. While some governments and international development institutions express concern, those in countries with devaluing fiat currencies view cryptocurrency positively. If decentralized digital currency gains a strong foothold in places like Latin America and Africa, business should expect pushes for even greater adoption in Asia, Europe and the US.

Elsewhere, Cuba has begun to recognize and regulate cryptocurrencies; a Brazilian mall franchise is installing cryptocurrency ATMs in eight cities and Honduras installed its first crypto ATM in an office building in Tegucigalpa; and Guatemala, Panama and other countries will likely follow the lead of El Salvador if the bitcoin rollout goes smoothly.



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Global

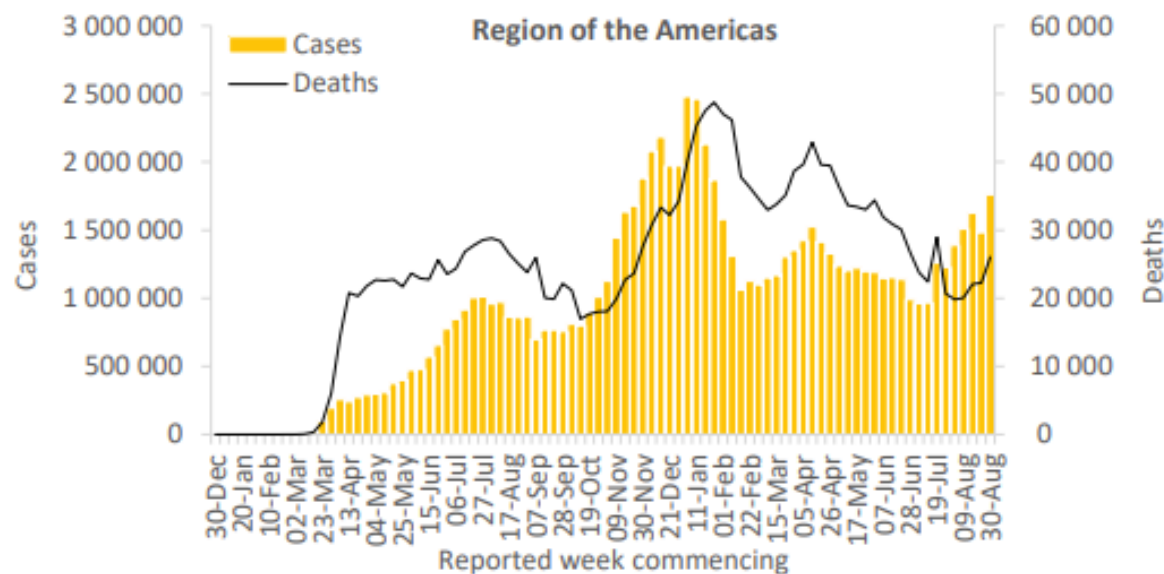
Globally, confirmed coronavirus cases topped 221.1 million with 4.5 million deaths; more than 5.3 billion vaccine doses have been administered.

- Over 1500 civil society groups joined a growing call to postpone the COP26 **climate conference** scheduled to take place this November in Glasgow, due to concerns that disparate vaccine access will exclude attendees from developing countries.
- The Coalition for Epidemic Preparedness Innovations (Cepi) said that the lack of fully approved coronavirus vaccines has **stalled research and development of COVID-19 treatments**.

Global

The global incidence of COVID-19 cases has remained stable over the month with over 4.4 million new cases reported this past week.

During this period, only the Americas reported an increase in new cases – a 19 percent increase as compared to previous week.



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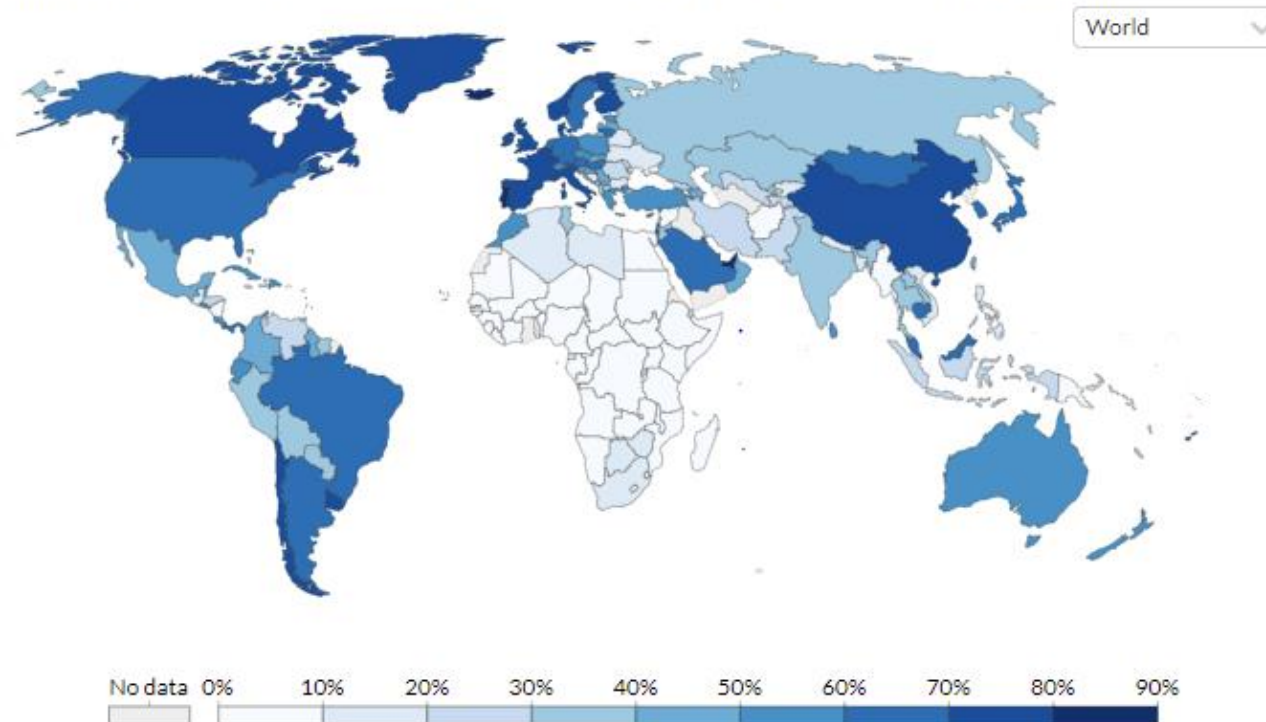
COVID-19 Vaccine

The head of Pfizer said that the WHO's goal of vaccinating at least 10 percent of the population of every country in the world by 2022 is "*feasible*" with current global vaccine supplies.

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

Total number of people who received at least one vaccine dose, divided by the total population of the country.

Our World
in Data



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Markets & Business

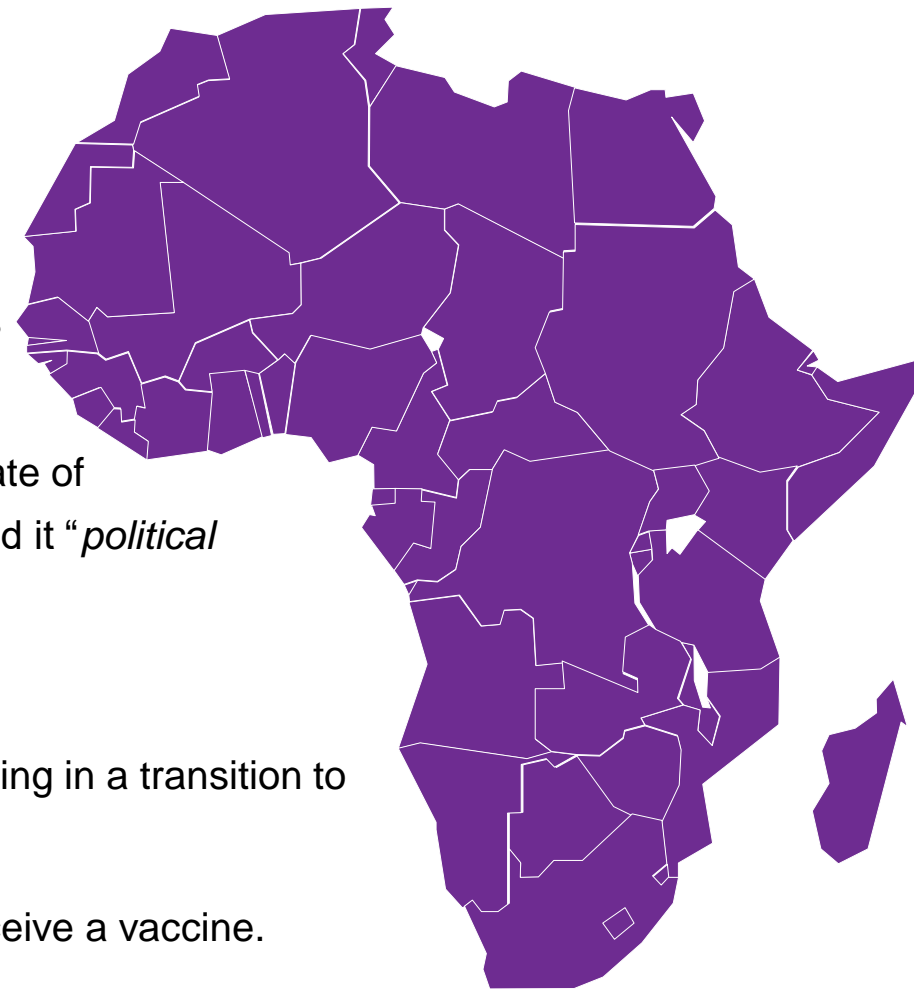
Brussels will begin issuing EU green bonds in October, furthering the bloc's efforts to become the world's largest issuer of sustainable debt.

- **Facebook** will launch a digital wallet called Novi, based on a blockchain payments system.
- **JPMorgan** will buy a majority stake in German car giant **Volkswagen's** payments business ahead of a planned rollout of in-car technology that allows drivers to automatically pay for fuel or tolls.
- The US Securities and Exchange Commission has threatened to sue **Coinbase Global Inc** if the crypto exchange goes ahead with plans to launch a program allowing users to earn interest by lending crypto assets.
- **Intel** will invest up to \$95 billion in new chip-making facilities in Europe.
- **Moody's** lifted its outlook for the global reinsurance sector from “*negative*” to “*stable*” due to rising insurance prices and an improved economic outlook.

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Africa

- The UN denied reports that its refugee camps in **Sudan** had been used as hiding spots for Tigrayan rebels in **Ethiopia**.
- Two Ugandan opposition politicians were charged in connection with a spate of machete attacks that have resulted in up to 30 deaths; the opposition called it “*political persecution*.”
- ECOWAS expressed concern over the potential delay of elections in **Mali**.
- The leader of **Guinea’s** recent military coup said he was open to participating in a transition to civilian rule.
- **Zimbabwe** asked government workers to resign if they are unwilling to receive a vaccine.
- **South Africa’s** former president, Jacob Zuma, was put on medical parole. His arrest two months ago sparked widespread protests. A South African court voted to push forward local elections to November 1 after a previous court ruling postponed them due to COVID-19 complications.



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Asia

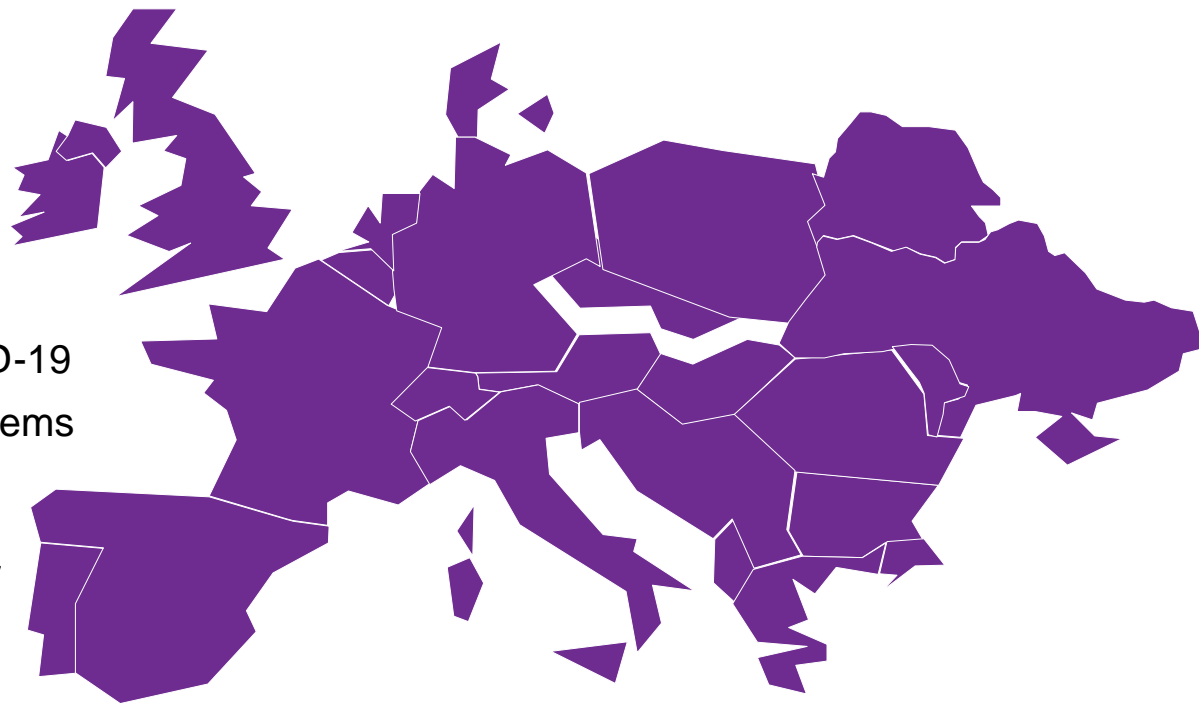
- **New Zealand** is set to loosen coronavirus restrictions everywhere except Auckland.
- A man in **Vietnam** was jailed for five years for breaking COVID-19 quarantine rules.
- **Myanmar's** shadow government called for a national uprising against the military junta; long lines formed at supermarkets and gas stations following the announcement, as people sought to stock up on necessities.
- The **US, South Korea and Japan** are preparing for a possible meeting on **North Korea** next week. **China's** foreign minister will separately visit Seoul.
- **China's** exports rose in August at a faster-than-expected rate of 25.6 percent, as global demand continues to offset the impact of a Delta outbreak. China has now vaccinated over two-thirds of its population. China banned private tutors from giving classes online or in unregistered venues. Chinese dissident and artist Ai Weiwei said Credit Suisse is closing his foundation's bank account due to his "*criminal record*" in China, though he has never been convicted.



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Europe

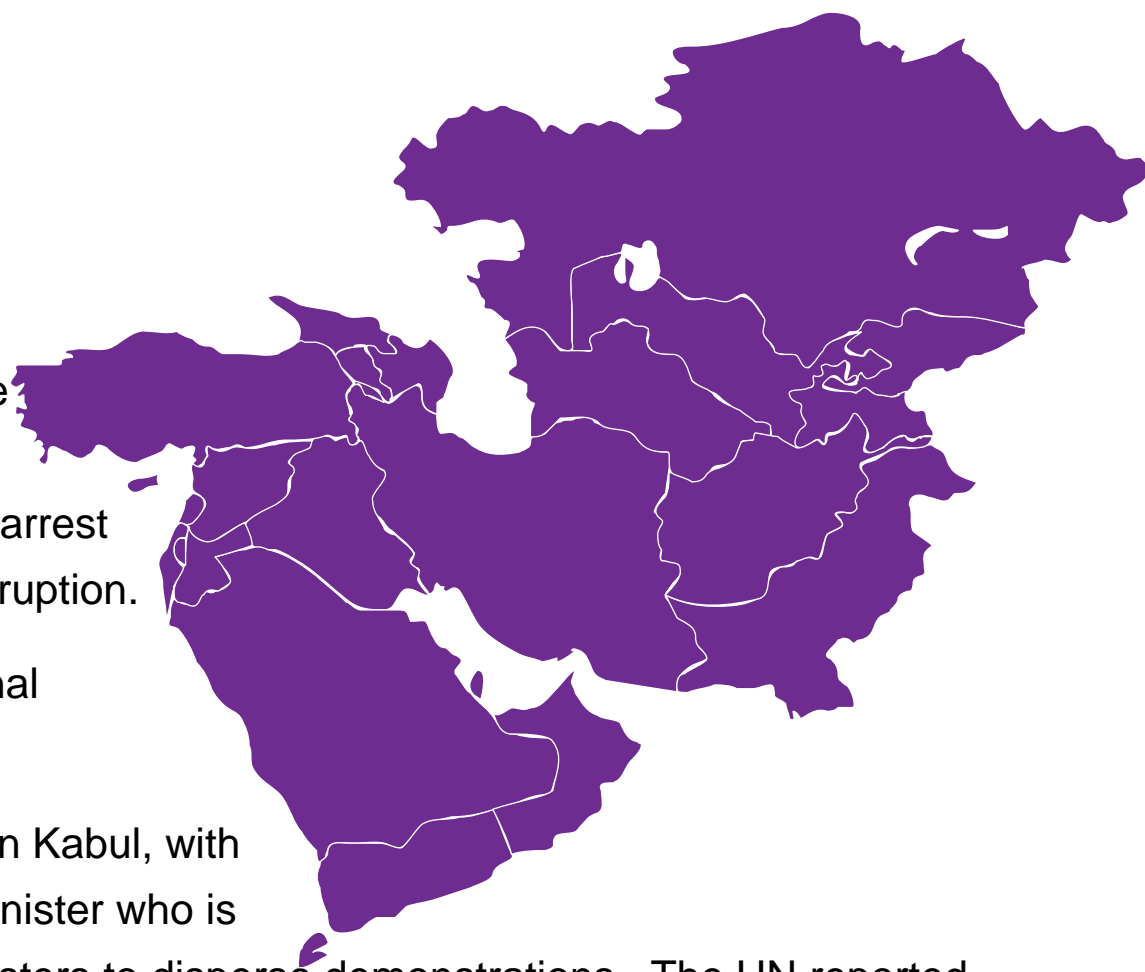
- **Spain's** healthcare regulator approved a third dose of COVID-19 vaccines for people with severely compromised immune systems
- The European Commission asked the **EU** Court of Justice to impose daily fines on **Poland** in a continuing showdown over judicial independence in the country.
- **UK** Prime Minister Johnson unveiled a £12 billion annual tax increase in order to fund health and social care spending, to take effect in April; Johnson said the “*tough decision*” was needed to address COVID-19-related costs, despite his campaign promise not to raise taxes.
- **Greece's** GDP expanded by 3.4 percent in the second quarter, driven by a rebound in consumer spending and investments. Investor confidence in the prospects of the **German** economy fell to an 18-month low, amid sustained concerns about the impact of supply chain bottlenecks.
- Six opposition parties in **Hungary** are uniting to challenge Prime Minister Orban and his Fidesz party in next year's elections. Angela Merkel gave a speech from the Bundestag urging **German** voters to choose Armin Laschet as her successor, in an unusual partisan intervention from the chancellor.



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Middle East

- **Saudi** King Salman fired and ordered an investigation into the head of the country's security forces over embezzlement charges. The Saudi anti-corruption task force announced the arrest of 20 retired security and defense officials on suspicion of corruption.
- **Moroccans** vote today in parliamentary, municipal and regional elections.
- The Taliban announced the formation of its new government in Kabul, with top Taliban filling virtually all positions (including an interior minister who is sanctioned by the US). Taliban officers fired into Afghan protesters to disperse demonstrations. The UN reported that basic services are collapsing in **Afghanistan**.
- The IAEA accused **Iran** of stonewalling investigations into past nuclear activities.



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Americas

- **El Salvador** briefly took its bitcoin wallet offline and purchased 150 additional bitcoin several hours after the cryptocurrency became legal tender in the country to keep up with demand. More than a thousand people gathered in San Salvador to protest bitcoin's adoption.
- Tens of thousands of supporters of **Brazilian** President Jair Bolsonaro gathered in major cities Tuesday as the president rallies his base ahead of next year's elections.
- A powerful 7.0 earthquake struck southwestern **Mexico** near the beach resort of Acapulco, shaking the hillsides around the city, downing trees and pitching large boulders onto roads, causing power outages in several states.
- **Venezuela** received its first batch of coronavirus vaccines through the COVAX mechanism, per the Pan-American Health Organization, after months of delays the government attributed to **US** sanctions.



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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
- ❖ Comprehensive project analysis
- ❖ Market-entry assessments
- ❖ Coronavirus vaccine tracker and return-to-work monitoring
- ❖ Legislative and government action forecast
- ❖ Investment risk analysis

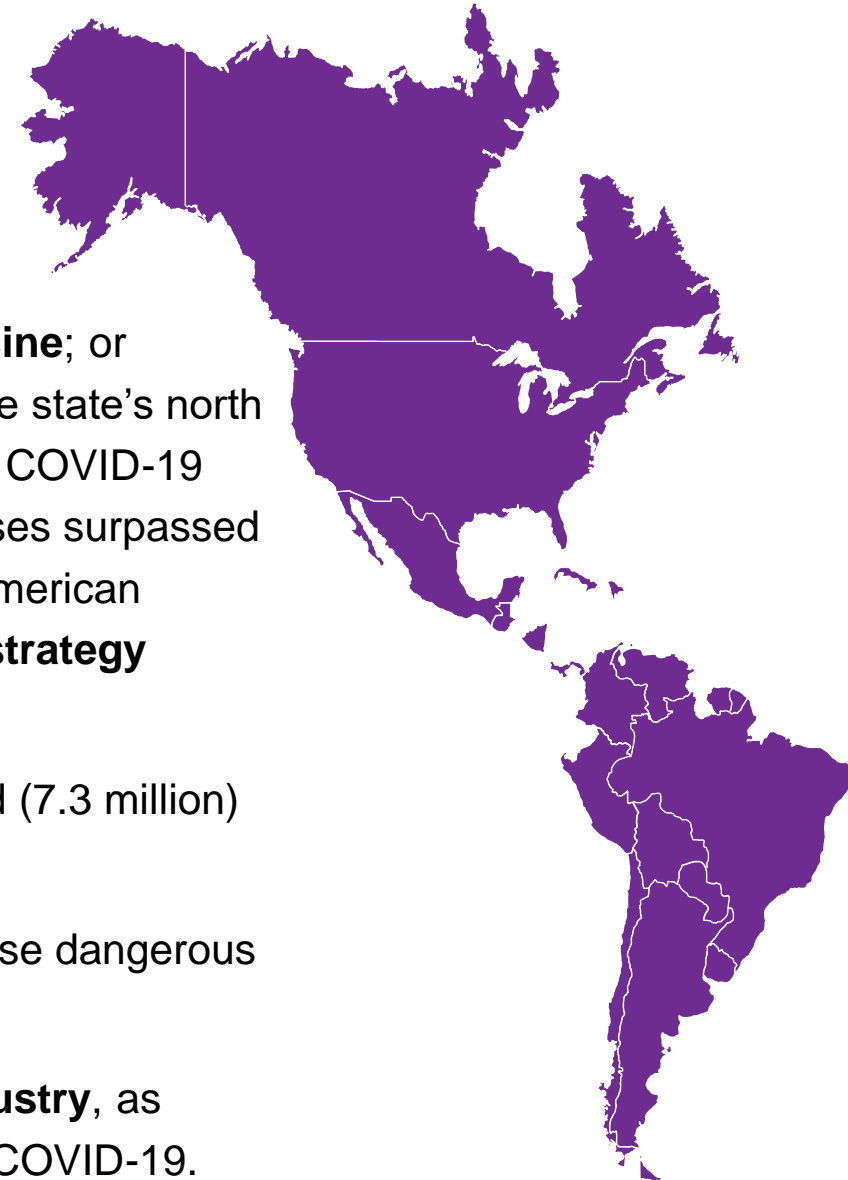
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To learn more about the bespoke intelligence and risk services from Dentons, contact [Karl Hopkins](#).

Americas: US

- Across the nation, 207.6 million have received at least one dose of the **vaccine**; or 62.5 percent of the total population. Idaho has warned some residents in the state's north that they may not receive expected levels of care due to the high number of COVID-19 **hospitalizations**. With the start of school, weekly **pediatric** coronavirus cases surpassed 250,000 for the first time since the start of the pandemic, according to the American Academy of Pediatrics. Today, President Biden will present a **six-pronged strategy** intended to fight the spread of the Delta variant.
- The TSA reported that more Americans **traveled** during Labor Day weekend (7.3 million) than during Memorial Day weekend (7.1 million).
- **Hurricane Larry** is moving northwest from Bermuda and is expected to cause dangerous surf conditions and rip currents along the East Coast this week.
- Property investors are channeling money into the US **student housing industry**, as demand for off-campus college housing remains high despite the impact of COVID-19.
- Texas Governor Abbott (R) signed the state's **controversial new voting bill** into law.

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Emerging and Existing Hotspots: Political Instability in Africa

By Anni Coonan

Over the weekend, a unit of the Guinean military overthrew President Alpha Condé in a brief and relatively violence-free military coup d'état. The coup is one of several in Guinea's history and the third military coup in Africa since August 2020 (after Chad and Mali), illustrating a growing trend of political instability and military-led takeovers in Africa amid the various pressures of the COVID-19 pandemic. Alongside less intense - but still troubling - political instability throughout the continent, the overthrow of the democratically-elected Condé may be a symptom of broader dysfunction among the region's governments.

The Political Landscape in Guinea

The coup in Guinea took place on Sunday, September 5, when the elite Special Forces Group (SFG) arrested President Condé in the capital of Conkary, seized the state media outlets, and installed SFG commander Lieutenant Colonel Mamadou Doumbouya as the interim leader. The coup was relatively nonviolent, with just scattered gunshots reported as the arrest took place and no reports of widespread protests or efforts by loyalist forces to resist the transfer. While Doumbouya claimed to have seized power in part to “create the conditions for a state and for the rule of law” (Condé, although democratically elected, faced accusations of increasingly authoritarian behavior), analysts are skeptical that Doumbouya will seek a democratic transition (in justifying his takeover, Doumbouya

cited the case of Jerry Rawlings, a former Guinean coup leader who remained in power for over twenty years). Despite the lack of immediate unrest, continued military rule will likely increase repression for Guinean citizens, already on the rise under Condé, continue a trend of democratic backsliding in the region, and further endanger the already fraught business environment in the country. Guinea is a major exporter of metals, and disruptions could threaten metals supply chains and business relationships with prominent importers like China.

Transition Limbo in Chad and Mali

Key context for the Guinean coup are the successful recent military seizures of power in Chad and Mali, which took place in May 2021 and August 2020, respectively. In the Chadian case, the military

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Emerging and Existing Hotspots: Political Instability in Africa

consolidated its power after the battlefield death of President Deby, circumventing the democratic process to install Deby's son and a military leader as interim leaders and giving no indication of any elections in the near future. In the Malian case, the Malian military eventually did hand power to civilian leaders in September 2020, only to again overthrow the democratically-elected leaders with a second military takeover in May 2021, effectively dismissing all elected leaders and installing military officer and coup leader Assimi Goïta as the interim leader once again. Both countries have suffered some international blowback - France opted to end its substantial Sahel counterterrorism operation rather than continue operations in Mali - but regional and international actors have been able to do little rather than elicit promises of an eventual democratic transition.

It is likely that the continued ability of both the Chadian and Malian junta leaders to stay in power without serious international pushback emboldened the Guinean junta. As more democratically elected leaders fall - either via coup or democratic backsliding - the regional political environment will become even more welcoming to authoritarian leaders, potentially accelerating the trend. International observers were bemused, for example, by regional calls for a

democratic roadmap in Guinea that was co-signed by Chad, making the whole effort appear less than legitimate.

Other Flashpoints

Less intense political instability is on the rise throughout the region. Civil unrest and anti-government sentiment is also on the rise in Senegal, where increased flooding has driven protests and opposition to President Macky Sall. In Burkina Faso, the increased footprint of militant groups has decreased security for regular citizens, leading to growing popular frustration and the threat of civil unrest. The political situation in Tunisia, although observers disagree on whether President Saied's move to dissolve the parliament and institute emergency rule constitutes a coup d'état per se, also risks deteriorating in the future. Although his seizure of power was followed by a period of calm and relative popularity due to the general dissatisfaction with the government's performance, Saied's move to continue his emergency rule and crack down on opposing politicians, while apparently mostly ignoring more routine but pressing rule of law and corruption issues, may endanger the political calm in the country.

Emerging and Existing Hotspots: Political Instability in Africa

Another example is Somalia, where power struggles between Prime Minister Roble and President Mohamed Abdullahi Mohamed (“Farmajo”) are coming into the open as the president is increasingly threatened by Roble’s growing relationships with regional leaders and his domestic popularity. While outright unrest is unlikely, the animosity will further strain the Somali political system in coming months, just as Somalia attempts to execute long-planned elections, the logistics of which have already sparked several standoffs over the last year. In another potential flashpoint for unrest, electoral reforms in the Democratic Republic of the Congo promise to fuel political instability in the coming months. In July, President Tshisekedi signed into law a raft of reforms aimed at eliminating corruption and foreign influence in Congolese elections; while the effort is broadly popular, the specifics of the reforms have sparked negative reactions from the opposition, including calls for protest and threats to boycott 2023 elections. Anti-government protests will continue in the coming months, and how the opposition is handled will be crucial for the eventual legitimacy of the democratic transition following post-reform elections.

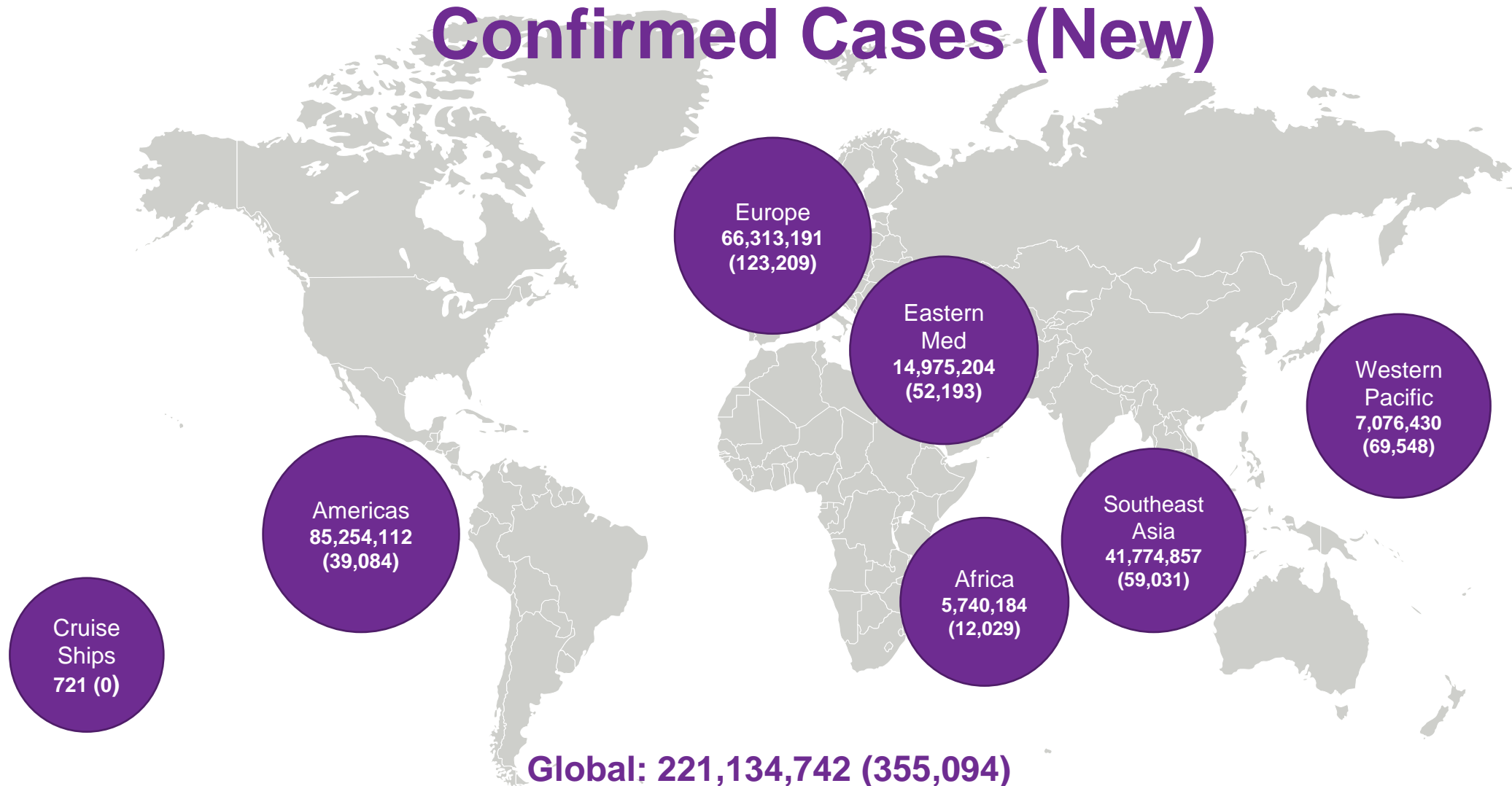
Throughout the region, the inability of under-resourced governments to cope with the pressures of the COVID-19 pandemic, including economic downturns, to the satisfaction of their people, increased instance of climate-related stressors, such as flooding in Senegal, and authoritarian momentum have resulted in a growing trend of political uncertainty, coup d’états and the risk of regional democratic backsliding. In the coming months, economic and political pressures will compound as the pandemic drags on (especially in Africa, where just 3 percent of the population is fully vaccinated), increasing the risk that unrest and political disruption will endanger investments, business operations, and supply chain links throughout the region.

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Coronavirus Condition Updates

As of 4:53 pm CEST on September 7, 2021

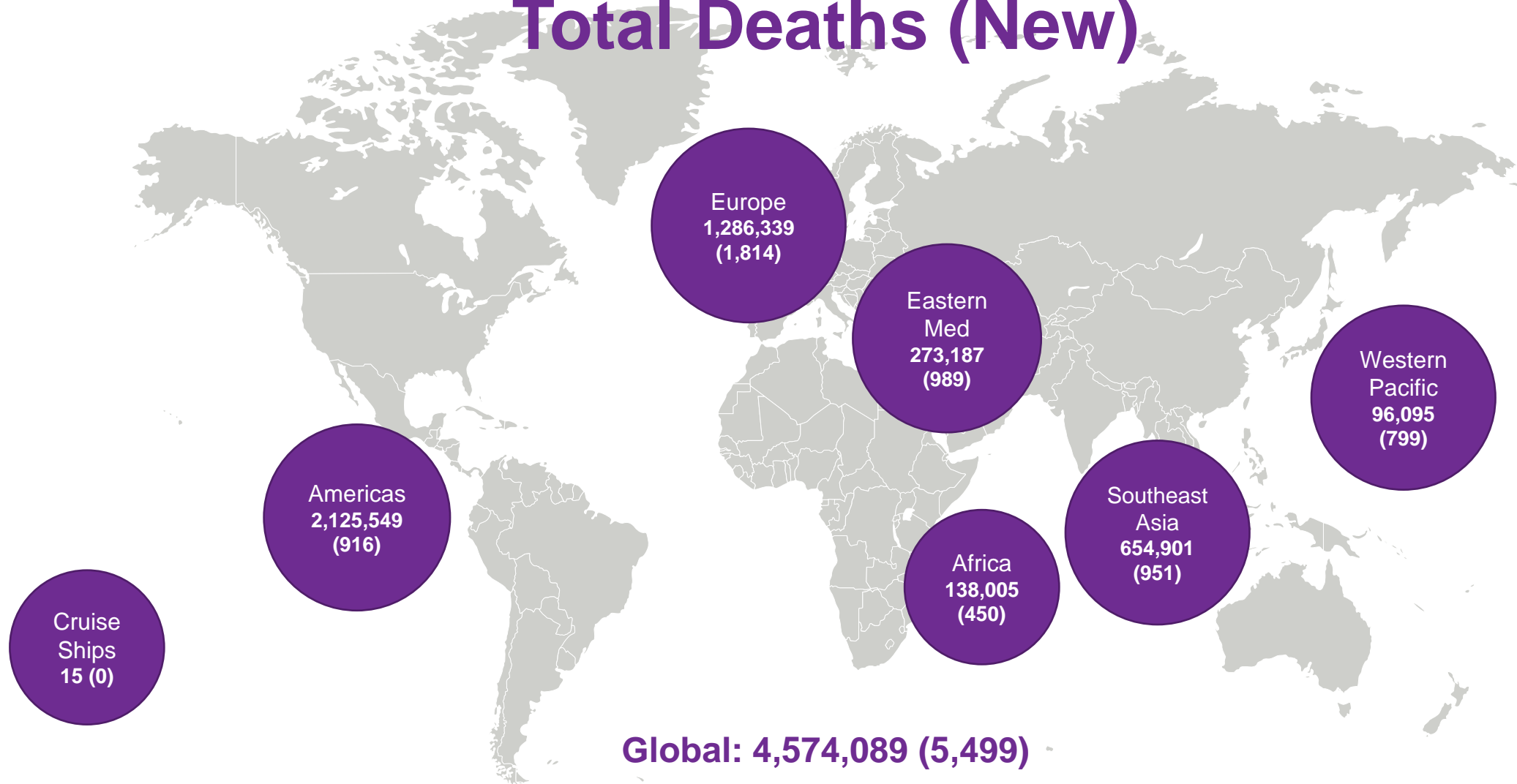
Confirmed Cases (New)



Reflects data as of 4:53 pm CEST on September 7, 2021.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 4:53 pm CEST on September 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.

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