

Dentons Flashpoint

Daily Global Situation Report

April 11, 2022

Global Situation Update: April 11, 2022

KEY TAKEAWAYS

French President Macron and euro-sceptic nationalist challenger Marine Le Pen came out on top in Sunday's first-round vote.

The latest wave of COVID-19 infections has begun to ease across the UK.

Economists see a growing risk of recession in the US sometime in the next 12 months.

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

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WHAT WE'RE WATCHING

The environmental activist group Extinction Rebellion will conduct its most disruptive protest yet on the streets of London and other global capitals this week, calling for an end to the fossil fuel economy. The activists are aiming to shut down city centers and capture the attention of business leaders and government officials who they say are failing the world in the fight against climate change.

This environmental direct action poses an incidental threat to business operations, by disrupting traffic and supply chains. However, direct action groups are targeting an increasingly broad range of organizations beyond just carbon-intensive industries and are working to spread protests worldwide. Multinationals should monitor their reputations and activist activity within their sector.



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Global

Austrian Chancellor Nehammer is in Moscow today, the first European leader to meet Russian President Putin since Moscow's invasion of Ukraine. Austria is not a member of NATO.

- Ukrainian leaders continue to press allies to provide more military equipment. They assess that the **battle for the Donbas** will be unlike the guerrilla-style fighting around Kyiv, and will resemble fighting in World War II, involving thousands of tanks, armored vehicles and aircraft.
- The World Bank forecasts that **Ukraine's economic output** will likely contract by 45.1 percent this year, and **Russia's 2022 GDP** output will fall 11.2 percent due to punishing financial sanctions imposed by the West.
- EU officials will hold talks in Vienna with OPEC representatives today amid calls for the producer group to **increase oil output** and as the EU considers potential sanctions on Russian oil.
- Demand for **COVID-19 vaccinations** has halved since the start of the year as people in wealthy countries become more reluctant to take repeated booster shots and vaccine hesitancy persists in low-income nations, per Airfinity, a health data analytics group.

Markets & Business

China's car sales fell more than 10 percent in March, as car makers faced extended manufacturing halts and the country's strict COVID-19 lockdowns disrupted supply chains.

- Austrian energy group **OMV** will take a €2 billion write down on projects related to Russia.
- Chinese oil company **CNOOC Ltd** will raise 28.08 billion yuan (\$4.41 billion) in a share listing in Shanghai, after setting the price for what will be mainland China's 11th-biggest public stock offering.
- **Apple Inc** has started making the iPhone 13 in India, as the U.S tech giant tries to reduce reliance on its Chinese supply chain.
- **Goldman Sachs** acquired Netherlands-based asset manager **NN Investment Partners** for 1.7 billion euros (\$1.9 billion) to expand its asset management presence in Europe and increase its sustainable investment capabilities.
- Embattled **Zhenro Properties Group Ltd.** defaulted for the first time, amid continuing weakness in the Chinese property sector.

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Environment, Sustainability & Governance

The EU may set more ambitious targets for its transition to renewable energy as it seeks alternatives to imports of oil and gas from Russia, per EU climate policy chief Frans Timmermans.

- Volkswagen has rejected a shareholder proposal for it to explain how its **lobbying activities** align with its **climate goals**.
- Hong Kong will re-launch its inaugural **retail green bond** this month as the coronavirus pandemic eases to raise as much as HK\$20 billion (\$2.55 billion).
- **Deforestation** in Brazil's Amazon rainforest fell 15 percent in March from a year earlier, preliminary government data showed, but even with that dip it was enough to drive the most destruction during the first quarter in at least six years.

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Africa

- **Nigeria's** national electricity grid has collapsed for the second time in a month, leaving large swaths of the country, including capital Abuja and Africa's biggest city Lagos, without power.
- The Polisario Front, **Western Sahara's** independence movement, on Sunday said it was severing ties with **Spain** after Madrid backed **Morocco's** plan giving autonomy to the former Spanish colony.
- The US expressed concern about reports of ethnically motivated atrocities in **Ethiopia's** Tigray region and called for an end to unlawful detentions based on ethnicity.



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Asia

- **Pakistan's** parliament will meet to elect a new prime minister, with opposition leader Shehbaz Sharif the favorite to win after Imran Khan lost a no-confidence vote.
- Shanghai reported nearly 25,000 locally transmitted COVID-19 infections on Sunday, as residents of **China's** most populous city voiced complaints over shortages of food and basic supplies. Authorities in Guangzhou, home to more than 18 million people began testing across its 11 districts after cases were reported on Friday, spreading fears of widening lockdowns.
- **Philippines'** Duterte and **Chinese** President Xi stressed the need to exercise restraint to maintain peace in the South China Sea. Since taking office in 2016, Duterte has pursued warmer ties with Beijing, seeking billions of dollars of aid, loans and investment pledges.
- **Sri Lanka** will need about \$3 billion in external assistance over the next six months to help restore supplies of essential items including fuel and medicine, per Finance Minister Ali Sabry. The country has been hit by power cuts and shortages which have drawn protesters out on to the streets.



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How do You Manage Incident Response?

2021 has already seen business disrupted by extreme weather, ransomware attack, the ongoing pandemic and more. The common refrain “It’s not if, but when” rings truer than ever for disruptive incidents that will impact business as usual.

Working with Dentons, you can effectively develop an organizational incident-behavior adopted by all your team members. Dentons will help you build muscle memory through tabletop exercises, which are crafted to fit the business strategy of every client.

Our team plays events and incidents of different severities and complexities and accounts for real-world factors such as inconclusive evidence, mistakes by responders, and the business impact of eradication steps. Our tech-savvy lawyers continuously revise the playbooks per the evolving sector-specific threat landscape.

Dentons tabletop sessions are fluid, and designed to enhance preparedness with services, including:

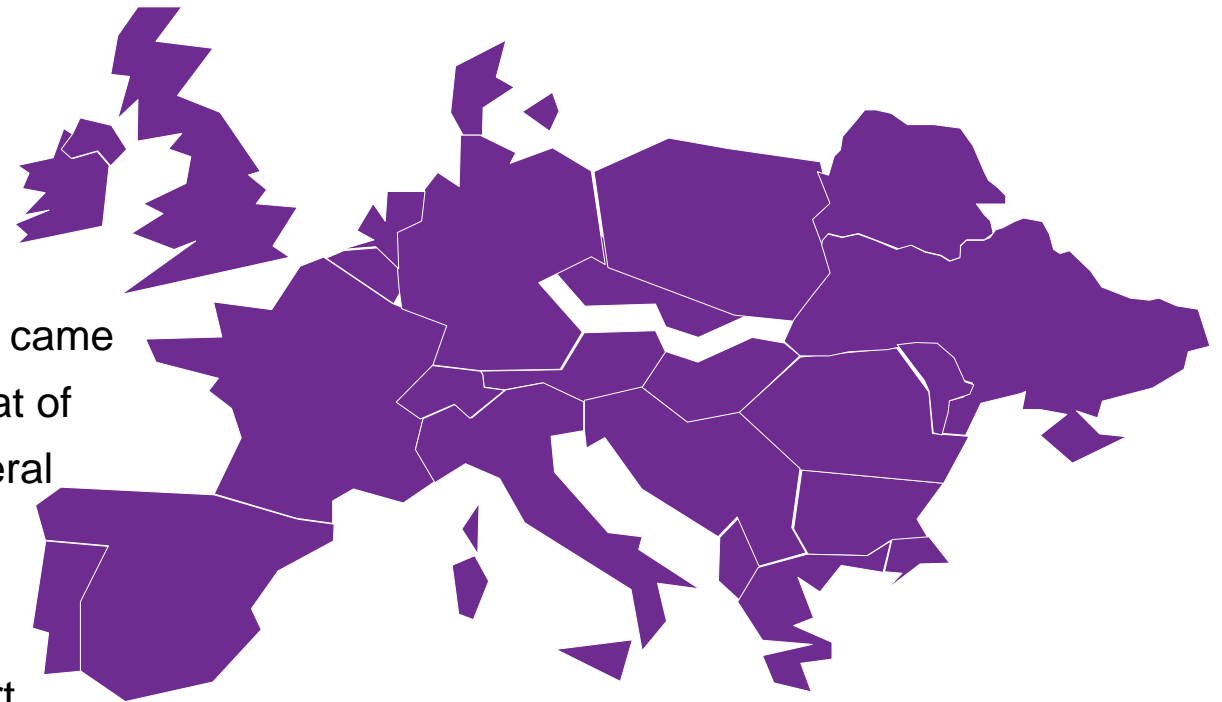
- ❖ Ransomware tabletop exercises
- ❖ Post-tabletop action reports
- ❖ Maturity assessments for preparedness
- ❖ Supply-chain attack simulation
- ❖ Comprehensive incident response plan
- ❖ Threat analysis and monitoring

All interaction with Dentons is attorney-client privileged

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

Europe

- **French** President Macron and challenger Marine Le Pen came out on top in Sunday's first-round vote, setting up a repeat of the 2017 runoff between the pro-European economic liberal and euro-sceptic nationalist.
- Pro-Russian demonstration have been staged in several **German** cities, including Frankfurt, Hanover and Stuttgart, calling for an end to discrimination against **Russians**. More than 400 hate crimes related to the war have been recorded in Germany since the conflict began. According to police, pro-Russian demonstrators were far outnumbered by supporters of **Ukraine**.
- Oleg Orlov, a leader of the now-banned human rights organization Memorial, **Russia's** oldest rights group, was arrested after staging a one-man protest of his country's invasion of Ukraine in Moscow's Red Square.
- **Finland and Sweden** look poised to join NATO as early as the summer. The **US** will reposition a Patriot missile defense system in **Slovakia** to provide air defense after the country sent an S-300 system to **Ukraine**.



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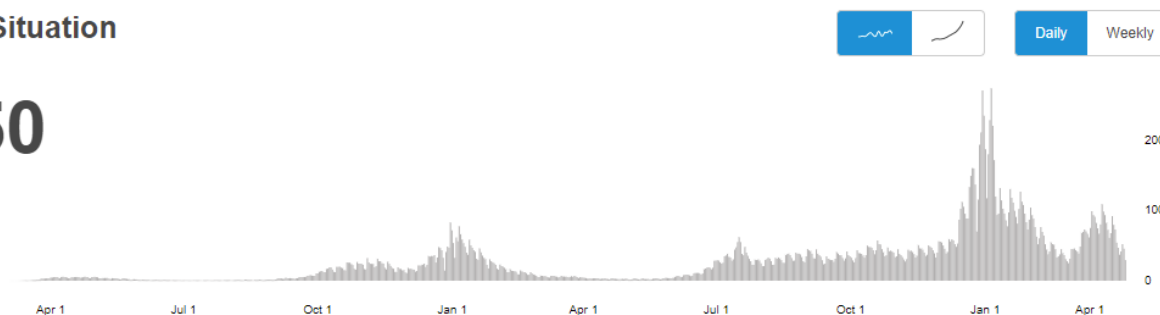
Europe

The latest wave of COVID-19 infections has begun to ease across the UK, raising hopes that hospital pressures and workforce absences could improve in the weeks ahead.

The United Kingdom Situation

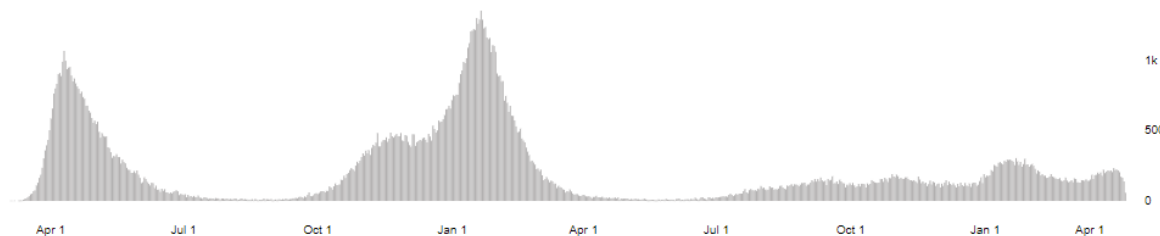
21,508,550

confirmed cases



169,412

deaths



Source: World Health Organization

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Middle East



- **Iran's** Foreign Minister Hossein Amirabdollahian called on **US** President Biden to issue executive orders to lift some sanctions on Iran to show his goodwill towards reviving the nuclear pact.
- **Tunisians** on Sunday protested against President Kais Saied, accusing him of imposing one-man rule in the North African country after he dissolved parliament last month.
- Military commanders in eastern **Libya** suspended participation in a UN-backed joint military council, accusing the Tripoli-based government of failing to hand power to a new cabinet and calling for military commander Khalifa Haftar to close the road to the west.
- Israeli-Palestinian tensions have surged, with both sides warning against escalation. **Israeli** soldiers killed a Palestinian militant in the occupied **West Bank** during a raid in the hometown of a gunman who had carried out a deadly shooting attack in Tel Aviv.

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Americas

- **Canada's** labor market strengthened further in March with the unemployment rate falling to its lowest level on record, boosting expectations for a half-point rate rise from the Bank of Canada next week.
- The Inter-American Court of Human Rights confirmed a ruling ordering **Peru** not to release jailed ex-President Alberto Fujimori, who was on the verge of leaving prison last month after a presidential pardon was reinstated.
- Nine out of ten **Mexicans** voting on Sunday in a recall election engineered by President Andres Manuel Lopez Obrador backed him to stay in office. The Mexican president sought to reconfirm his democratic mandate with the referendum.



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Americas: US

- Two years after the coronavirus ripped through nursing homes, families of residents who died from **COVID-19** are bringing a wave of negligence and **wrongful death lawsuits** against the facilities.
- **Wildfires** are posing new financial risks for utilities outside of California as victims of recent fires sparked by power equipment seek compensation for their losses.
- Orlando joined the list of the world's top 10 busiest airports by passengers for the first time last year, as leisure travel underpins a recovery in **airline traffic**.
- Economists see a growing **risk of recession** in the US sometime in the next 12 months, as demand drives inflation and likely heavy-handed response from the Federal Reserve, which is expected to deliver two back-to-back half-point interest rate hikes in May and June.
- President Biden will meet virtually with **Indian** Prime Minister Modi today and will reinforce the message that the US does not want to see an uptick in **Russian** energy imports by India. Exploiting steep discounts following Western sanctions on Russian entities, India has bought at least 13 million barrels of Russian crude oil since the country invaded Ukraine in late February. That compared with some 16 million barrels for the whole of last year.

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Emerging Hot Spots: Political Turmoil in Pakistan

This past week, Pakistan faced a political and constitutional crisis brought to the fore in complex circumstances of falling support for Prime Minister Imran Khan, rising economic inflation, troubled relations with the US and geopolitics of the Ukraine War.

The crisis was triggered when Khan attempted to evade a no-confidence vote in parliament by declaring a foreign conspiracy against him. Acting on this accusation, the deputy speaker of the National Assembly, loyal to Khan, rejected the vote, citing a constitutional clause demanding loyalty to the country, home to the second most Muslims in the world. Khan dissolved his government and the national legislative assembly and called for fresh elections. The opposition, calling foul, appealed to the Pakistani Supreme Court which ruled on Thursday that Khan's maneuver was not constitutional. With the backing of the highest court, the no-confidence vote proceeded on Sunday, removing Khan and with the new prime minister election process scheduled to start today. The front-runner to become the next prime minister is Shehbaz Sharif, the younger brother of three-time prime minister Nawaz Sharif, who was for years chief minister of Punjab province and has a reputation as an effective administrator.

While most foreign investors gave a collective sigh of relief that the constitutional process was maintained and no significant street violence erupted, Pakistan is far from out of the danger zone. The incident is yet another example of a fragile democracy being buffeted by external shocks, first the global pandemic and economic downturn and now spillover from the Ukraine war. While at the heart of the crisis was Imran Khan's power play to remain prime minister, his removal will not set the country back on even footing. Over the coming months, Khan and his supporters will continue to amplify the narrative that the US is interfering in Pakistani politics and that he is the man who can stop Washington.

Economic Recovery Falters

Like most countries, Pakistan's economy suffered with the onset of the pandemic and lockdowns. In 2020, GDP contracted by 0.5 percent while recovering in 2021 as the country adopted a nuanced

Emerging Hot Spots: Political Turmoil in Pakistan

lockdown approach, initiated a stimulus program, borrowed heavily and opened up to foreign investment. In 2021, GDP rebounded to 3.5 percent, but inflation and debt servicing – 40 percent of Pakistan's revenue goes to debt servicing -- have created strong headwinds to sustained growth. Inflation is up by 38 percent over the past two years, with rising costs for food, energy and transportation. The soaring cost of living has eroded Khan's popularity in this nation of almost 230 million people.

In February, as the Ukraine war contributed to spiking energy costs, Khan announced a \$1.5 billion subsidy on fuel and electricity for four months and a tax amnesty for industry without first seeking approval from the IMF. The IMF paused payments from Pakistan's \$6 billion bailout program, under which it must stay to agreed limits on spending and other fiscal measures. With the IMF pause, investors had more reasons to be concerned that Pakistan faces a potential default when the next large debt payment came due. With dangerously short foreign currency reserves (enough to cover only two months of imports), growing domestic political uncertainty, the rupee hit new lows against the dollar last week. Pakistan's central bank, at an emergency meeting Thursday, raised interest rates by 2.5 percentage points to 12.25 percent, squeezing business and

consumers alike. Khan, whose power base has eroded over disputes with the powerful military, a series of political scandals and escalating terrorist attacks targeting the government, decided to look for financial and political backing elsewhere. If Islamabad finds it difficult to secure funding from western financial institutions going forward – the IMF may not be willing to sign a new bailout agreement with a caretaker government -- this could lead it to become more deeply indebted to its “all weather” ally China.

Khan Goes to Moscow

Khan's long-planned February 23-24 visit to Moscow, the first official state visit by a Pakistani head of government to Russia in two decades, fell just as Russian President Putin's forces invaded Ukraine. Khan was the first foreign leader to meet with Putin and the act alone was seen as an endorsement of Putin's agenda. Of course, the situation was far more complex than this. On Khan's agenda was Afghanistan, regional security, counterterrorism, the Pakistan Steam gas pipeline and the prospects of improving relations with Russia as a balancing move against India. India has been drifting towards the US in recent years, and India's relations with China have grown frosty over a hot border dispute. The shifting regional environment

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Emerging Hot Spots: Political Turmoil in Pakistan

opened up prospects for a Pakistan-Russia-China partnership, cutting India out and giving Pakistan an alternative to the US as a source of aid, trade and investment. Khan's global credentials would be boosted and, presumably, his popularity at home.

Khan, however, overplayed his hand. When Washington raised concerns with Pakistan's ambassador to the US about Islamabad's support for Moscow in the Ukraine war, and the ambassador reported the meeting in normal diplomatic channels, Khan apparently seized upon this diplomatic conversation as proof of an American conspiracy against his leadership. The State Department has repeatedly denied Khan's allegations. But given the strained history, distrust and perceived disrespect between Pakistan and the US over the war on terror, Islamabad's harboring of Usama bin Ladin and President Biden's failure to call Khan since becoming president, the accusation was explosive. While the conspiracy claim was not sufficient to keep Khan in power, it has created yet a new crisis in the troubled US-Pakistan relationship.

Moving Forward

Parliament is expected to select a new caretaker prime minister who can hold power until October 2023, when a new election for the

National Assembly is scheduled to be held. The incoming government will need to deal with the accusations that it was collaborating with the US in some way to unseat Khan and his Pakistan Tehreek-e-Insaaf (PTI) party, to keep the charges from becoming campaign fodder. There is already scrutiny of a media interview Shehbaz Sharif, the expected interim head of government, gave last week in which he said that good relations with the US is critical for Pakistan. The caretaker government will also need to manage relations with Russia and the fallout of great power clash over Ukraine. Additionally, the government will need to reach a new agreement with the IMF in order to unfreeze funding and address the growing economic crisis. The interim government, a likely coalition of more than a half-dozen parties, may find it challenging to find unity to make hard but necessary decisions to navigate increasingly complex domestic and regional politics. In the backdrop of this, Pakistan's military is confronting an uptick in attacks by Baloch insurgents in the mineral-rich southwest province through which crosses the China-Pakistan Economic Corridor (CPEC), and also battling emboldened Taliban insurgents in the country's tribal areas in the northwest.

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Ukraine War Update: Battle for Donbas, Meeting with Putin, Reopening of Embassies

Ukrainian leaders continue to press allies to provide more military equipment. They assess that the battle for the Donbas will be unlike the guerrilla-style fighting around Kyiv, and will resemble fighting in World War II, involving thousands of tanks, armored vehicles and aircraft.

Political Developments

EU foreign ministers are meeting in Luxembourg today to discuss ways to provide additional support to Ukraine, including a further €500 million (\$544 million) for the delivery of weapons and other military equipment. EU leaders will hold a special summit on May 30-31 focused on defense, energy and Ukraine.

British Prime Minister Johnson met Ukrainian President Zelenskiy in Kyiv over the weekend and pledged armored vehicles and anti-ship missile systems, along with additional support for World Bank loans.

Austrian Chancellor Nehammer also visited Kyiv in a gesture of solidarity, visiting the Kyiv suburb of Bucha, where mass killings of civilians took place. Nehammer will travel to Moscow today and become the first European leader to meet Russian President Putin since Moscow's invasion of Ukraine.

President Zelensky will address the South Korean parliament today.

Russia's foreign ministry has declared 45 Polish diplomats personae non grata after European countries expelled more than 300 Russians from embassies across the continent.

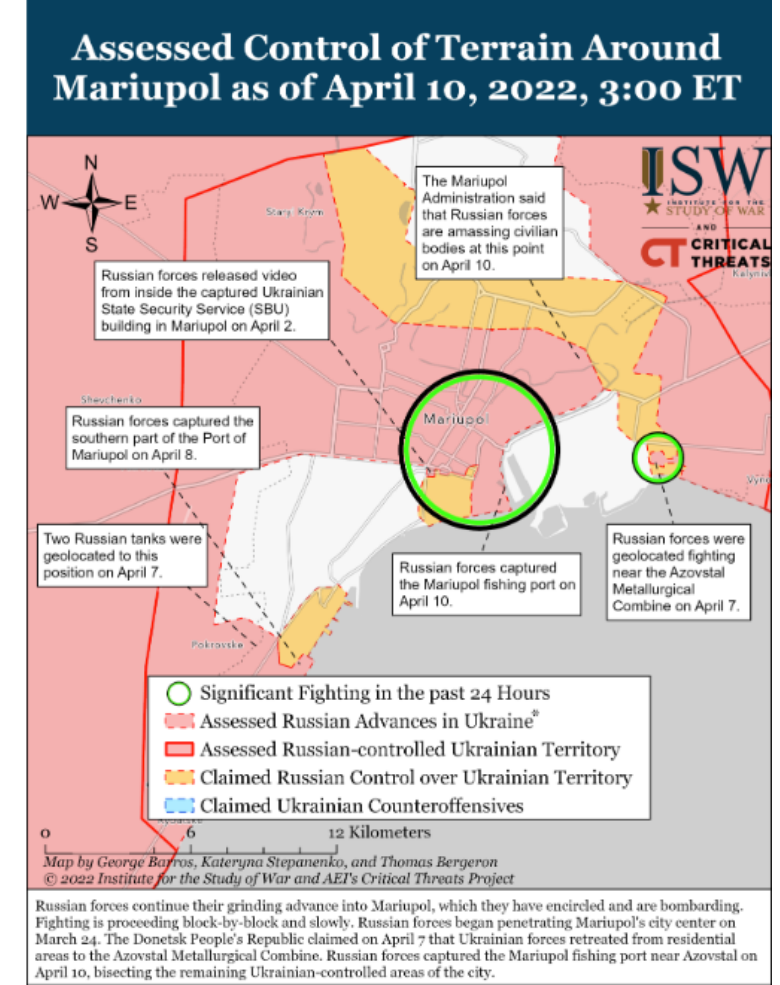
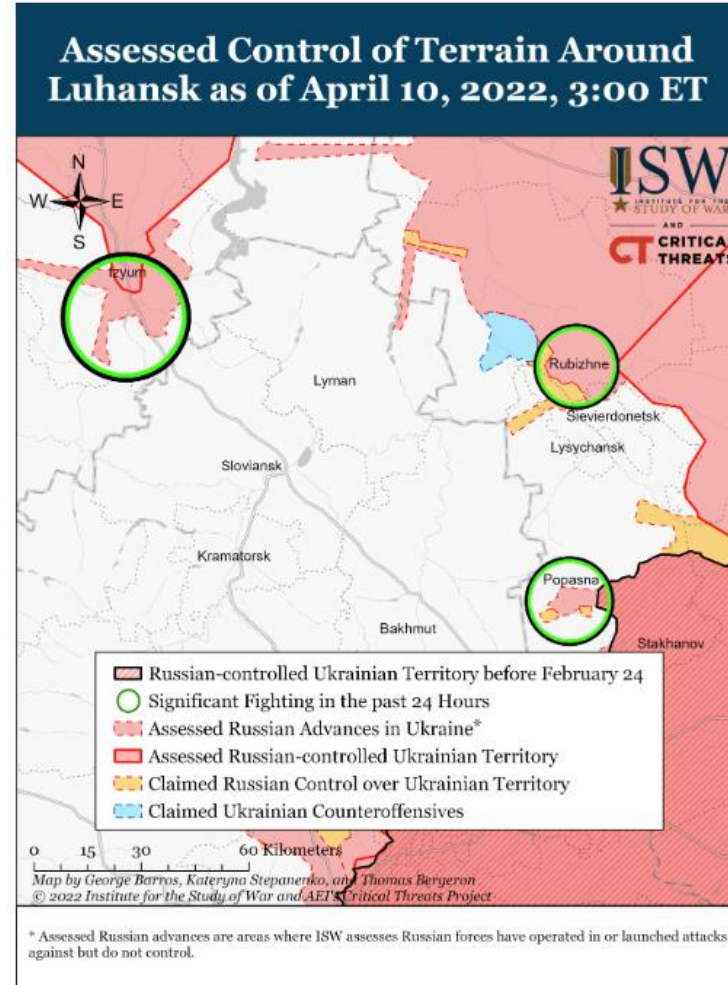
The EU announced plans to reopen its diplomatic facilities in Kyiv now that the city is no longer under assault by Russian forces, joining Slovenia, Lithuania, Estonia, Austria, Italy and Turkey as countries that have announced the return of their ambassadors and other diplomats.

Battlefield Developments

Russian troops are focused on taking over the towns of Rubishne, Nizhne, Popasna and Novobakhmutivka and on taking full control of the city of Mariupol, according to the General Staff of the Armed Forces of Ukraine.

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Ukraine War Update: Battle for Donbas, Meeting with Putin, Reopening of Embassies



Source: [Institute for the Study of War](https://www.instituteforthe study of war.org/)

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Ukraine War Update: Battle for Donbas, Meeting with Putin, Reopening of Embassies

Over the weekend, Russian forces bisected Mariupol from the city center to the coast, isolating the remaining Ukrainian fighters in the southwestern port and eastern Azovstal Steel Plant. Russian forces again made little to no progress in frontal assaults in the Donetsk and Luhansk oblasts but continue to assemble reinforcements. The UK defense intelligence said that Russia's attempts to establish a land corridor between Crimea and the Donbas "*continue to be thwarted*" by Ukrainian forces.

British military intelligence said on Sunday the Russian armed forces was seeking to strengthen troop numbers with personnel discharged from military service since 2012, as losses mount from its invasion of Ukraine. The Russian forces' efforts to boost their fighting power also includes trying to recruit from the unrecognized Transnistria region of Moldova.

Maxar Technologies satellite imagery captured hundreds of Russian vehicles in Kharkiv Oblast redeploying to support Russian operations near Izyum.

Russian forces continue to use improvised explosive devices (IEDs), per British military intelligence. IEDs were being used to "*inflict*

casualties, lower morale, and restrict Ukrainian freedom of movement."

Russian forces fired shells into Ukraine's Luhansk and Dnipro regions early on Sunday. Russia fired rockets that destroyed the Dnipro airport, Ukrainian officials said. Russia claimed it destroyed S-300 anti-aircraft missile systems in one of the airport hangers.

Russia has appointed a new war commander, General Alexander Dvornikov. The 60-year-old general is among Russia's most experienced military officials.

Another mass grave has been found in Buzova, a village near Kyiv, the latest reported mass grave to be discovered after Russian forces withdrew from areas north of the capital.

Humanitarian Developments

Russia has evacuated more than 700,000 people from Ukraine to its own territory since its invasion began on February 24, according to Moscow's military. Kyiv accuses Moscow of bringing refugees to Russia against their will, in violation of international law.

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Ukraine War Update: Battle for Donbas, Meeting with Putin, Reopening of Embassies

A donor conference organized by Global Citizen, the United Nations and the Canadian government had raised €9.1 billion (\$9.9 billion) for displaced Ukrainians, both internally and as refugees abroad. In addition to the funds generated by the donor conference, the European Bank for Reconstruction and Development (EBRD) pledged an additional €1 billion in loans for displaced people — bringing the total amount of aid to €10.1 billion.

The UN refugee agency said that there are 4.5 million refugees following Russia's invasion of Ukraine. Roughly 2.6 million refugees fled to Poland initially and over 686,000 into Romania.

The Ukrainian government said it has set up nine humanitarian escape routes today with the goal of evacuating civilians from cities in the eastern part of country.

Economic Developments

Ukraine announced it has banned all imported goods from Russia.

A formal proposal for a Russian oil embargo will not be discussed by EU foreign ministers at their meeting today.

The price of palladium jumped by more than 10 percent on Friday after newly produced Russian metal was effectively banned from trading in London, the world's biggest market for precious metals.

Ukraine's economic output will likely contract by 45.1 percent this year, the World Bank said in a new report. The closure of Black Sea shipping from Ukraine has cut off some 90 percent of the country's grain exports and half of its total exports. The bank also forecast Russia's 2022 GDP output to fall 11.2 percent due to punishing financial sanctions imposed by the West.

S&P on Saturday lowered the country's foreign currency ratings to "*selective default*" on increased risks that Moscow will not be able and willing to honor its commitments to foreign debtholders. S&P does not expect investors to be able to convert the rouble payments into dollars equivalent or that the government will convert those payments within a 30-day grace period.

The Russian government said on Sunday it has increased its reserve fund used for emergency spending by 273.4 billion roubles (\$3.52 billion) to ensure economic stability. Russian finance minister Anton

Ukraine War Update: Battle for Donbas, Meeting with Putin, Reopening of Embassies

Siluanov has said that Russia would take its case to court if western countries rule it to have defaulted on its bond repayments.

Societe Generale has agreed to sell its stake in Rosbank and the Russian lender's insurance subsidiaries to Interros Capital, as it exits from the Russian market.

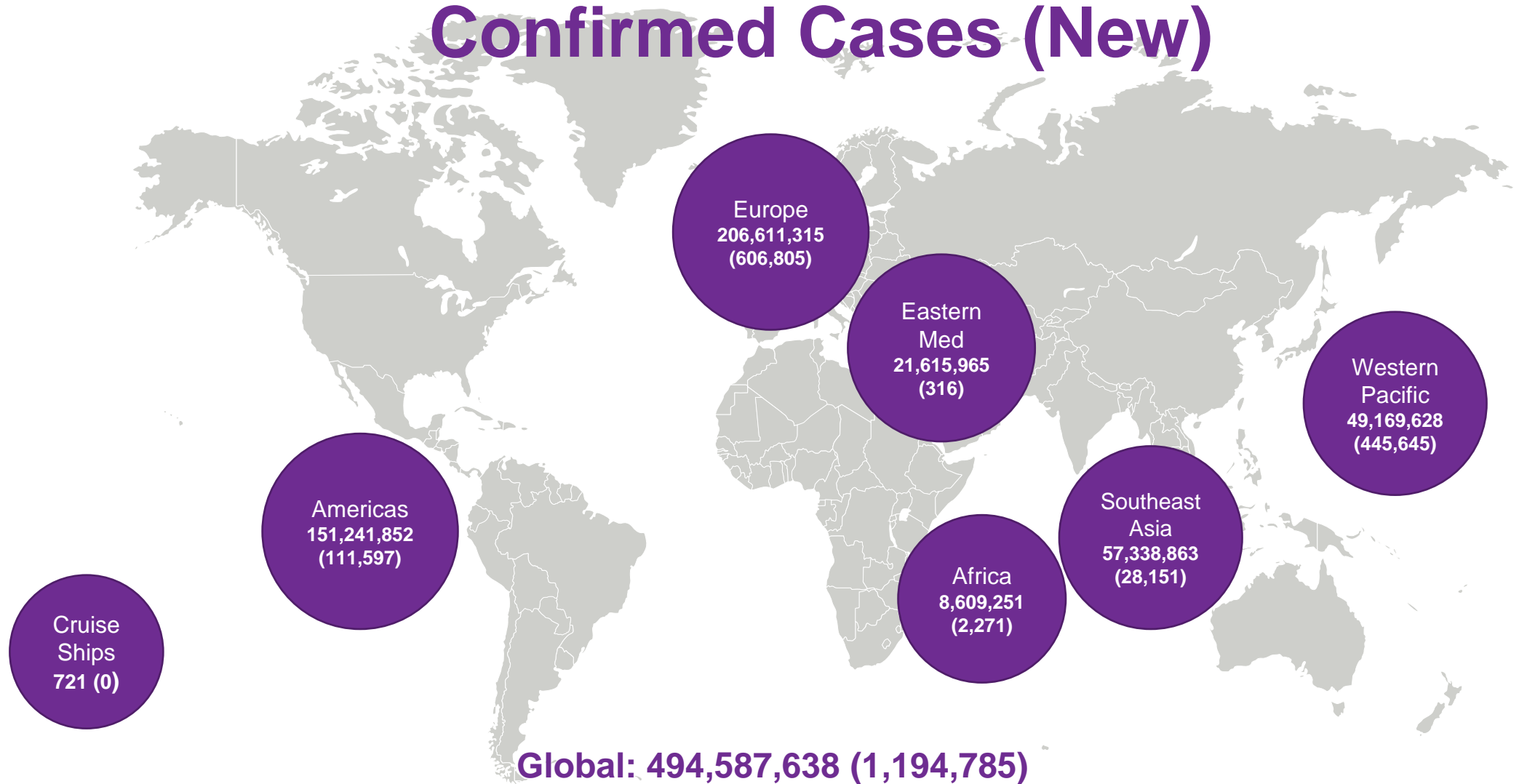
Swedish telecom equipment maker Ericsson announced it was suspending its business in Russia indefinitely.

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Coronavirus Condition Updates

As of 7:10 pm CEST on April 8, 2022

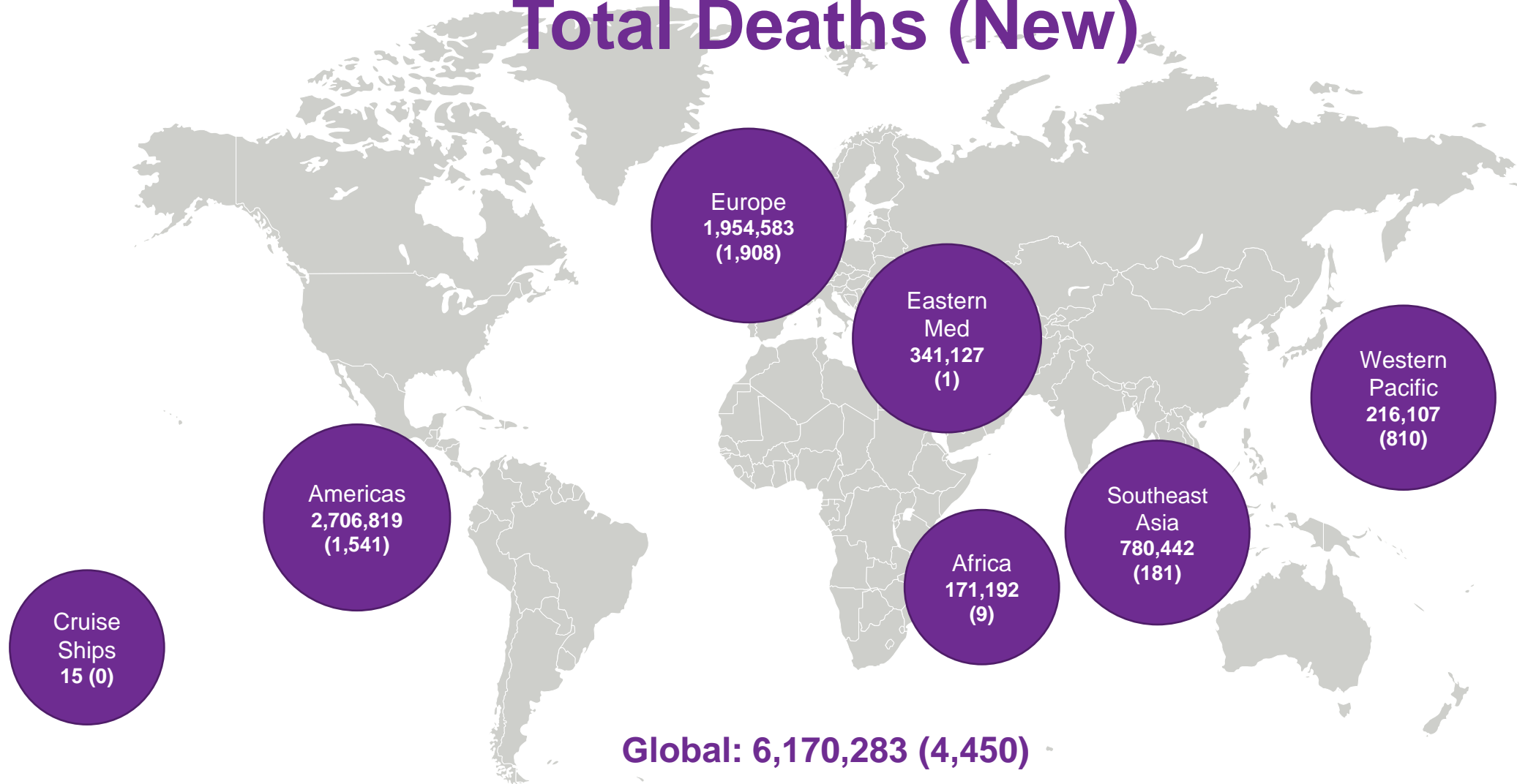
Confirmed Cases (New)



Reflects data as of 7:10 pm CEST on April 8, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 7:10 pm CEST on April 8, 2022.
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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