

Dentons Flashpoint

Daily Global Situation Report

May 13, 2022

Global Situation Update: May 13, 2022

KEY TAKEAWAYS

Finland formally announced plans to apply for NATO membership.

South Korea plans to send COVID-19 vaccines to North Korea.

Russia's Gazprom cuts gas flows to Germany through the Yamal-Europe pipeline.

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WHAT WE'RE WATCHING

A visit by a high-level Jordanian delegation to Washington this week will culminate with a meeting between King Abdullah II and President Biden today. The Administration is seeking to enhance ties with the Hashemite Kingdom, which is a top US ally in the Middle East. Earlier this week, Jordanian officials met with the top leadership on both sides of the aisle in the Senate.

Recent unrest at Jerusalem's holy sites will likely come up in discussions between King Abdullah and President Biden. The Jordanian government is the official custodian of the Al-Aqsa Mosque and is critical of Israel's handling of security at the complex. The delegation's visit also comes on the heels of an alleged plot by the half-brother of King Abdullah II to try to take the throne.



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

Global

Global wheat production is likely to fall for the first time in four years, according to a US government forecast of the upcoming crop season, confirming fears of a further tightening of supply and rising food inflation.

- Finland formally announced plans to apply for NATO membership; Sweden's announcement is expected shortly. **Expanding NATO** to include these two highly capable northern countries will be one of the biggest changes in European security in decades.
- The EU has called on member states to urgently find ways to transport essential agricultural goods from Ukraine via land routes to **stabilize global food supplies.**
- OPEC cut its forecast for growth in **world oil demand** in 2022 for a second straight month, citing the impact of Russia's invasion of Ukraine, rising inflation and the resurgence of the Omicron coronavirus variant in China.
- At the **second global COVID-19 summit**, US President Biden said the US will share technologies used to make COVID-19 vaccines through the WHO and is working to expand rapid testing and antiviral treatments for hard-to-reach populations. Global pledges raised more than \$3 billion in new funding to fight the pandemic.

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Markets & Business

Shipping container rates from Asia to Europe and the US West Coast have fallen by more than 20 percent since the Chinese lockdown of Shenzhen in March, according to Freightos.

- **Shell** has agreed to sell its retail and lubricants businesses in Russia to **Lukoil**, the first major deal in the oil and gas sector since most western companies pledged to leave the country following the invasion of Ukraine.
- **Siemens** has taken a €600 million hit to cover the cost of exiting Russia after the invasion of Ukraine, which contributed to a halving of the German group's net profits in Q2.
- Elon Musk said on Friday his \$44-billion deal for **Twitter Inc** was temporarily on hold, citing pending details on spam and fake accounts.
- **Samsung Electronics** is in talks with clients about hiking prices for chip contract manufacturing by up to 20 percent this year.

Environment, Sustainability & Governance

The European Commission plans to unveil a 195 billion-euro plan to stop importing Russian fossil fuels by 2027, combining a faster rollout of renewable energy and energy savings with a switch to alternative gas supplies, per drafts

- JPMorgan Chase, BlackRock, Morgan Stanley, Goldman Sachs, and Ford will begin **disclosing the race and gender** of individual directors under a diversity deal reached with New York City's pension officials.
- BP shareholders backed the energy company's climate strategy, and fewer investors than last year supported a **resolution filed by an activist group** urging faster action to battle climate change.
- The Canadian government is in talks with heavy industrial emitters about ways to ensure Ottawa's planned **carbon price** increases will remain in place even if Prime Minister Justin Trudeau's Liberal government is voted out of power.

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Africa

- Anti-military protests renewed in the **Sudanese** capital of Khartoum yesterday, prompting security officials to deploy tear gas and stun grenades; civilians are protesting the apparent breakdown of UN-facilitated talks that were supposed to begin this week.
- A **Malian** court has summoned **French** Foreign Minister le Drian to testify in a case concerning his alleged production of Malian passports in 2015, a move France called a “*provocation*” as bad blood between the two former partners grows.
- New **South African** COVID-19 cases topped 10,000 for the first time since January, the tail end of the original Omicron spike.
- **Guinea’s** main opposition parties rejected the military junta’s proposed 39-month transition timeline.



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Asia

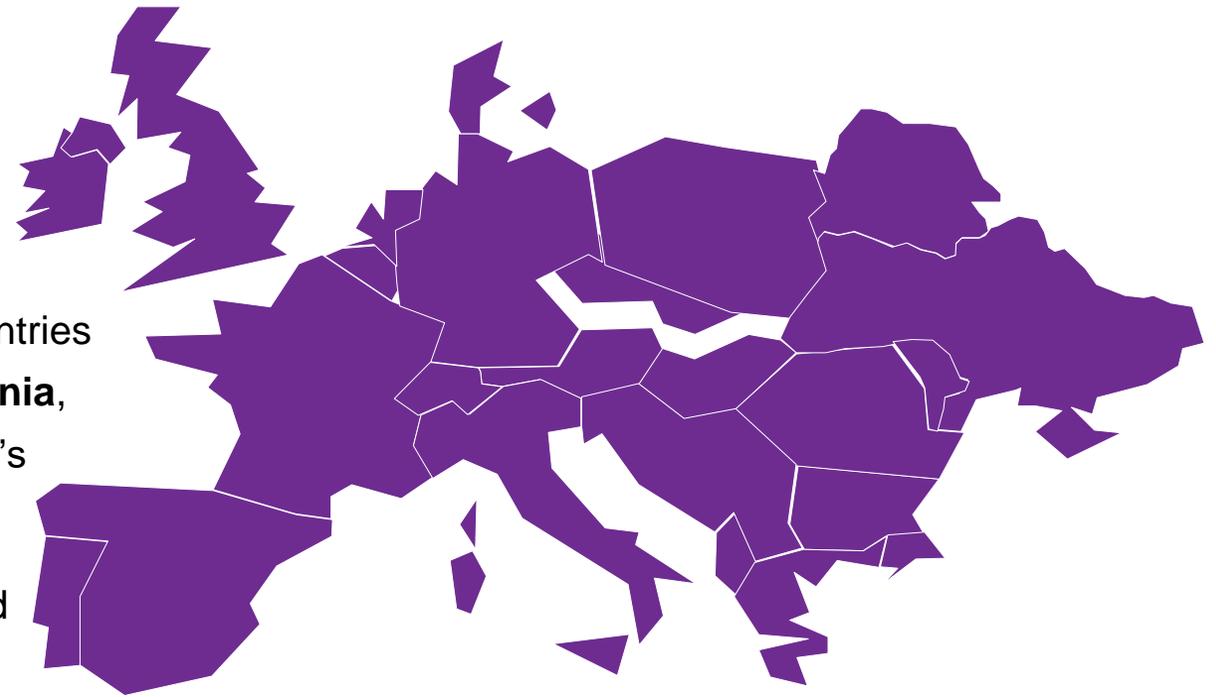
- **China** said it would “*strictly limit*” unnecessary outbound travel by its own citizens amid escalating efforts to stamp out an outbreak of the coronavirus that has already prompted weeks of city lockdowns.
- **Hong Kong** will stick with the “*dynamic-zero*” strategy to contain COVID-19, the city’s health minister said today, as a new cluster in Sheung Wan emerged. Hong Kong downgraded its economic forecast for 2022 after first-quarter GDP shrinks worse-than-expected 4 percent.
- A court in the **Sri Lanka** imposed a ban on former Prime Minister Rajapaksa and several of his key allies from leaving the country. Rajapaksa stepped down as prime minister on Monday following weeks of intense anti-government protests amid an ongoing financial and economic crisis.
- **South Korea** plans to provide vaccines to **North Korea** as the COVID-19 situation appears to be “*serious.*” With six people confirmed to have COVID dead, 350,000 have shown symptoms of infection, per state media.



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Europe

- Military forces from **Britain, France, Italy, US** and allied countries in the region conducted a military exercise in **North Macedonia**, aimed at displaying deployment readiness along the alliance's eastern borders.
- **Northern Ireland's** Democratic Unionist Party on Friday said it would block the election of a speaker for the Northern Ireland Assembly, in a move that would shut down the British-run province's newly elected legislature, until the **UK** altered the Northern Ireland Protocol which governs post-Brexit trade in the region.
- A recent study of more than half a million adults in **England** found one in 20 had persistent COVID-19 symptoms. The findings could mean that well over two million people in England alone could have long COVID. Health experts and activists are calling for more research and resources to go into understanding and treating long COVID.
- **Austria's** government says it has dismantled an international criminal network that was smuggling refugees into central Europe. A total of 205 people have been arrested for allegedly trafficking thousands of **Syrian** migrants.



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.

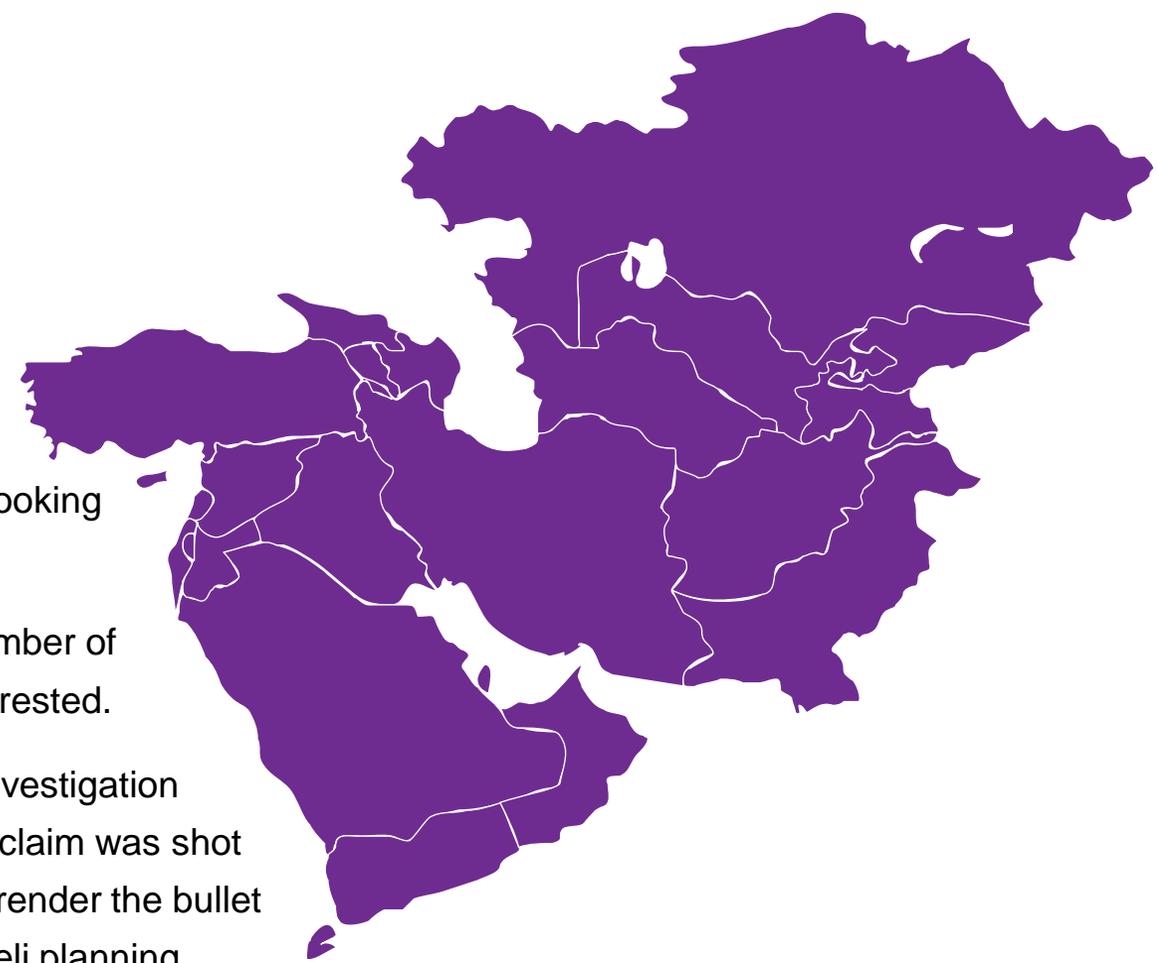
Dentons tabletop sessions are fluid, and designed to enhance preparedness with services, including:

- ❖ 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](#).

Middle East



- The **Turkish** military reported that Kurdish militants in **Syria** had attacked a Turkish border post, wounding four soldiers and a civilian.
- **Iran** raised prices as much as 300 percent for staple foods including cooking oil and milk, prompting panic buying and rapid devaluation of the rial.
- **Tunisia's** government denied reports that a former prime minister, member of the opposition Islamist party and critic of President Saied, had been arrested.
- The Palestinian Authority rejected **Israeli** requests to conduct a joint investigation into the death of a Palestinian-American reporter who fellow reporters claim was shot by IDF soldiers in the occupied **West Bank**, saying they would not surrender the bullet that killed the journalist. An anti-settlement group reported that an Israeli planning committee had given preliminary approval for over 4,000 new homes on occupied West Bank land.
- **Yemen's** internationally-recognized government reached an agreement with the Houthi rebels to allow Yemenis with Houthi-issued passports to travel outside the country, removing a roadblock for long-sought commercial flights out of Sanaa.

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Americas

- Reported cases of missing migrants in **Mexico** jumped nearly fourfold in 2021 from 2020, according to a report by the Jesuits' Missing Migrant Search Program.
- The Bank of **Canada** called the country's current 1 percent rate “*too stimulative*” and forecast impending rates, although downplaying the likelihood of a hike as big as 75 bps.
- The community of Fuerabamba in the Andean region of **Peru** was resettled eight years ago to make way for a giant **Chinese**-owned copper mine, in a \$1.2 billion scheme billed as a model solution to protests targeting the South American nation's mining sector. Now the community wants the land back.



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Americas: US

- A bipartisan push in Congress to adopt another round of **coronavirus aid** has stalled, as Republicans continue to block Democrats from approving the Biden Administration's request for \$10 billion to boost the availability of tests, therapeutics and vaccines nationwide.
- The US Senate has confirmed Jay Powell for a second term as chair of the **Federal Reserve**, as the central seeks to tame the highest inflation in 40 years.
- Uncontrolled **wildfires** edged towards mountain resort towns in northern New Mexico yesterday and engulfed an enclave of multi-million-dollar mansions in southern California. The New Mexico fire, on track to become the largest in New Mexico's history, has burned over 259,810 acres, or about two thirds the size of Greater London.
- Hosting the 2-day **ASIAN Summit** in Washington, the White House announced pledged \$150 million in support for ASEAN countries with initiatives for clean energy and maritime security.



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Ukraine War Update: NATO Expansion, Food Security, War Crimes

The EU has called on member states to urgently find ways to transport essential agricultural goods from Ukraine via land routes to stabilize global food supplies. The EU now wants to increase the amount of goods crossing into the bloc and to reduce the amount of paperwork required. Romania has already allowed for Ukrainian goods to be transported from its port of Constanta.

Analysis: NATO Expansion

Finland's plan to apply for NATO membership, announced on Thursday, and the expectation that Sweden will follow suit, will be one of the biggest changes in European security in decades. Both countries have advanced military capabilities and are politically aligned with the security interests of Europe. Key NATO member states have expressed support for expanding NATO membership to include the northern neighbors. All of NATO's thirty national legislatures must all vote to approve of Finland and Sweden becoming NATO members, and the two countries have been quietly and intensively engaging member states over the past two weeks to assure acceptance.

As expected, Russia has responded to the proposal for expansion of NATO with threats, given that its aggression against Ukraine is linked to Russia's threat perception that NATO poses an existential threat

to Russia and its sphere of influence in Eastern Europe. The Kremlin called Finland's announcement hostile and threatened retaliation, including unspecified "military-technical" measures. "Helsinki must be aware of the responsibility and consequences of such a move," said the Russian foreign ministry.

Finland's 1,300-km (800-mile) border will more than double the length of the frontier between NATO and Russia, putting NATO guards a few hours' drive from the northern outskirts of St Petersburg. NATO states already border Russia, so the addition of Finland does not constitute a strategic change on that front. However, with Finland abandoning "neutrality," the Kremlin will see the move differently, reinforcing its threat perception on NATO's intentions to box Russia in and strip it of its traditional allies and sphere of influence. The Russian-Finnish border has been lightly militarized and that is likely to change upon Finland joining NATO.

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Ukraine War Update: NATO Expansion, Food Security, War Crimes

The burning question is how much further Russia might go to seek to deter or punish Finland and Sweden. Some experts believe that Russia is far too preoccupied with the war in Ukraine to do much beyond offering rhetorical objections. Russia forces are spread thinly and have suffered significant attrition in Ukraine. Fires in Siberia, normally contained by Russian military units, are spreading unchecked, with these units redeployed to Ukraine. Russia may engage in more nuclear saber rattling, but most analysts assess that President Putin need to feel Russia faced an existential threat before taking risky escalatory steps; nuclear weapons are the ultimate tools of last resort.

Political Developments

The G7's Foreign Ministers are gathered in northern Germany for a three-day meeting to discuss Russia's war against Ukraine and its global impact. The foreign ministers of Ukraine and its neighbor Moldova, which is feared as a possible first target of another attack by Russia, were also attending. Discussions will also focus on food security.

EU's foreign policy chief Borrell announced that the bloc was set to increase military aid to Ukraine with a further €500 million (\$520 million).

The UN Human Rights Council voted overwhelmingly yesterday to launch an inquiry into alleged serious violations committed by Russian troops in Ukraine, putting their conduct further under the microscope. A thousand bodies have been recovered near the Ukrainian capital, Kyiv, in recent days, with many of the killings possibly amounting to war crimes amid the Russian invasion, according to UN High Commissioner for Human Rights Bachelet.

Russian President Vladimir Putin said yesterday that the West was suffering more than Russia from the sanctions imposed on Moscow over the Ukraine offensive, boasting that the Russian economy was resilient in the face of "*external challenges*".

Kremlin spokesperson Dmitry Peskov responded to Finland's potential NATO membership, saying the move "*definitely*" poses a threat to Russia and "*does not make our continent more stable and*

Ukraine War Update: NATO Expansion, Food Security, War Crimes

secure." He added that Russia's response would depend on "the extent to which military infrastructure moves closer to our borders."

Battlefield Developments

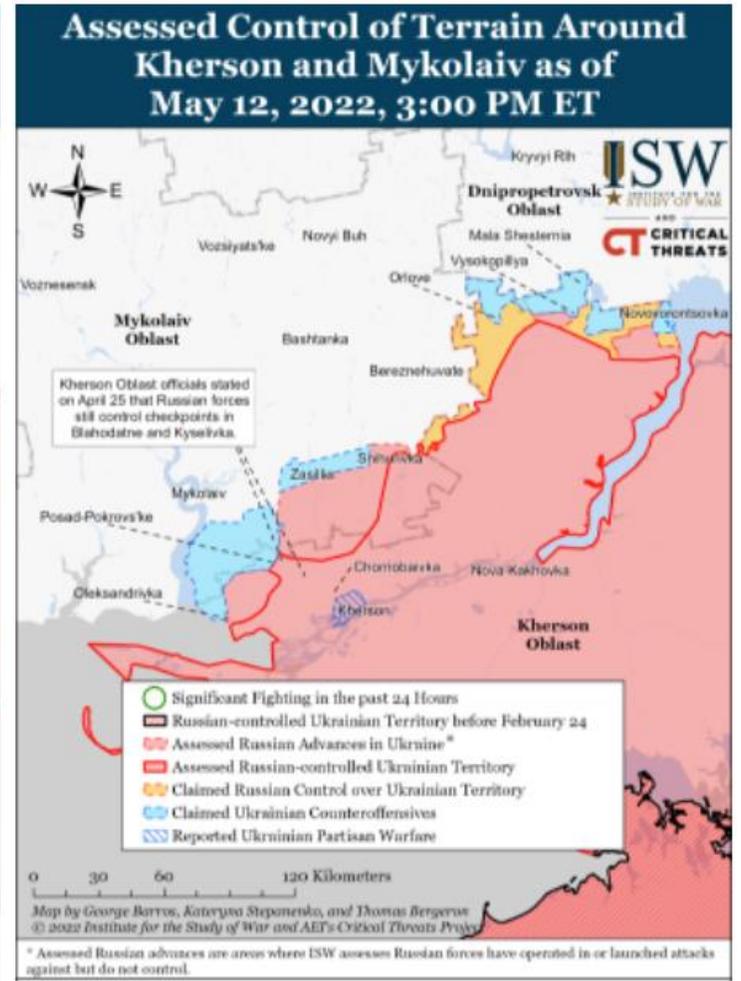
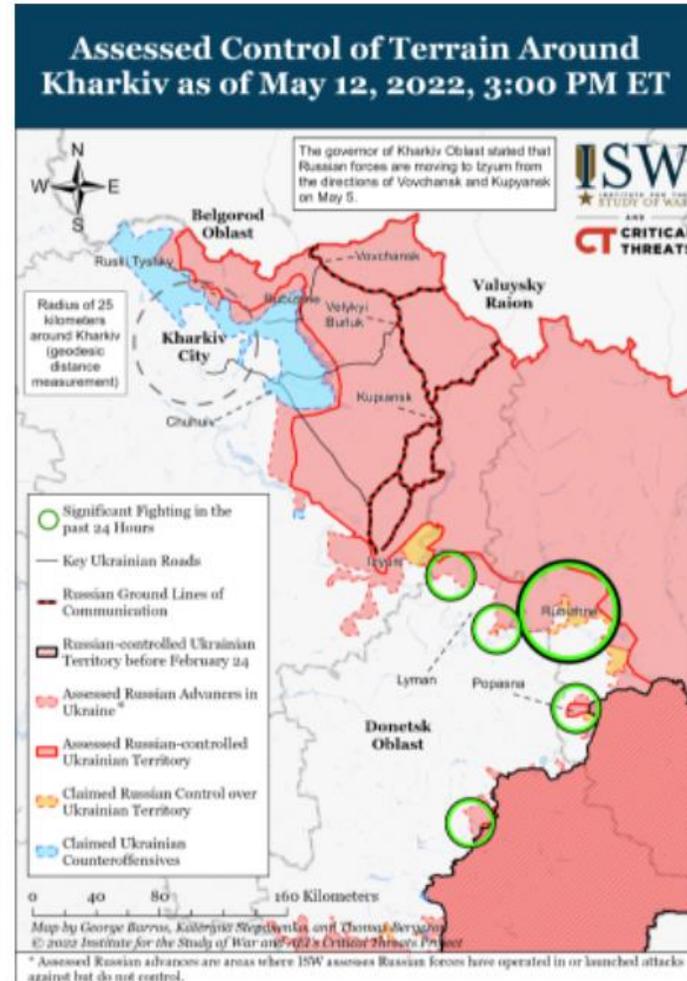
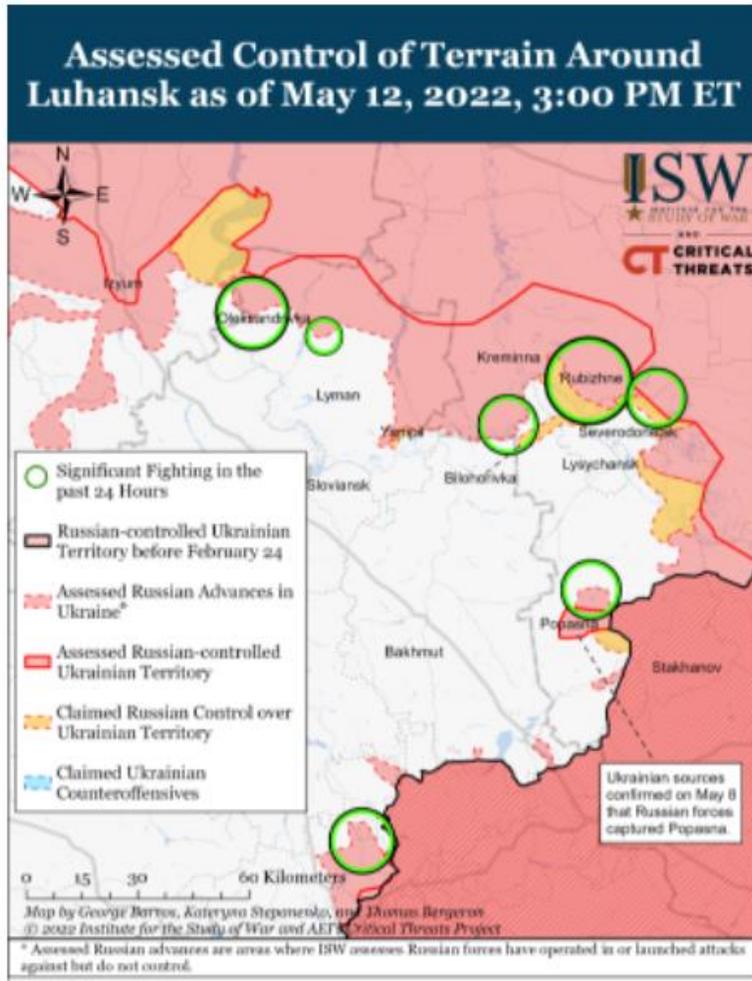
Amid intensive fighting in the Donbas, the British Defense Ministry said Russia was "investing significant effort" near the eastern Ukrainian cities of Izyum and Severodonetsk to isolate Ukraine's forces. According to a UK defense intelligence report, Russia's main goal is to envelop Ukrainian troops to isolate them from support from the west of the country. Ukrainian forces foiled an attempt by Russian forces to cross a river in Donbas. Per the UK assessment, "[c]onducting river crossings in a contested environment is a highly risky maneuver and speaks to the pressure the Russian commanders are under to make progress in their operations in eastern Ukraine." The UK assessed that "Russian forces have failed to make any significant advances despite concentrating forces in this area after withdrawing and redeploying units from the Kyiv and Chernihiv Oblasts."

The Institute for the Study of War (ISW) assessed Russian forces may be abandoning efforts at a wide encirclement of Ukrainian troops along the Izyum-Slovyansk-Debaltseve line in favor of shallower encirclements of Severodonetsk and Lysychansk. Russian forces likely control almost all of Rubizhne as of May 12 and have likely seized the town of Voevodivka, north of Severodonetsk. They will likely launch a ground



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Ukraine War Update: NATO Expansion, Food Security, War Crimes



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

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Ukraine War Update: NATO Expansion, Food Security, War Crimes

offensive on or around Severodonetsk in the coming days. The relative success of Russian operations in this area combined with their failure to advance from Izyum and the notable decline in the energy of that attempted advance suggest that they may be giving up on the Izyum axis. Reports that Russian forces in Popasna are advancing north, toward Severodonetsk-Lysychansk, rather than east toward the Slovyansk-Debaltseve highway, support this hypothesis.

ISW analysts doubt that Russian forces can encircle, let alone capture, Severodonetsk and Lysychansk, noting that Russian offensives have bogged down every time they hit a built-up area throughout this war, and these areas are unlikely to be different. Continued and expanding reports of demoralization and refusals to fight among Russian units suggest that the effective combat power of Russian troops in the east continues to be low and may drop further.

Ukrainian forces have damaged a modern Russian navy logistics ship in the Black Sea, setting it on fire. The Vsevolod Bobrov was near Snake Island, the scene of renewed fighting in recent days.

Ukraine's Deputy Prime Minister Vereshchuck has said that efforts were underway to try and rescue besieged troops still holed up in the

Azovstal steelworks complex in Mariupol. The priority is to evacuate 38 seriously injured soldiers. Ukraine has offered to exchange Russian prisoners of war in return for the injured Azovstal fighters.

Russia said yesterday its forces hit two ammunition depots in the Chernihiv region of Ukraine. The defense ministry also said Russia had destroyed a Ukrainian S-300 air defense missile system in the Kharkiv region and a radar station near the city of Odesa.

Humanitarian Developments

The UN refugee agency said that more than 6 million people have fled Ukraine since the Russian invasion began. A total of 2.4 million people who have left Ukraine have moved beyond Ukraine's immediate border countries and more than 1.6 million people have returned to Ukraine.

Economic Developments

Gazprom said yesterday that it would no longer send gas through the Yamal-Europe pipeline, which passes through Poland to Germany, due to Russian sanctions against the company that owns the stretch of pipeline running through Poland.

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Ukraine War Update: NATO Expansion, Food Security, War Crimes

The Swiss government on Thursday reported some 6.3 billion Swiss francs (\$6.33 billion) worth of Russian assets frozen under sanctions introduced to punish Moscow's invasion of Ukraine, a decline from early April, as a government official said some assets had been released.

European industrial manufacturing company, Siemens AG, has announced that it will be exiting Russia after nearly 170 years of operating.

Nike has terminated its sponsorship deal with Russian Premier League club Spartak Moscow because they will not be taking part in European competitions next season.

Russia's top lender Sberbank said it was initiating investment arbitration proceedings against Ukraine after its parliament approved a presidential decree allowing for the forced seizure of Sberbank-owned assets in the country.

Russian President Putin said Russia will increase grain exports this year due to a good harvest. Russia, one of the world's largest wheat

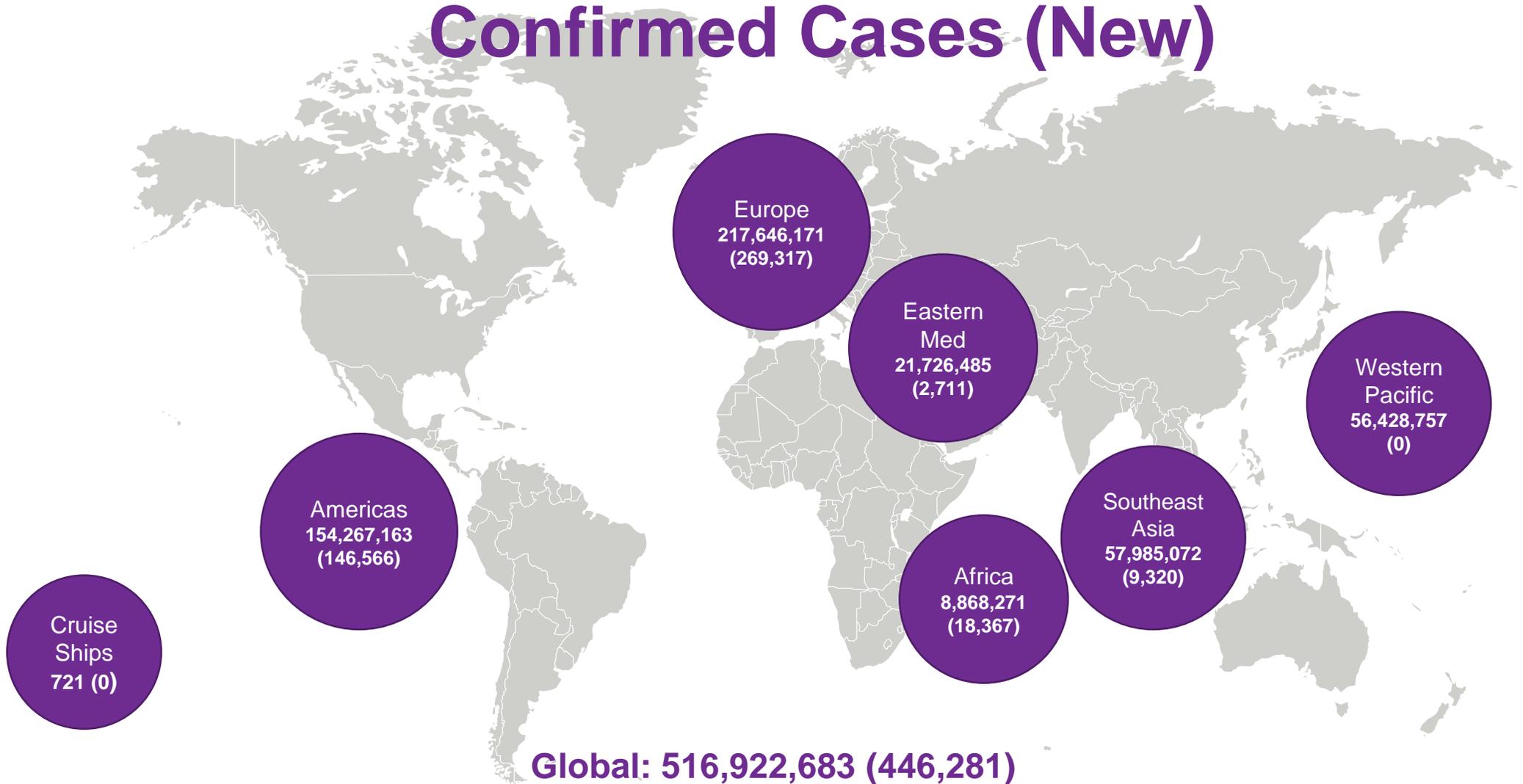
exporters, currently expects to harvest 130 million tons of grain in 2022, including 87 million tons of wheat.

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Coronavirus Condition Updates

As of 6:00 pm CEST on May 12, 2022

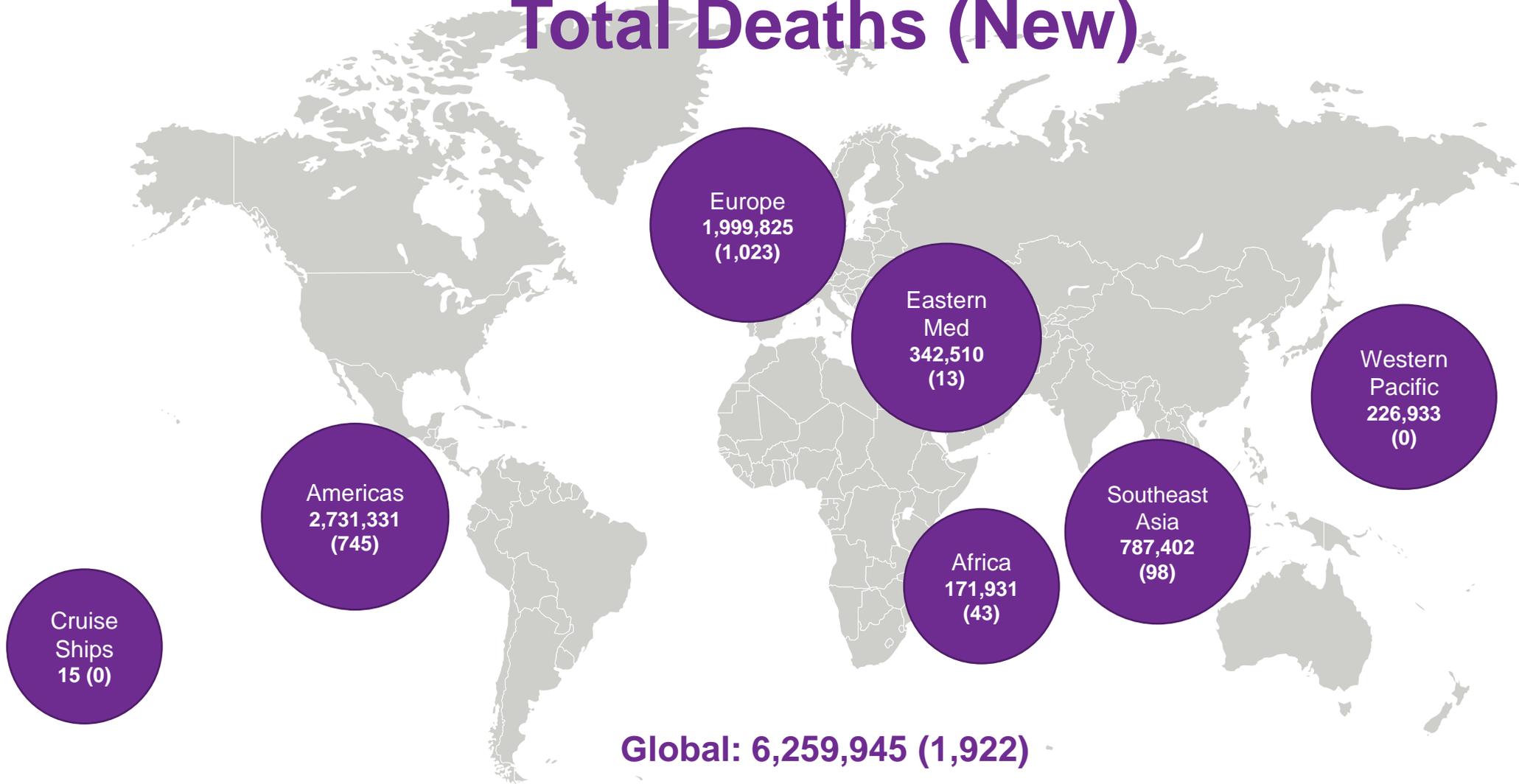
Confirmed Cases (New)



Reflects data as of 6:00 pm CEST on May 12, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 6:00 pm CEST on May 12, 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.

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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