

Dentons Flashpoint

Global Situation Report

September 14, 2022

Global Situation Update: September 14, 2022

KEY TAKEAWAYS

The European Commission unveils proposals to curb energy prices and support households.

At least 17 million people in Europe experienced long Covid during the first two years of the pandemic, per WHO modeling.

Border fighting between Armenia and Azerbaijan spilled into a third day, risking a wider confrontation.

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WHAT WE'RE WATCHING

Fighting between Armenia and Azerbaijan continued for a third day despite calls for de-escalation. Azerbaijan is highly likely to continue to set the conditions for a peace treaty that is being developed, and to threaten an escalation if it perceives that Armenia is not complying with its demands.

Although Armenia is seeking military support from Russia and other international partners, their intervention will likely be limited to diplomatic talks and requests for de-escalation. The Armenian prime minister has discussed the situation with the US, France and European Council, while Turkey vowed to stand by Azerbaijan and never leave it alone.



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

Global

The IEA assesses that Russian oil production will fall by 1.9 million barrels a day by February once an EU embargo on Moscow's exports of crude and refined petroleum products comes into full force.

- In her State of the Union address plenary session of the European parliament in Strasbourg, Von der Leyen pledged the EU was “*in for the long haul*” supporting **Ukraine** in response to Russia's invasion, saying she will travel to Kyiv to talk with President Zelensky about extending the benefits of the European single market to Ukraine.
- The UN is pressing Russia and Ukraine to agree a deal on chemical exports through the Black Sea in a bid to ease **global fertilizer prices** and solidify President Putin's commitment to the current shipment agreement on grain.
- At least 17 million people in Europe **experienced long Covid** during the first two years of the pandemic, per WHO modeling, highlighting the scale of the public health challenges posed by a condition that includes cognitive problems, fatigue and shortness of breath.

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Markets & Business

The EU's General Court has confirmed Brussels' decision to issue Google a record multibillion-euro antitrust fine for using its Android mobile operating system to undermine competitors.

- **Rio Tinto Ltd** plans to team up with its biggest customer **China Baowu Steel Group** to develop an iron ore project in Western Australia.
- **Twitter Inc.'s** shareholders approved the \$44 billion takeover that Elon Musk is trying to abandon.
- The German government may increase its stake in **Uniper SE** above 50 percent and may fully nationalizing the country's biggest gas importer to prevent a collapse of the energy system.
- South Korea has fined Alphabet's **Google** and **Meta Platforms** millions of dollars for violating privacy law amid concerns about a lack of personal information protection in the highly digitalized country.
- **Corteva Inc.** is preparing to lay off roughly a thousand of its workers across the globe, 5 percent of its workforce, as part of the seed and pesticide maker's broader restructuring plan.

Environment, Sustainability & Governance

Wells Fargo said it would commission a third-party racial equity audit that will include inputs from both internal and external stakeholders, following controversies over its diverse hiring initiatives.

- Africa is losing 5 percent to 15 percent of its per **capita economic growth** due the effects of climate change, according to the African Development Bank.
- Investors managing \$39 trillion, organized by Investor Agenda, penned a letter calling on governments to raise their climate ambition, including setting plans to **phase out fossil fuel use** and forcing companies to set out science-based transition plans.
- A **lawsuit** accusing Mercedes-Benz of infringing on people's freedoms by exacerbating **climate change** was dropped by the Stuttgart district court, but the German climate NGO behind the case said it planned to appeal.
- India's JSW Steel said it will collaborate with Germany's SMS group and invest 100 billion Indian rupees (\$1.26 billion) to cut down **carbon emissions** at its plants.

Africa

- **Kenya's** President Ruto was sworn in following a contested election process in which a fraud appeal was struck down by the country's Supreme Court. Several were injured in a crush at the stadium where he formally took office.
- Tigrayan officials reported that a TV station and university in the northern Mekele region had been hit by an airstrike, two days after the rebels announced their willingness to participate in AU-mediated peace talks with **Ethiopia's** central government.
- The military junta in **Mali** called on the **Ivory Coast** to extradite Malian politicians in exile in the country in exchange for the release of 46 Ivorian soldiers detained in Bamako since July.
- More than 500,000 **Somali** children under five are expected to suffer severe acute malnutrition and risk death from famine this year, a number unseen in any country this century, according to the UN.



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Asia

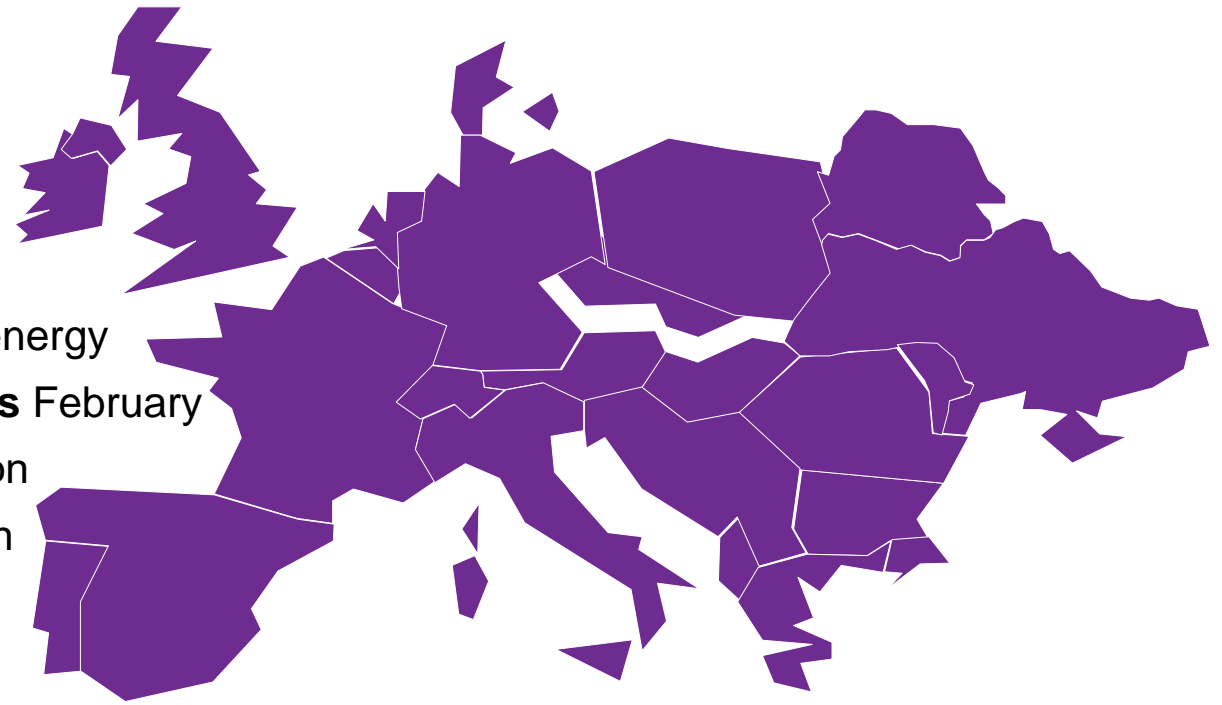
- **Indian** Prime Minister Modi and **Russian** President Putin and will meet in **Uzbekistan** on Friday and discuss trade as well as sales of Russian fertilizers and mutual food supplies.
- The **Chinese** government has approved construction of the world's largest pulsed-power plant with plans to generate nuclear fusion energy by 2028.
- **Taiwan's** de facto ambassador in Washington hosted about 60 parliamentarians from Europe, Asia and Africa at Taiwan diplomatic mansion in Washington, in Taipei's efforts to persuade fellow democracies to stand against **China** since **Russia's** invasion of **Ukraine** heightened concerns that Beijing could attempt to take the island by force.
- **China's** ruling Communist Party is preparing for next month for the biggest overhaul of its economic leadership in a decade, with a generation of reform-minded policymakers expected to step down amid worsening growth prospects.



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Europe

- The **European** Commission unveiled proposals to curb energy prices, driven up 10 times the rate at the start of **Russia's** February invasion of **Ukraine**, including raise more than €140 billion from windfall taxes on energy companies' profits to soften the blow of high prices on households.
- Since 2014, **Russia** has secretly funneled at least \$300 million to foreign political parties and candidates in more than two dozen countries, seeking to shape political events beyond its borders, according to a new US intelligence review.
- **Germany's** ruling coalition is divided over whether to let **China's** Cosco take a stake in a Hamburg port terminal, as Beijing urges Berlin not to politicize the bid. The German government's response is being seen as a gauge of how far it is willing to toughen its stance on China, its top trading partner, due to concerns about being overly dependent on the authoritarian country.



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How do You Manage Incident Response?

2022 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.

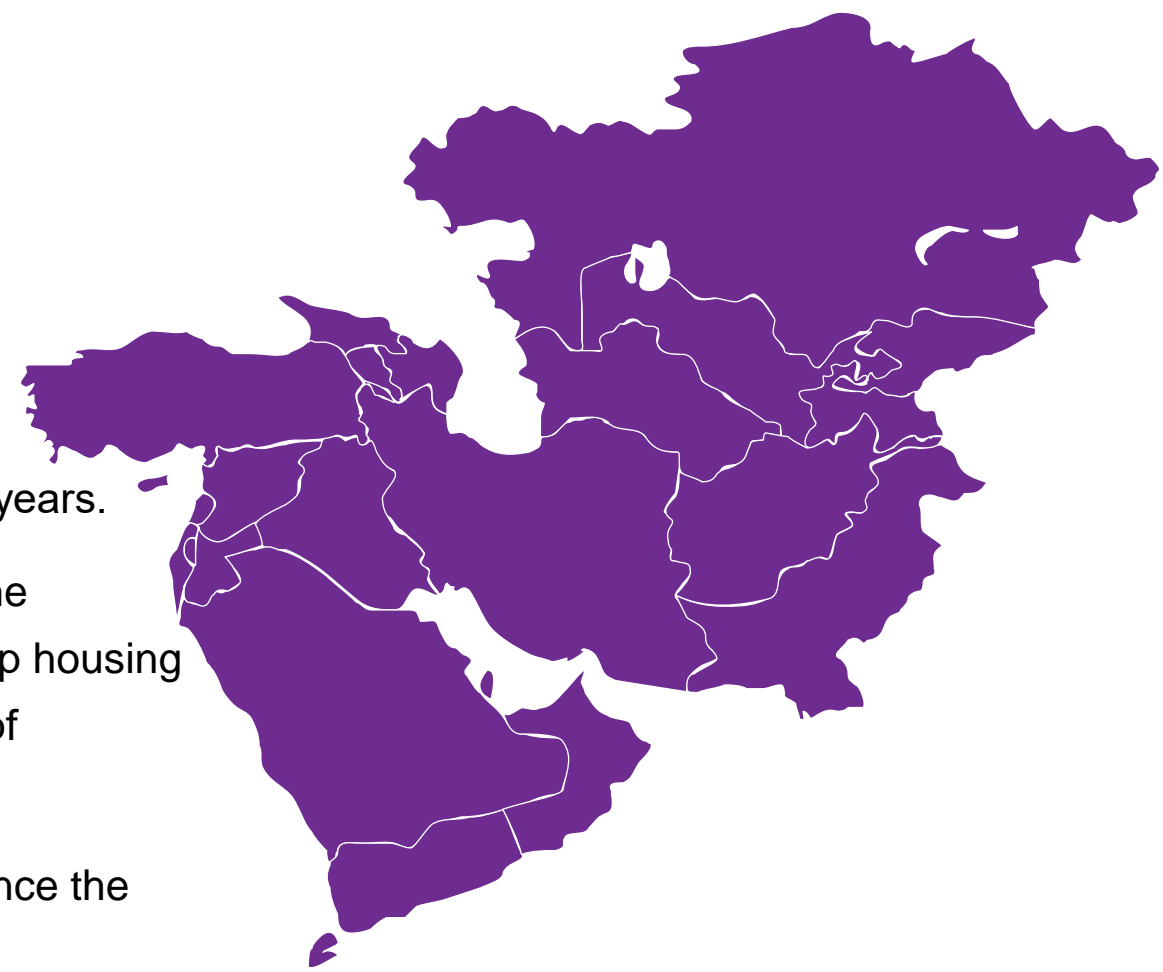
Dentons tabletop sessions are fluid, and designed to enhance preparedness with services, including:

- ❖ 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



- Maritime border talks between **Lebanon and Israel** that could help allocate oil and gas resources could conclude “*in days*,” per a Lebanese official, after going on for over two years.
- The head of **US** forces in the Middle East renewed calls for the world’s governments to repatriate citizens from a **Syrian** camp housing militants’ wives and children, citing rising violence and risks of radicalization.
- **Egyptian** President al-Sisi arrived in **Qatar** on his first visit since the countries mended a nine-year diplomatic rift last year.
- The **US** set up a fund in Switzerland to disburse \$3.5 billion of **Afghan** central bank reserves it froze after the US military withdrawal and Taliban takeover, amid growing fears about economic conditions in the country.

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Americas

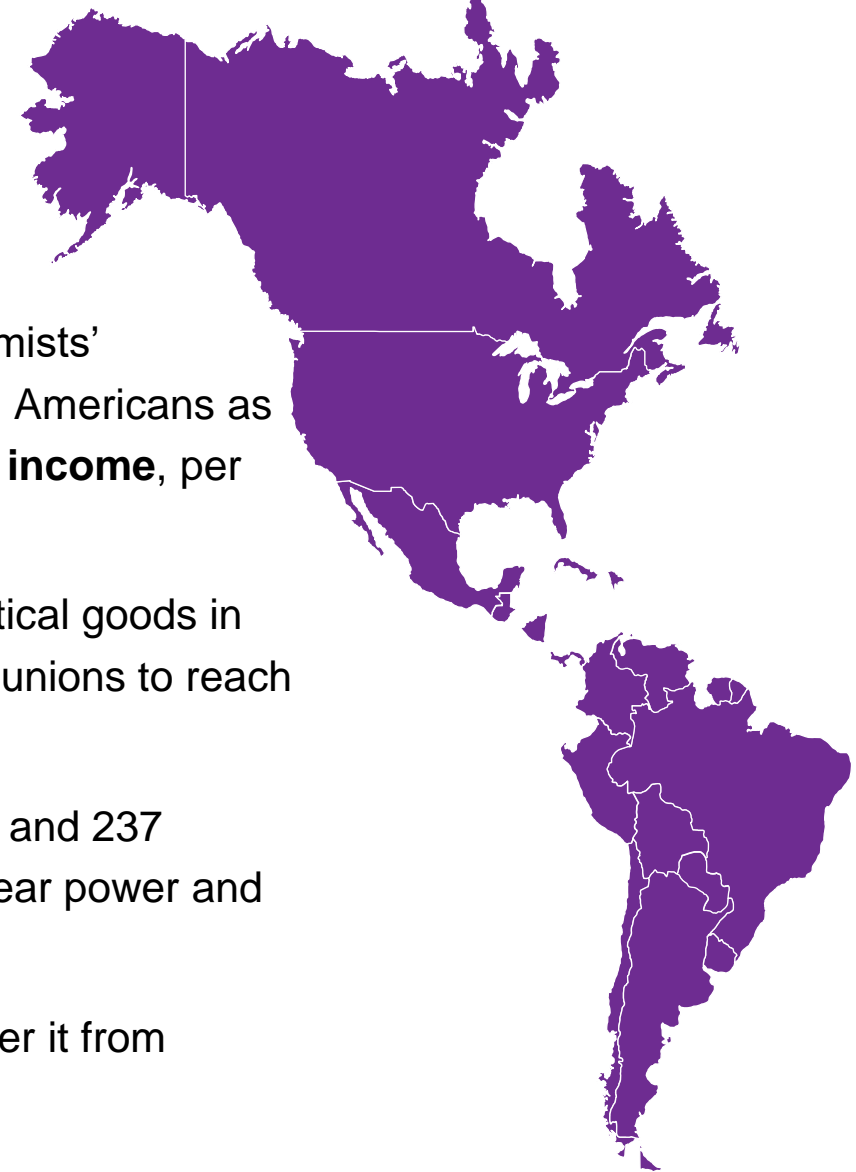
- Growing wildfires in **Canada's** British Columbia province prompted air quality warnings and evacuation orders.
- **Canadian** Prime Minister Trudeau announced C\$4.5 billion in measures intended to provide relief from high inflation to low-income families, including increasing tax credits meant to offset sales tax and providing a one-time housing benefit for rent.
- **Colombia's** congress approved a record budget of \$93.3 billion for next year, including funding for social programs promised by new leftist President Petro.
- **Argentine** authorities arrested a woman suspected of participating in the organization of the failed assassination attempt on Vice President Kirchner two weeks ago.



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Americas: US

- The **consumer price index** increased 0.1 percent for August, above economists' expectations for a 0.1 percent drop, triggered a sharp sell-off on Wall Street. Americans as a whole have experienced two years in a row of flat or declining **household income**, per Census Bureau data.
- The White House made contingency plans aiming to ensure deliveries of critical goods in the event of a shutdown of the **US rail system** while pressing railroads and unions to reach a deal to avoid a work stoppage affecting freight and passenger service.
- A new report by the US DOE found that as many as 157 retired **coal plants** and 237 operating coal plant sites, 80 percent of all sites, could be converted to nuclear power and help the country reach its net-zero emissions goals by 2050.
- The US is considering options for a sanctions package against **China** to deter it from invading **Taiwan**.



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Sweden Takes a Step to the Right; Will Italy be Next?

While outcry over sky rocketing prices for commodities, erosion of salaries, unemployment and climate change is reverberating in the streets, in board rooms and across the media with popular calls for change, the ballot box is also registering the demand. This past weekend, Sweden held national elections, with far-right party the Sweden Democrats (SD) emerging as the largest party among the rightwing opposition.

Ballots are still being counted and full results not due until Wednesday, but a razor-thin margin separates the rightwing and incumbent center left government, too close to call until the last of the overseas votes are counted. The SD, with roots as a Neo-Nazi party, campaigned on a platform of anti-immigration, anti-crime and lowering of taxes. Until recently, the SD was considered a fringe party, unwelcomed by the political mainstream. Swedish political parties rarely obtain a majority in parliament, meaning they must typically build alliances to form government. Alliances do not need to be formalized as coalition. The mainstream center-right bloc allied with the SD during the past two years on crime and immigration, while opposing bringing the SD into government. Even if it remains in the opposition, because of its size, SD's agenda will have influence at the national level for the first time.

Sweden Democrats' Platform

The Sweden Democrats first entered parliament in 2010, with its constituent base in the south of the country, the entry point for most immigrants. The party dismisses its past ties to Nazism, saying the party has moved on. SD brands itself as a party for change, using nationalist language and advancing policies in stark divergence of the status quo. While Sweden's immigration policies have long been liberal, SD's platform seeks zero asylum. The SD proposes to return immigrants to their native countries; Sweden's immigrants are predominantly Muslim. The SD wants longer prison sentences, automatic deportation of any foreigner convicted of a crime, and strengthened policing against gangs by introduction of stop

Sweden Takes a Step to the Right; Will Italy be Next?

and-search zones in suburbs hit hard by gang crime. Sweden's criminal justice system has traditionally focused on rehabilitation rather than punishment. The SD seeks to preserve Swedish culture and considers Islam a form of extremism, counter to Swedish values of democracy and equality. Like the rest of Europe, Sweden is suffering from surging inflation -- essential food items have increased by almost 25 percent this year -- and energy prices, with household electricity bills doubling. Sweden's electricity comes mainly from hydro-power, nuclear and wind, with only a tiny fraction from gas, but with prices set on international markets, it has not escaped the continent-wide effects of the war in Ukraine on energy prices. Finally, the SD wants to lower fuel prices and build more nuclear reactors.

Sweden's EU Presidency

The impact of the Swedish elections will be felt in Brussels. While the SD supports Sweden's accession to NATO, the party is another EU-skeptic. In 2019, after seeing the negative impact of Brexit, the SD dropped its policy supporting "Swexit," instead seeking to change the EU from within. With Sweden chairing the EU presidency during the first six months of 2023, this may create headwinds for greater EU cooperation at a pivotal moment for the bloc which is forging difficult agreements on how best to counter Russian aggression against

western Europe while protecting the bloc's economy from the growing costs.

Upcoming Elections in Italy Favor the Right

The right wing is also on the march in Italy, where national elections will be held on September 25. The government of Mario Draghi, a former head of the European Central Bank, collapsed after a period of relative stability and economic recovery when the anti-establishment Five Star Movement withdrew its support, citing insufficient action to address the growing economic pressures driving up the costs of food and fuel. The party was demanding more generous financial relief for struggling families and the continued funding of a welfare program it has championed for impoverished Italians. The *centrodestra* (center-right) coalition, dominated by Brothers of Italy, focused on promoting the traditional Italian family, and the populist League, with an anti-immigration and anti-EU platform, and center-right Forza Italia, are polling strongly and their election would pull Italy far to the right.

The Brothers of Italy, which has Fascist roots, is led by Giorgia Meloni. She has had a meteoric rise and stands a good chance of becoming Italy's first female prime minister. The right-wing bloc has

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Sweden Takes a Step to the Right; Will Italy be Next?

said that the premier job should go to the leader of the party with the most votes. Meloni, who also dismisses her party's Fascist roots as "history," opposed Russia's invasion of Ukraine from the start, and has expressed support for NATO and the EU's sanctions against Russia. The party's critical position on the EU—calling for its controlled dissolution in 2018 -- is shifting to reform, particularly to improve the terms for Italy of its pandemic recovery fund deal with the EU. Meloni has strong illiberal inclinations. In the EU parliament, the Brothers of Italy is allied with the Polish Law and Justice party. Meloni admires Hungary's nationalist leader, Viktor Orbán, and opposes immigration and gay rights.

Matteo Salvini leads center-right coalition member League and, although currently aligned with Meloni, is a political rival. Salvini's popularity among Italians is falling after political missteps when he brought his party in Draghi's coalition after previously failing to force snap elections by withdrawing from his ruling coalition with Five Star Movement. Salvini admires Russian President Putin and repeats Russian propaganda. Salvini and Meloni have divergent views on increasing Italy's debt and national priorities, suggesting that a governing coalition face both personal and policy challenges.

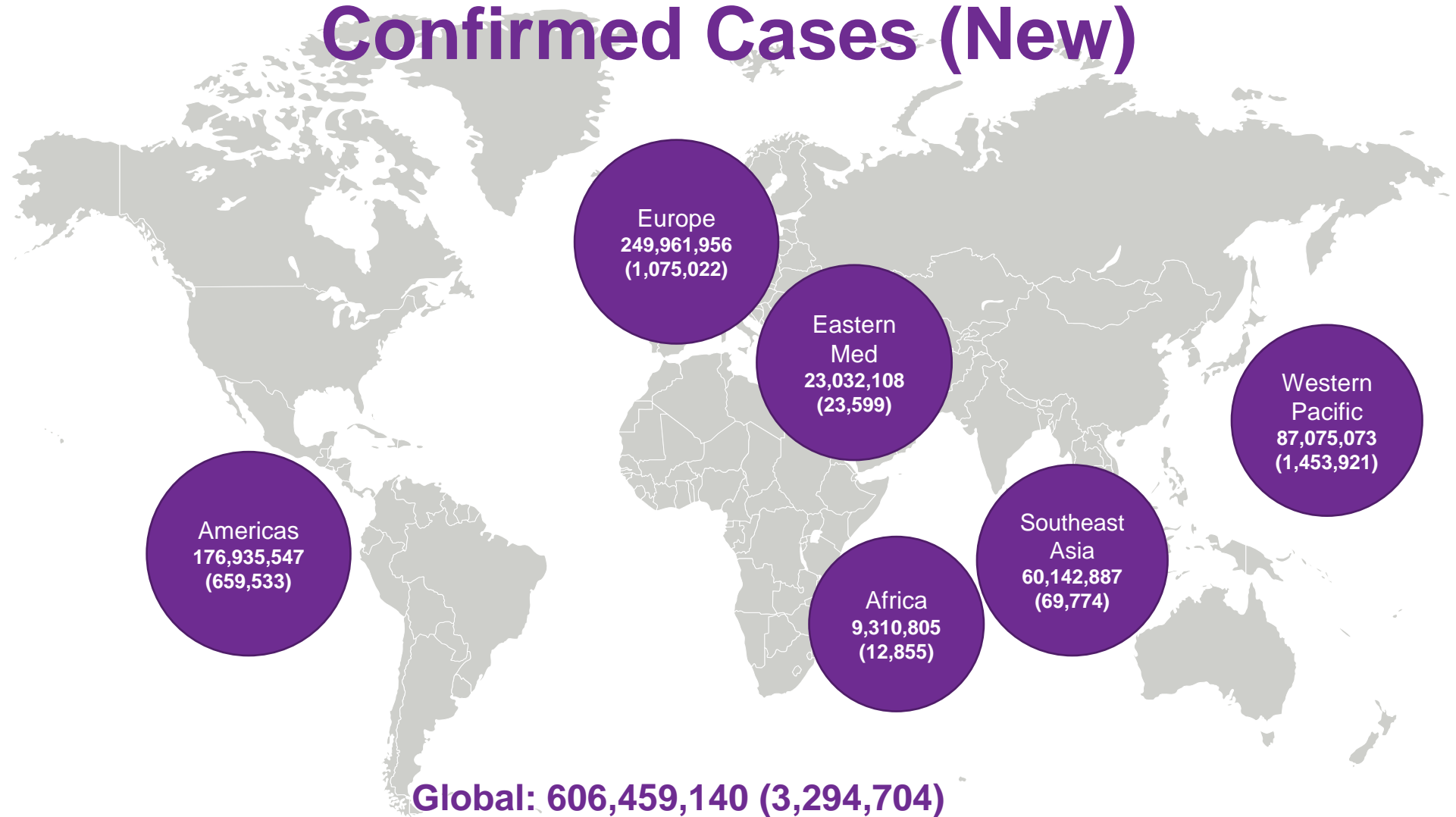
Potential for Expanded Nationalist Bloc within the EU

Far-right coalition governments in Rome and Stockholm could seek to forge an new bloc at the EU in alignment with other "nationalist" members, namely Hungary and Poland. Such a coalition could frustrate EU foreign policy consensus making but would not have the power (given the countries' relative small size) to block EU foreign policy. For example, sanctions against Russia are imposed within the framework of the Common Foreign Strategy Policy (CFSP) in which the measures are either implemented at the EU or the national level. Immigration policy is implemented directly by the member states, which are legally bound to act in conformity with CFSP Council decisions. That being said, opposition within the EU will make it less agile and will give adversaries opportunities to exploit a narrative that the EU is divided and ineffective.

Coronavirus Condition Updates

As of 5:47 pm CEST on September 13, 2022

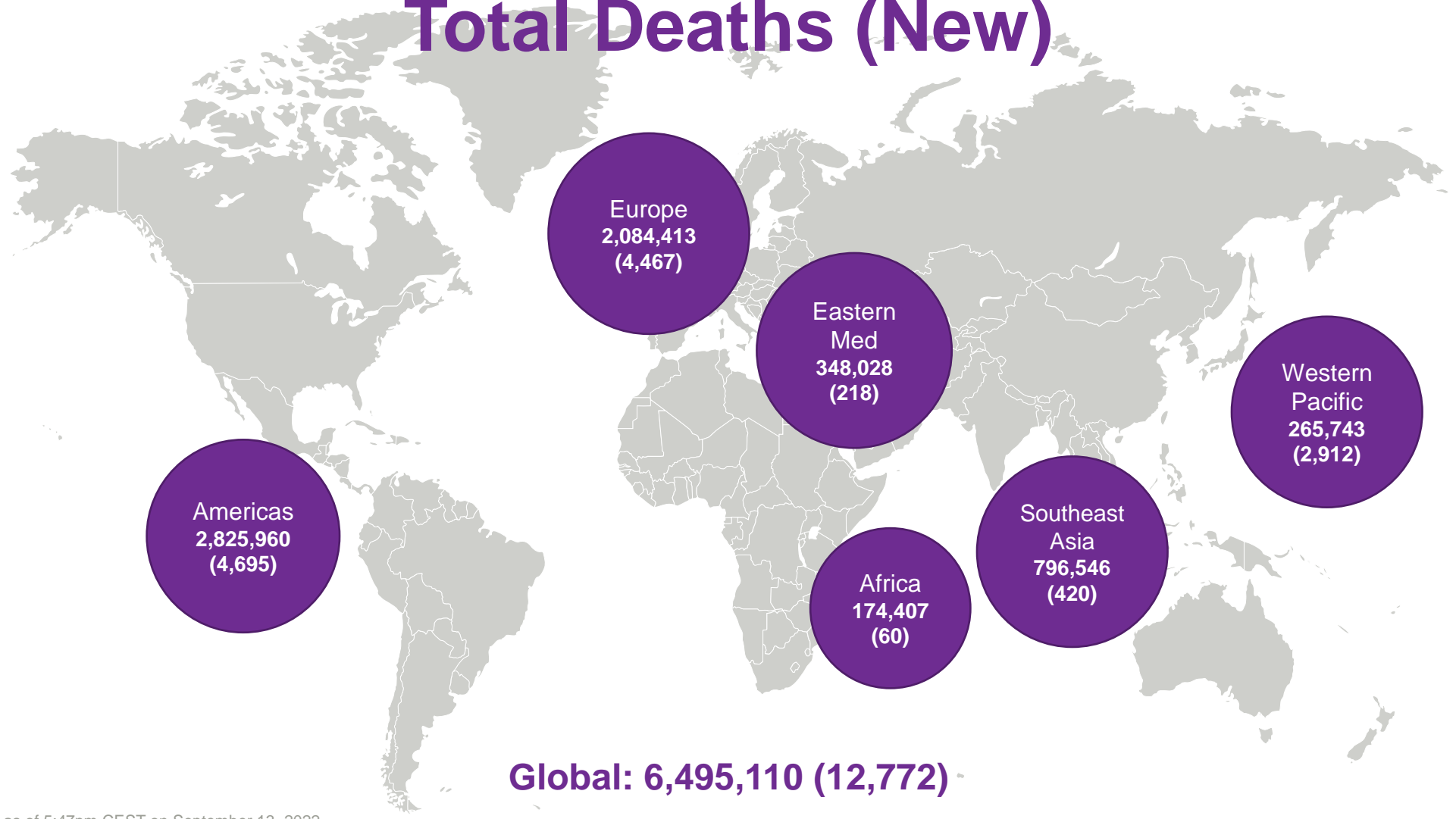
Confirmed Cases (New)



Reflects data as of 5:47pm CEST on September 13, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 5:47pm CEST on September 13, 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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Karl Hopkins

Partner and Global Chief Security Officer
Dentons
Washington, DC

D +1 202 408 9225
karl.hopkins@dentons.com

Melissa Mahle

Senior Analyst
Dentons
Washington, DC

D +1 202 408 6383
melissa.mahle@dentons.com