

Dentons Flashpoint

Global Situation Report

September 26, 2022

Global Situation Update: September 26, 2022

KEY TAKEAWAYS

The US warns of "*catastrophic consequences*" if Moscow uses nuclear weapons in Ukraine.

The OECD estimates Russia's invasion of Ukraine will cost the global economy \$2.8 trillion in lost output by the end of 2023.

Unrest spreads across Iran with growing fears of a violent crackdown by government security forces.

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WHAT WE'RE WATCHING

External actors are lending support to protestors in Iran after ten days of increasingly violent confrontations with authorities. Starlink will beam satellite internet into the country after it was cut off and the hacker collective Anonymous announced that it has hacked official databases and is releasing the phone numbers and other data of all lawmakers in Iran's parliament.

The largest anti-government protests in Iran since 2009 have spread to as many as 80 cities, and at least 50 people are dead and almost 1,000 injured. The government is likely to respond with a crackdown in the coming days, following warning rhetoric from security agencies and tighter restrictions on internet access.



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

Global

Russia's invasion of Ukraine will cost the global economy \$2.8 trillion in lost output by the end of 2023, per a new report by the Organization for Economic Cooperation and Development (OECD).

- The US warned of "*catastrophic consequences*" if Moscow were to use **nuclear weapons in Ukraine**, after Russia's Foreign Minister said regions in occupied Ukraine holding referendums would get full protection if annexed by Moscow. Votes in four eastern Ukrainian regions partially occupied by Russia continued over the weekend. The Russian parliament could move to formalize the annexation within days.
- The US has provided **Ukraine** with the Advanced Surface-to-Air Missile System (NASAMS), a sophisticated air defense system long sought by Kyiv.
- The European Commission is expected to present a formal proposal for more **sanctions against Russia** this week in response to Moscow's attempt to annex Ukrainian territory. Poland, Ireland, Lithuania, Estonia and Latvia are proposing a retaliatory ban on imports of diamonds from Russia, where Alrosa is the world's largest producer of rough gems. The diamond industry accounts for 5 percent of Belgium's exports.
- IAEA chief Grossi is pushing for talks in Ukraine and Russia this week on setting up a protection zone at the Russian-held **Zaporizhzhia nuclear power plant** in Ukraine.

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Markets & Business

Sterling fell nearly 5 percent to an all-time low today as investors sold off after the new government's fiscal plan roiled markets with proposed historic tax cuts, and the biggest increase in borrowing since 1972 to pay for them.

- Italy and **Intel** picked the town of Vigasio in the northeastern Veneto region as their preferred site for a new multibillion-euro chip factory in Italy.
- **Abu Dhabi National Oil Company** signed an agreement to supply LNG to German utility **RWE**, the first shipment to be delivered in late 2022 for use in the trial operation of a floating natural gas terminal in Brunsbuettel.
- **TotalEnergies** will invest around \$1.5 billion in the planned expansion of Qatar's liquefied natural gas capacity, a project that promises to ramp up gas supplies to energy-hungry European markets.
- **Apple Inc** announced plans to manufacture its latest iPhone 14 in India, as the tech giant moves some of its production away from China.

Environment, Sustainability & Governance

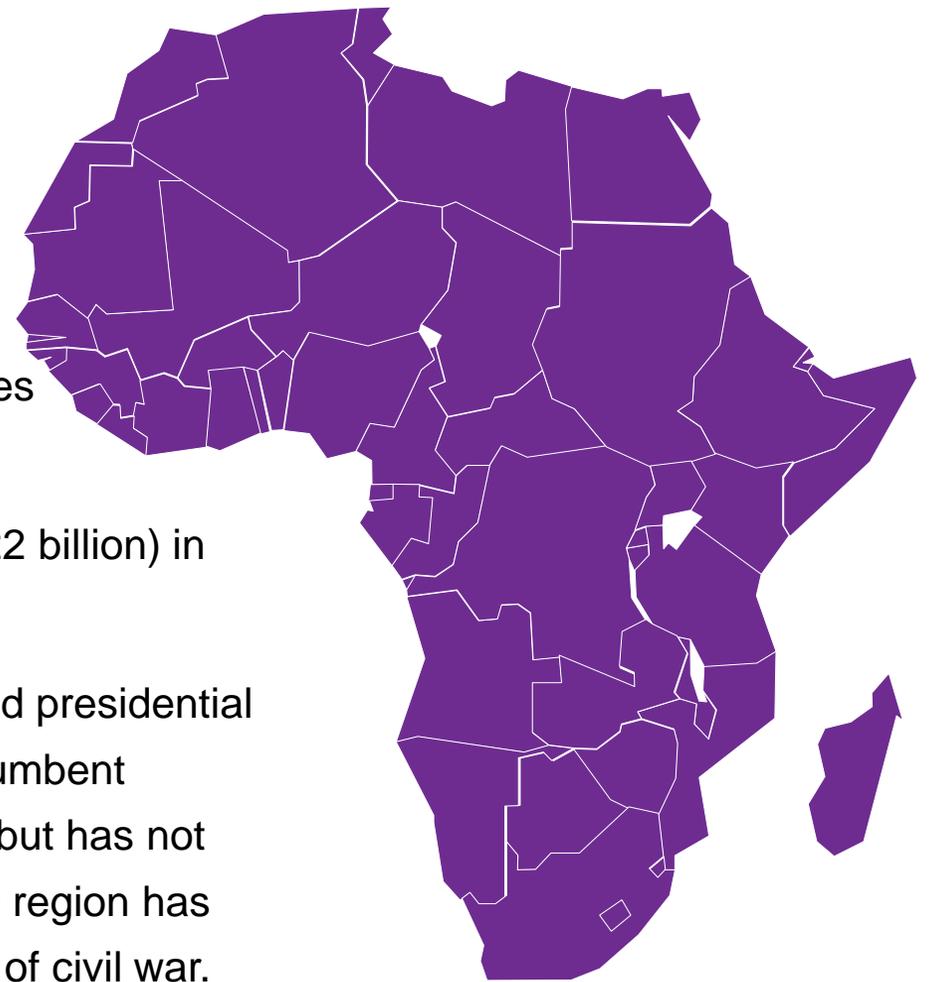
Deforestation in Brazil's Amazon rainforest spiked more than 80 percent in August from a year earlier, preliminary government data shows, with fires raging at a record-breaking pace.

- The US Energy Department issued a plan detailing a government-wide strategy for ramping up production and use of **sustainable aviation fuels** (SAF). The Administration wants SAF to achieve a minimum of a 50 percent reduction in GHG emissions compared to conventional fuel and seeks to expand supply, use, reduce its cost and enhance its sustainability.
- A British workers union secured a 10 percent **pay rise** for 1,600 bus drivers at transport company London United after four days of **strikes** last month led to further talks with the employer.
- Investments of more than half a trillion euros will be needed to modernize Europe's **energy grid** this decade, if countries are to succeed in ramping up **wind and solar power** to break free from Russian gas, a draft EU document showed.
- At the Hydrogen Energy Ministerial meeting, more than 20 countries, led by Japan, have agreed to boost output of **low-emission hydrogen** to at least 90 million tons a year by 2030 from 1 million tons now.

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Africa

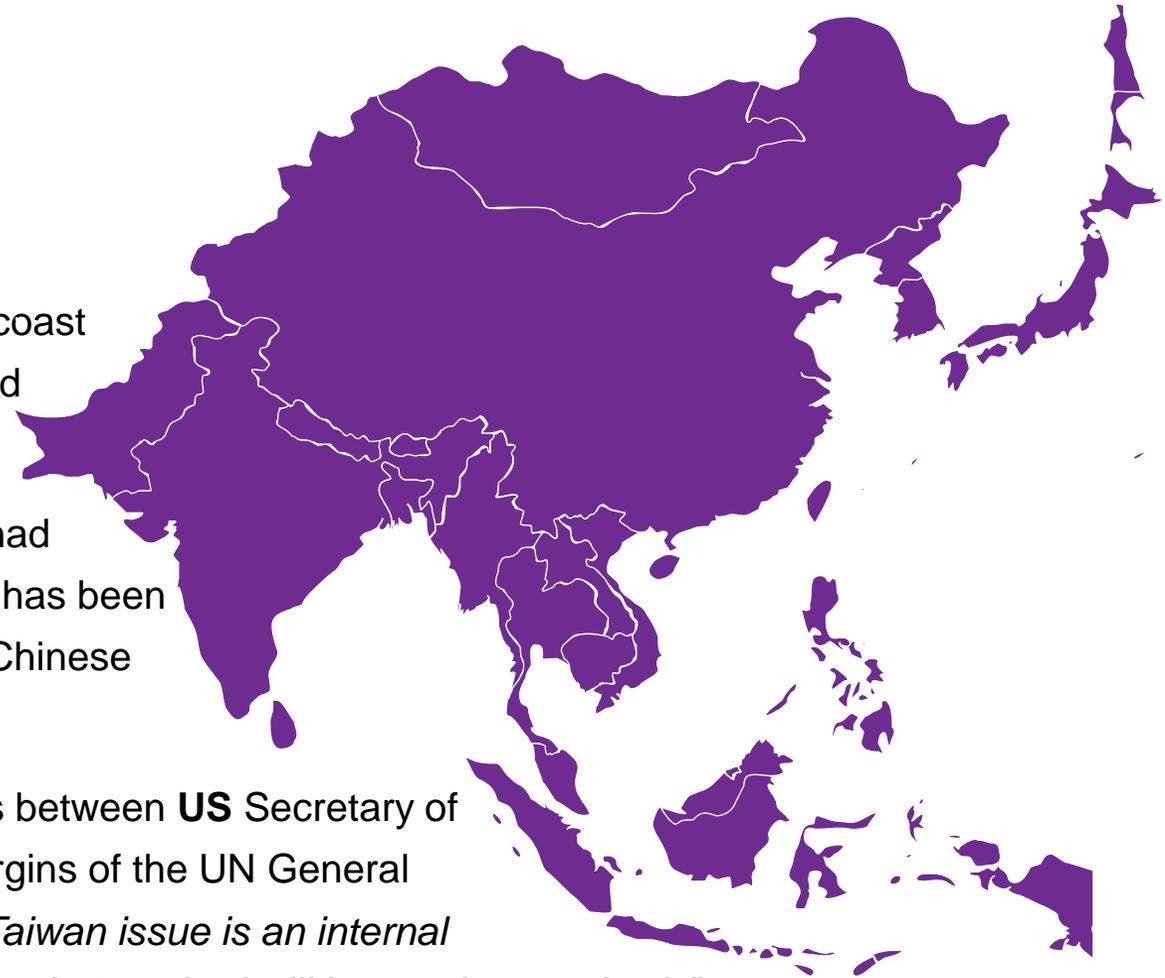
- **Uganda** said its Ebola caseload had jumped to 16 people while a further 18 people also likely had the disease. The spreading strain does not yet have a vaccine.
- The cost of **Nigeria's** fuel subsidies rose to 525.714 billion naira (\$1.22 billion) in August, bringing the total spent this year to 2.568 trillion naira.
- Somalia's breakaway region of **Somaliland** will postpone its scheduled presidential election to next year, rather than holding it in November when the incumbent president's term ends. Somaliland broke away from **Somalia** in 1991 but has not gained widespread international recognition for its independence. The region has been mostly peaceful while Somalia has grappled with three decades of civil war.
- Thousands of **Angolans** protested on Saturday against what they said was a flawed election last month that returned the ruling MPLA to power after nearly five decades of uninterrupted rule.



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Asia

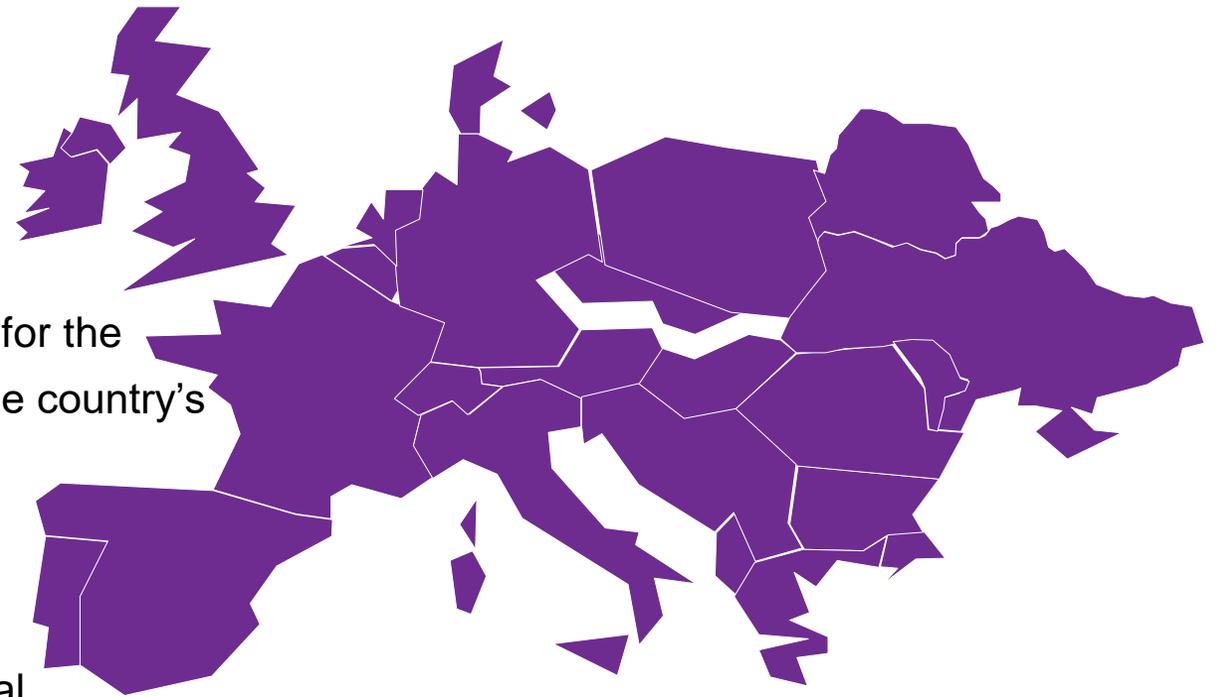
- **North Korea** fired a ballistic missile towards the sea off its east coast on Sunday, ahead of planned military drills by **South Korean** and the **US** and a visit to the region by US Vice President Harris.
- **China's** former Deputy Public Security Minister Sun Lijun, who had been denounced for "*seriously damaging the unity of the party,*" has been jailed for life, accused of being the ringleader of 'clique' against Chinese Communist Party leadership.
- **Taiwan** was the focus of the 90-minute, "*direct and honest*" talks between **US** Secretary of State Blinken and **Chinese** Foreign Minister Wang Yi on the margins of the UN General Assembly in New York. Per the Chinese foreign minister, "*The Taiwan issue is an internal Chinese matter, and the United States has no right to interfere in what method will be used to resolve it.*"
- At the UN, the prime minister of the **Solomon Islands** complained that his country had been subjected to "*a barrage of unwarranted and misplaced criticisms, misinformation and intimidation*" since formalizing diplomatic relations with China in 2019.



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Europe

- Several thousand people protested in **Moldova's** capital for the second straight weekend to demand the resignation of the country's pro-Western government amid mounting anger over natural gas prices and inflation.
- A right-wing alliance led by Giorgia Meloni's Brothers of **Italy** party looks set for a clear election win, with near final results showing the rightist bloc should have a solid majority in both houses of parliament, potentially giving Italy a rare chance of political stability after years of upheaval and fragile coalitions.
- Former **Czech** Prime Minister Andrej Babis's opposition ANO party won most of the country's major cities in municipal elections seen as a test for the ruling coalition's handling of the energy crisis.
- **Russia's** first military mobilization since World War Two, announced by President Putin last Wednesday, has triggered protests in dozens of cities across the country. Public anger has appeared to be particularly strong in poor ethnic minority regions like Dagestan, a Muslim-majority region. More than 2,000 people have been detained at anti-mobilization rallies.



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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.

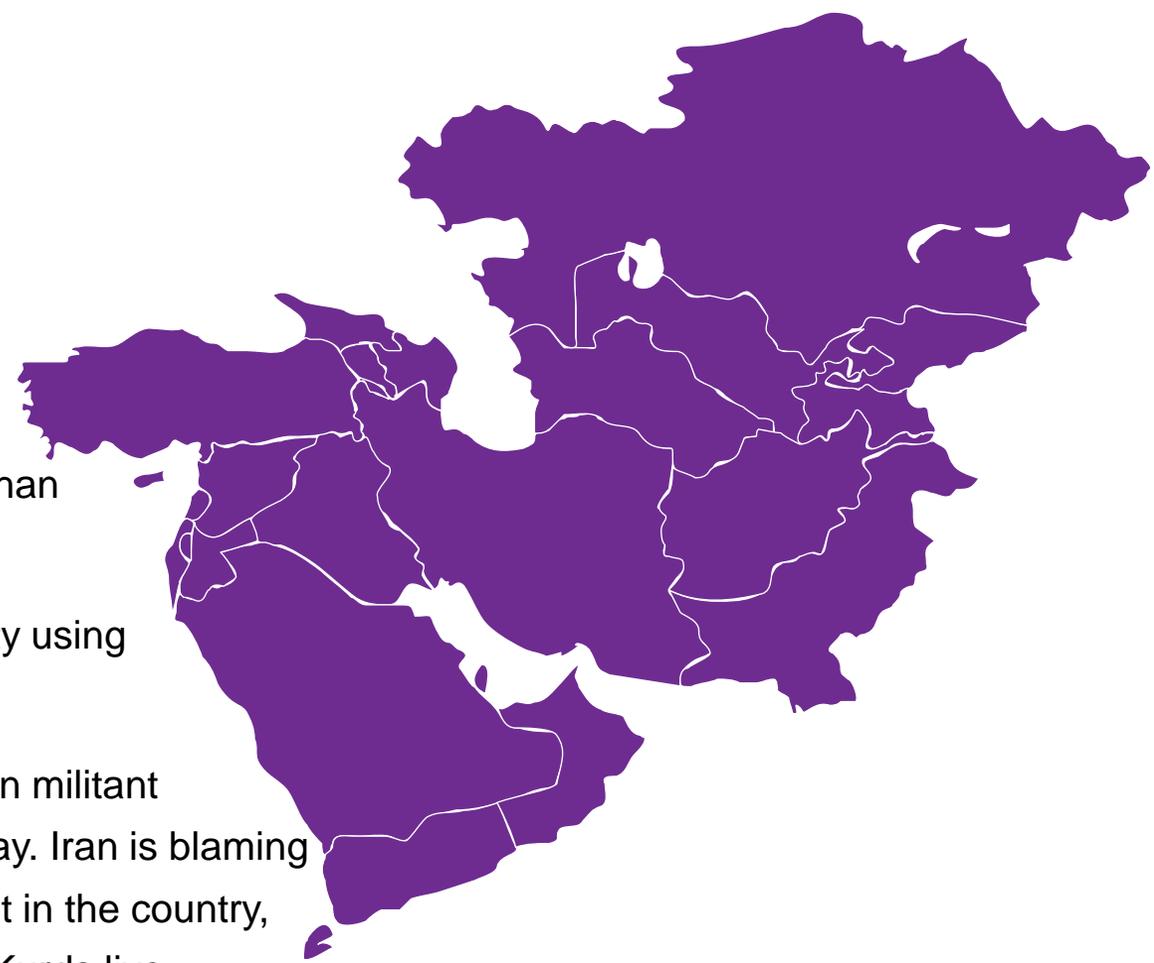
Dentons tabletop sessions are fluid, and designed to enhance preparedness with services, including:

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

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

Middle East



- **Pakistan's** finance minister Ismail announced plans to formally resign, amid an economic crisis exacerbated by destructive flooding. Ismail is the fifth finance minister to be replaced in less than four years.
- **Saudi Arabia** has launched five new projects to produce electricity using renewable energy, with a total capacity of 3,300 megawatts.
- **Iran's** Revolutionary Guards launched an artillery attack on Iranian militant opposition bases in the Kurdish region of northern Iraq on Saturday. Iran is blaming armed Iranian Kurdish dissidents of involvement in ongoing unrest in the country, particularly in the northwest where most of Iran's up to 10 million Kurds live.
- **EU** foreign policy chief Borrell called on to Iran to *"immediately stop the violent crackdown on protests and ensure internet access."* He also called for information on the number of people killed and arrested, and an investigation into the killing of Mahsa Amini. Iran summoned the **British** and **Norwegian** ambassadors over what it called interference and hostile media coverage of the nationwide unrest triggered by the death of a woman detained by morality police.

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Americas



- Hurricane Fiona slammed into eastern **Canada** on Saturday, forcing evacuations as wind gusted up to 170 km per hour (106 miles per hour). Hundreds of thousands of residents across Nova Scotia, Prince Edward Island, Newfoundland, Quebec and New Brunswick remained without power on Sunday.
- Ian has strengthened into a hurricane and is expected to produce significant wind and storm surge impacts in western **Cuba**. The government is evacuating tourists amid expectations of life-threatening storm surges.
- **Cubans** voted on Sunday on a 100-page "family code" that, if passed, places Cuba at the vanguard of progressive social policy in Latin America, legalizing same-sex marriage and civil unions, allowing same-sex couples to adopt children, and promoting equal sharing of domestic rights and responsibilities between men and women.
- **Canadian** Prime Minister Trudeau and **South Korean** President Yoon Suk-yeol agreed to deepen cooperation on critical minerals used in electric vehicles (EVs) batteries. Canada is rich in lithium, cobalt and nickel, and the government is seeking to help producers and processors scale up production.

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Americas: US

- Updated **COVID-19 boosters** have been administered to 4.4 million Americans since a new revaccination campaign began three weeks ago, a slower pace for the shots targeting the Omicron variant of the coronavirus than the rollout of the first boosters last year.
- **Apartment rents** are falling from record highs across the US for the first time in nearly two years, after steep increases during the pandemic.
- The Environmental Protection Agency launched a new office that will be focused on the needs of minority communities suffering from pollution and oversee the delivery of \$3 billion in **environmental justice grants** created by the new climate legislation.
- Vice President Kamala Harris will visit **Japan and South Korea** this week to discuss Taiwanese security during bilateral meetings with the leaders.



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Is the Pandemic “Over”?

A few weeks ago, President Biden made headlines for declaring during a TV interview that “the pandemic is over.” World Health Organization Director Ghebreyesus, meanwhile, suggested last week that the pandemic may be nearing an end.

Governments and businesses worldwide are shifting into a “post-pandemic” mode, dropping most of their remaining restrictions and encouraging individuals to resume pre-pandemic habits. Over two years after the onset of the pandemic, COVID-19 is no longer the number one threat for many; however, decision-makers must still keep the coronavirus on their radars as individuals and institutions maintain different risk calculations, and the possibility of future variants and spikes persists.

State of the Pandemic

The abatement of COVID-19 fears and related disruptions have led many countries, businesses, and regional governments to begin dropping their last COVID-19-related restrictions. Just last week, New York State dropped its vaccine mandate for private employees, and several major employers (such as Goldman Sachs) dropped booster and testing requirements for in-office work. Other countries are doing the same: last week, Japan

dropped most of its travel restrictions for international tourists, allowing foreigners to freely visit for the first time since the onset of the pandemic. Canada is expected to drop its border vaccine requirement by the end of the month. Hong Kong similarly removed a requirement for foreign arrivals to quarantine in hotels upon arrival, lifting one of the world’s strictest entry requirements. Earlier this month, the Netherlands dropped all of its COVID-19 border restrictions as well.

The end of many official restrictions comes alongside lessened individual precautions as well. An Axios-Ipsos poll taken in mid-September found that almost half of all Americans report having returned to their pre-pandemic lives, and over 40 percent do not report being concerned about COVID-19 at all. In a poll the month before, Axios-Ipsos found that 67 percent of people had visited relatives in the last week, and 63 percent had gone out to eat – a pandemic-era high for both figures. Perhaps most consequentially,

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Is the Pandemic “Over”?

a large majority – 80 percent - now believes that the COVID-19 pandemic is “here to stay.”

However, some scientists have taken issue with President Biden’s calling the pandemic “over,” pointing out that in the US, some 400 people are still dying of COVID-19 every day. While the severity of the pandemic has certainly waned – at the height of the Delta spike in February of 2021, that statistic topped 3,000 – experts caution that the coronavirus will remain a leading cause of death and illness in the US for some time.

Varying Individual and Collective Risk Thresholds

At the same time as the US and other countries are relaxing their COVID-19 restrictions, some of their citizens remain on edge, and still other countries are declining to drop precautions. In the same Axios-Ipsos poll that found that half of Americans have returned to their pre-pandemic routines, the other half reports wearing “almost always” wearing a mask while out of the home. Individuals still vary in their risk calculations, and those who could be especially impacted by COVID-19 (such as the elderly, or those with compromised immune systems) have good reason to continue maintaining

personal precautions. On the global level, China remains an outlier as it has maintained a strict zero-COVID policy that puts it at odds with most of the world. China is now the only country where arrivals must quarantine for ten days in a hotel, and much of the country has been subject to lockdowns over the last several months. The divergence represents differing risk calculations across borders.

Going Forward

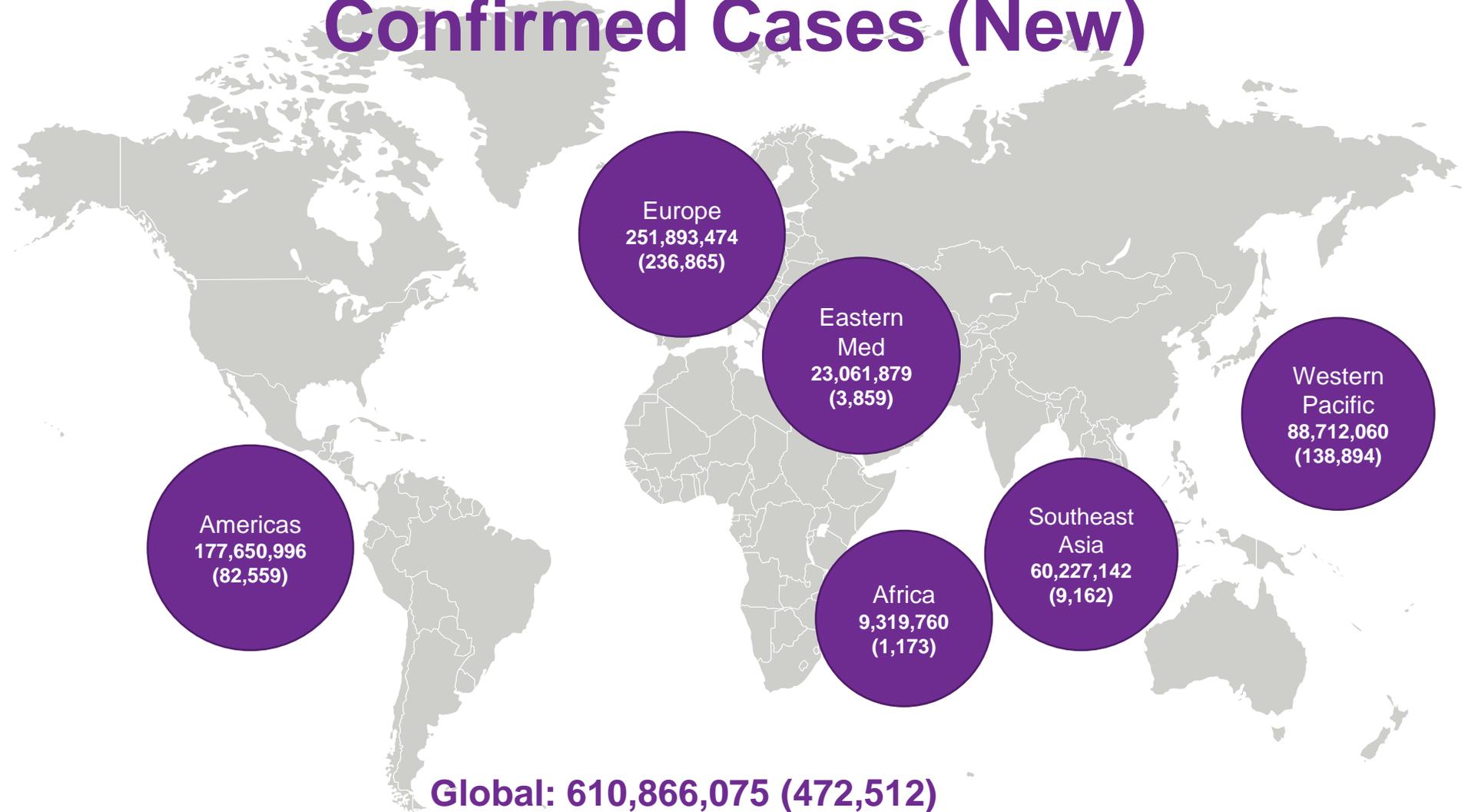
Of course, risks remain. Public health experts continue to raise the alarm that with decreased public guidance and resources comes reduced testing, making it much more difficult to detect and track new spikes or variants as they emerge. Decision-makers should not discount the possibility that a more infectious or severe variant could emerge unexpectedly, swiftly reorganizing priorities at every level. Even if COVID-19 cases remain at the same level, transmission remains a risk, and many Americans will continue to maintain some level of precaution, be that avoiding working in-office, masking, or social distancing. As the government removes itself from the COVID-19 precaution equation, daily life will be a patchwork of individual preferences and business decisions.

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Coronavirus Condition Updates

As of 5:39 pm CEST on September 23, 2022

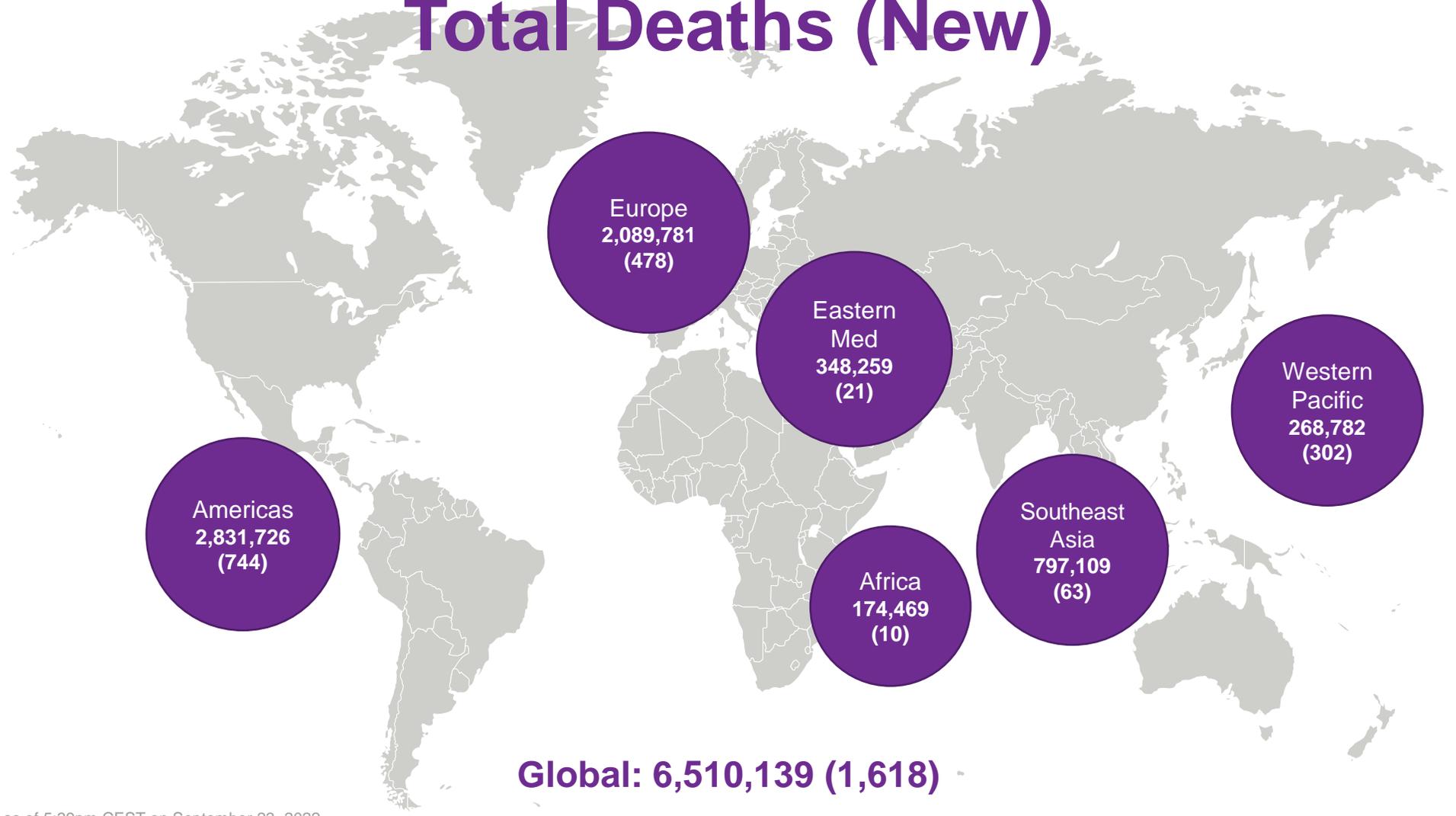
Confirmed Cases (New)



Reflects data as of 5:39pm CEST on September 23, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 5:39pm CEST on September 23, 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