

Dentons Flashpoint

Global Situation Report

December 23, 2022

Global Situation Update: December 23, 2022

KEY TAKEAWAYS

The US commits to send a Patriot Missile battery to Ukraine, in calculated escalation.

A gauge of future US economic activity fell for a ninth straight month in November, pointing to a likely US recession in 2023.

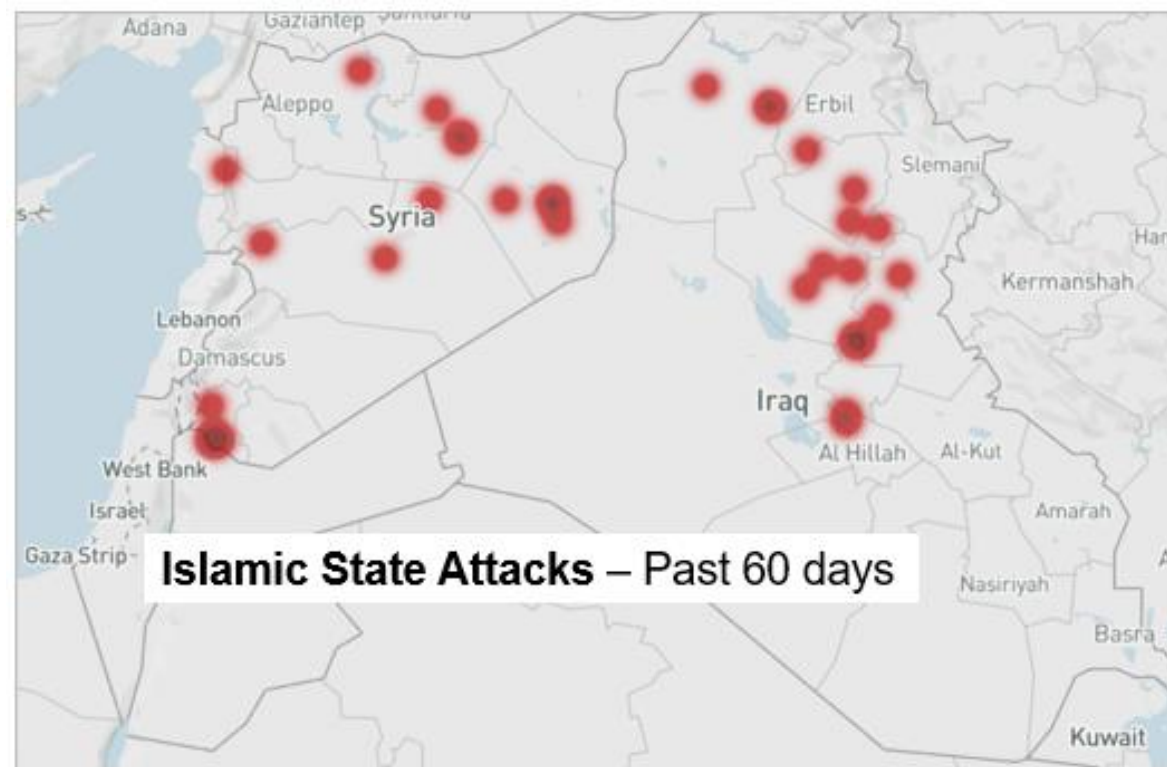
China is expecting a peak in COVID-19 infections within a week.

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WHAT WE'RE WATCHING

Islamic State (IS) fighters in Syria and Iraq are proving to be resilient with approximately 30 attacks across both countries in the past 60 days. US special forces raids have recently eliminated several mid-level commanders, but IS attacks against Kurdish militias, the Iraqi and Syrian militaries, and civilians in both countries have killed and injured dozens.

If Turkey goes ahead with a military incursion into northern Syria in 2023, it could accelerate the strengthening of IS across the region. The Kurdish-led Syrian Defense Forces (SDF) said last month they cannot fight IS while suffering relentless cross-border artillery fire from Turkish forces that appear to be prepping for a major operation.



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

Global

The US Conference Board's leading indicator, a gauge of future US economic activity, fell for a ninth straight month in November, pointing to a likely US recession in 2023.

- The Biden administration announced a nearly \$2 billion **arms package for Ukraine** that for the first time includes a Patriot air-defense system to help Kyiv protect itself against the barrage of Russian launched ballistic missiles and cruise missiles. The US emphasized that that the system is defensive. Russian President Putin sought to dismiss the advanced capability as “*old equipment*.”
- The private Russian military company, the Wagner Group, took delivery of an **arms shipment from North Korea** to help bolster Russian forces in Ukraine, a sign of the group's expanding role in that conflict, per the US.
- Russian president Vladimir Putin said Russia seeks to end the **war in Ukraine** “*as soon as possible*” and believes every conflict between two countries leads to **negotiations**, using the term war in an apparent slip. A senior Russian diplomat said today that talks on security guarantees for Russia cannot take place while NATO instructors and “*mercenaries*” remain in Ukraine, and while Western arms supplies to the country continue.

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Markets & Business

Chinese imports of semiconductor-making equipment plunged 40 percent y/y in November, as US export controls aimed at slowing Beijing's technological advancement took a bite.

- Germany's **BioNTech** said it has completed construction of its first vaccine factory made from shipping containers called 'BioNtrainer' being sent to Africa.
- Facebook owner **Meta Platforms** Inc agreed to pay \$725 million to resolve a class-action lawsuit accusing the social media giant of allowing third parties, including **Cambridge Analytica**, to access users' personal information.
- Chinese smartphone maker **Xiaomi** has started laying off 10 percent of its workforce, the latest tech giant to slash costs as global inflation bites and China battles surging COVID-19 outbreaks.
- **TSMC** is in advanced talks with key suppliers about setting up a European plant in the German city of Dresden, a move that would allow the world's largest chipmaker to meet growing demand from the region's car industry.

Environment, Sustainability & Governance

Insurers are resisting efforts by the US government to probe whether hurricanes and wildfires are making insurance unaffordable for American homeowners, as financial regulators sharpen their scrutiny of climate-related risks.

- JPMorgan announced 2023 targets to cut **emissions** tied to its finance and dealmaking in the **iron and steel, cement and aviation sectors**, as those emissions linked to oil and gas usage rose.
- A senior German official said that Twitter should join other tech firms in being directly monitored by the European Commission, saying the company's erratic behavior under new owner Elon Musk posed a threat to **free speech**.
- A union representing shop assistants at fashion retailer Zara has called off **planned strikes** in the company's hometown in northern Spain following an agreement on a 25 percent **pay rise**.
- The US Midwest hunkered down for a “*once a generation*” winter storm, a potential “*bomb cyclone*,” which meteorologists described as a cross between a hurricane and a blizzard. **Life-threatening wind chills** were expected to reach the East Coast today.

Africa

- **Rwanda** accused the government of the **Democratic Republic of Congo** of "*fabricating*" a November massacre that a UN investigation says was committed by M23 rebels and cost 131 civilians their lives.
- **Gambian** authorities have foiled a military coup attempt and arrested four soldiers plotting to overthrow President Adama Barrow's administration, the government said.
- **Burkina Faso's** mines minister denied an allegation by the president of Ghana that Burkina Faso had paid Russian mercenaries by giving them the rights to a mine.
- **Zimbabwe** has imposed a ban on the export of unprocessed lithium in a bid to stop artisanal miners who the government says are digging up and taking the mineral across borders.



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Asia

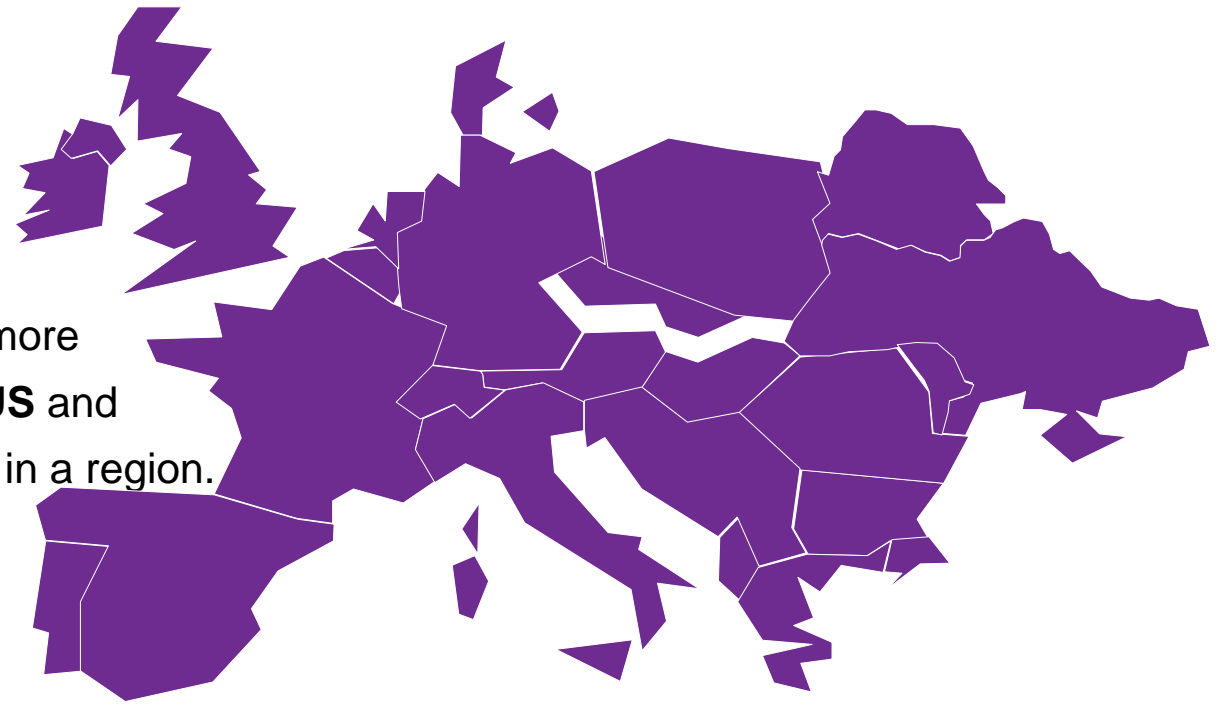
- **Taiwan** scrambled combat jets to warn away 39 **Chinese** aircraft that entered its southeastern air defense zone on Thursday.
- **India** is planning to make a COVID-19 negative test report mandatory for passengers arriving from countries with a high number of cases, per the country's health minister.
- The UN Security Council adopted its first resolution on **Myanmar** in 74 years on Wednesday to demand an end to violence and urge the military junta to release all political prisoners, including ousted leader Aung San Suu Kyi.
- **China** is expecting a peak in COVID-19 infections within a week, with authorities predicting strain on the country's health system even as they downplay the disease's severity and continue to report no new deaths.
- **Fiji** mobilized its military after the party of longtime leader Frank Bainimarama failed to win a majority in an election this month, a move that risks inflaming tensions in a Pacific nation that the **US** has courted to counter **China's** inroads in the region. Mr. Bainimarama's Fiji First party has yet to concede.



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Europe

- **French** President Macron said **Europe** needs to take a more assertive role within NATO, reducing its reliance on the **US** and developing its own defense capabilities, to secure peace in a region.
- **German** authorities detained an employee of Germany's foreign intelligence agency on suspicion of spying for **Russia**.
- **Turkey's** monthly minimum wage will be 8,506.80 lira (\$455) in 2023, the presidency said - a 55 percent increase from the level determined in July and a 100 percent hike from January.
- **Kosovo** has asked NATO troops to airlift a former Serb policeman who was detained two weeks ago but could not be transferred elsewhere because local Serbs demanding his release set up barricades to prevent him being moved.



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.

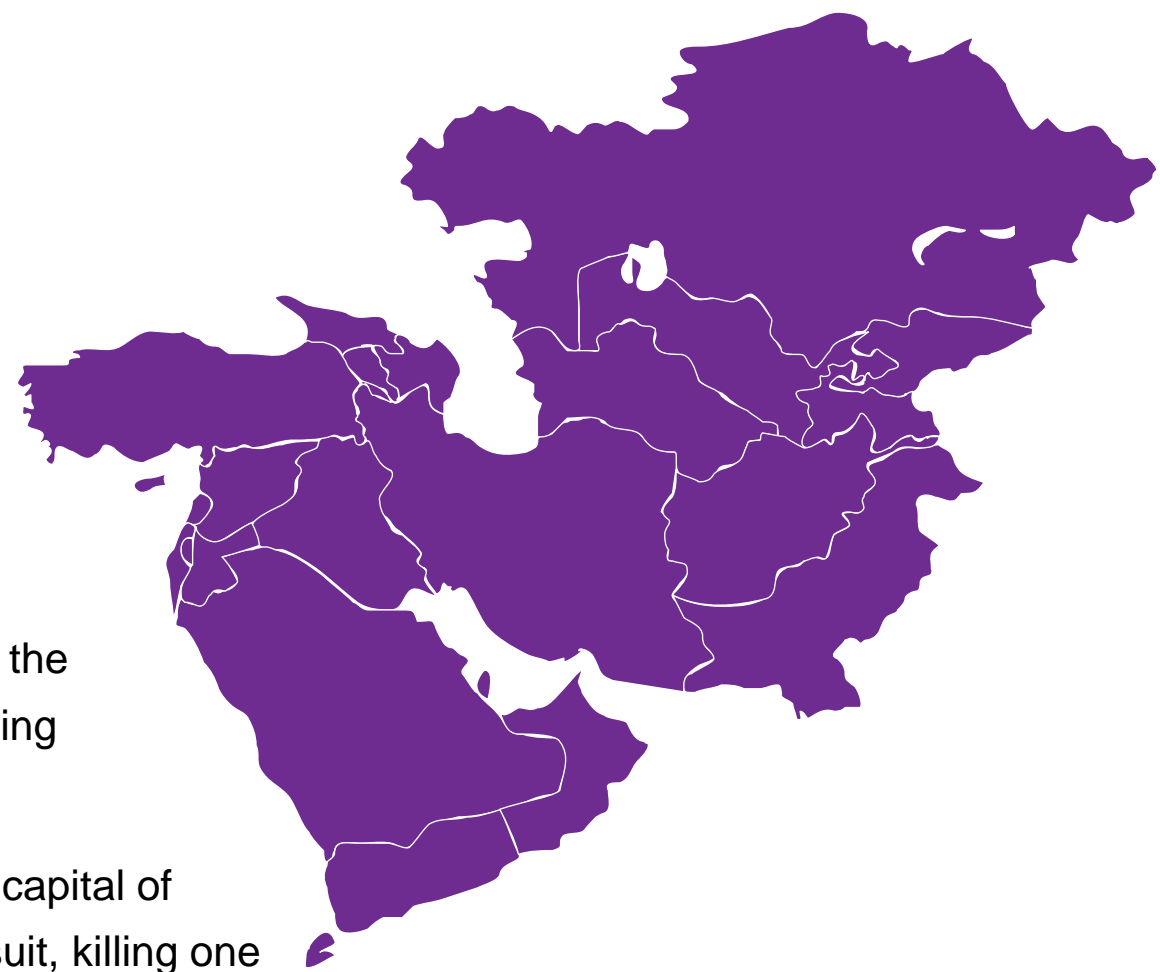
Dentons tabletop sessions are fluid, and designed to enhance preparedness with services, including:

- ❖ 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

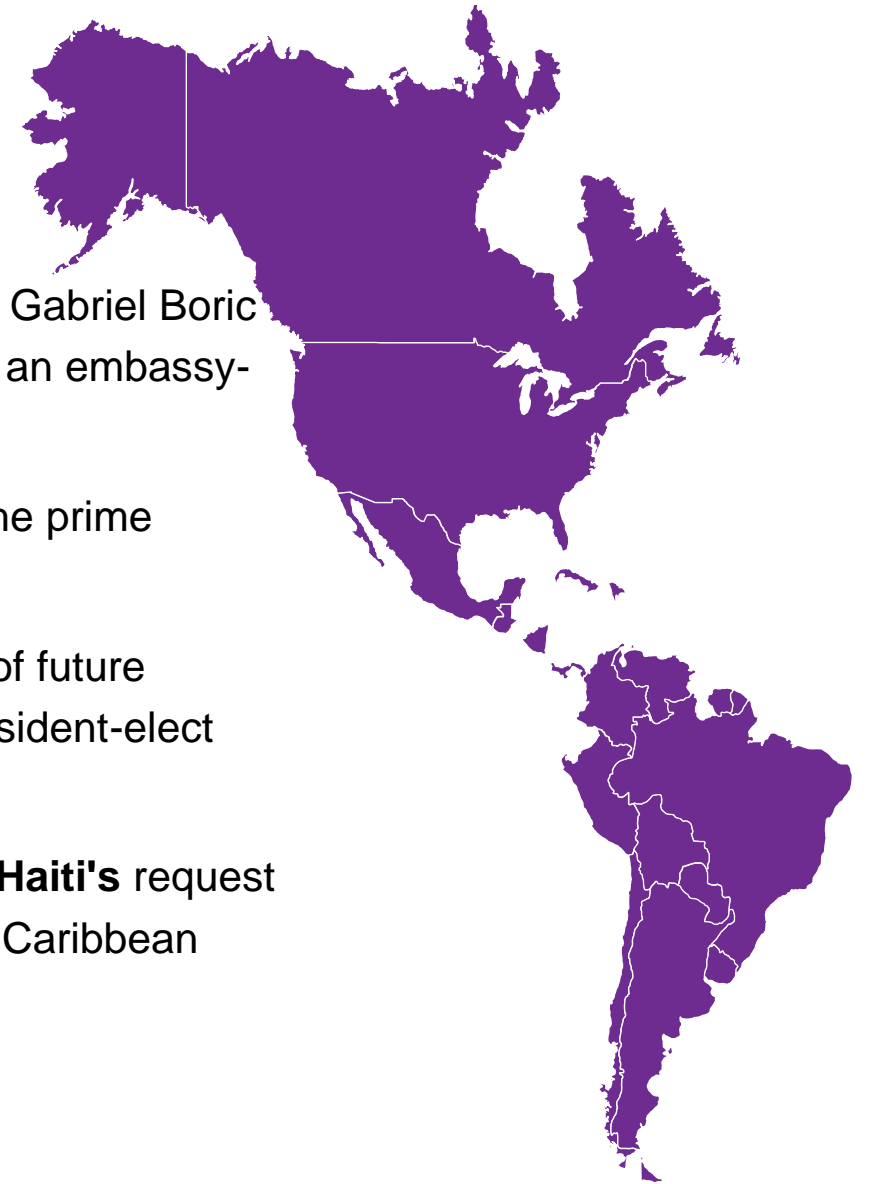


- **Israel's** longest-serving prime minister, Benjamin Netanyahu, secured a deal to form a new government after weeks of unexpectedly tough negotiations with religious and far-right coalition partners.
- The **US** imposed new sanctions on **Iranian** officials, including the Prosecutor General and key military officials, over the continuing crackdown on protests.
- Suspected militants sped through a checkpoint in **Pakistan's** capital of Islamabad today and blew themselves up as police gave pursuit, killing one officer and injuring several others.
- The fuel crisis in **Syria** has reached extreme levels, with power outages of up to 22 hours a day becoming the norm in Damascus and its surrounding region, factories have paused operations, universities cancelled classes and gas stations closed.

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Americas

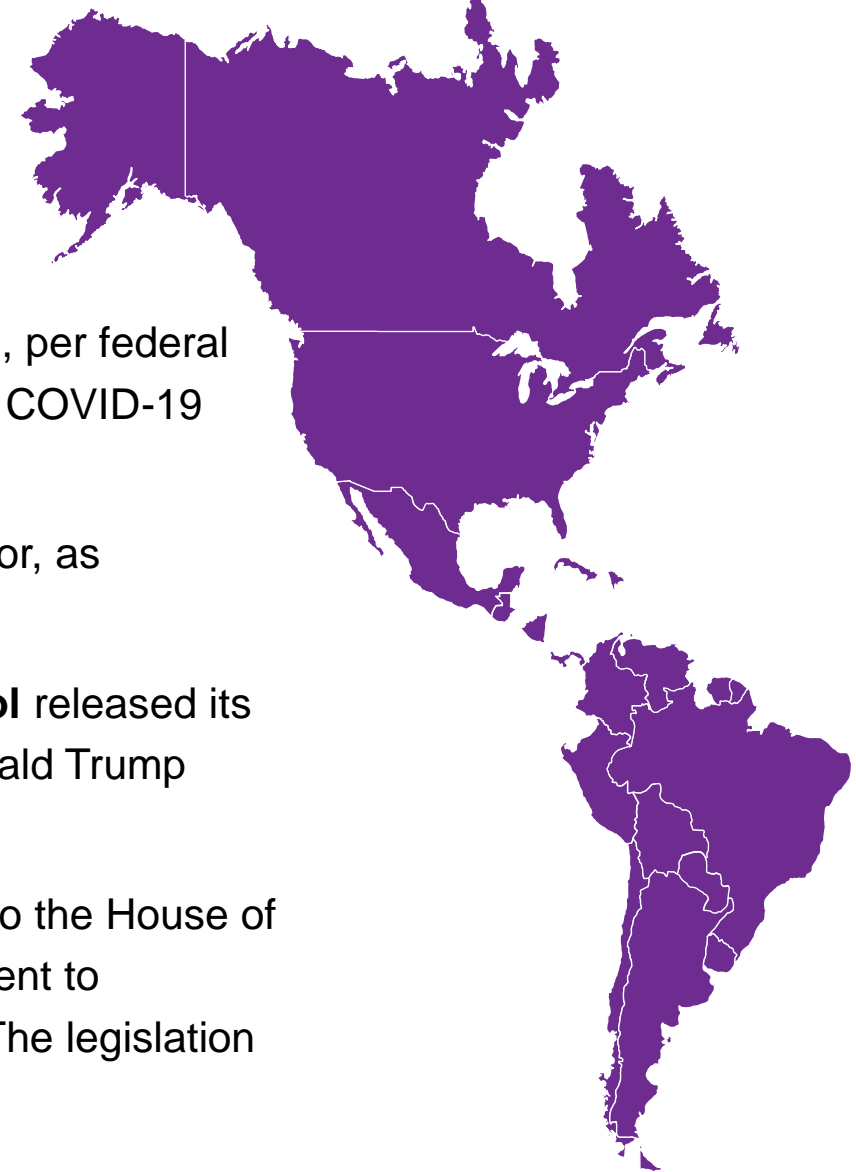
- **Chile** plans to open an embassy in the **Palestinian territories**, President Gabriel Boric said, which could make the Andean country one of only a handful to have an embassy-level office in the territories.
- **Peru's** President Dina Boluarte promoted the country's defense chief to the prime minister's job as part of a shuffle of her 11-day-old Cabinet.
- **Brazilian** President-elect Luiz Inacio Lula da Silva announced a new set of future cabinet members ahead of his January 1 inauguration, including Vice President-elect Geraldo Alckmin as minister of development, industry and trade.
- Deputy UN chief Amina Mohammed urged countries to urgently consider **Haiti's** request for an international specialized armed force to help restore security in the Caribbean state and alleviate a humanitarian crisis.



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Americas: US

- **Life expectancy** in the US fell again last year to the lowest level since 1996, per federal data, after COVID-19 and opioid overdoses drove up the number of deaths. COVID-19 was the third-leading cause of death for a second consecutive year in 2021.
- **US home sales** plunged more than 35 percent in November from a year prior, as mortgage rates hit their highest level in two decades.
- The House committee investigating the **January 6 attack on the US Capitol** released its 800-plus page report yesterday, outlining its case that former President Donald Trump should face criminal charges of inciting the deadly riot.
- The Senate passed a **\$1.66 trillion government spending bill**, sending it to the House of Representatives to approve, which is expected to happen today and to be sent to President Biden for his signature, averting a partial government shutdown. The legislation provides funding through September 30, 2023.



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Cyber Threats to Track in the New Year Ahead

By Emilio Iasiello, Global Cyber Threat Intelligence Manager, Scott Muir, Senior Analyst, and Courtney Barnard, Global Cyber Threat Intelligence Coordinator

In 2023, organizations that implement and exercise strong cyber resilient measures will find themselves in better positions to mitigate, remediate, and recover from attacks. The Cyber Threat Intelligence team at Dentons surveyed the cyber threat landscape and identified the following threats that will remain persistent attack vectors in the New Year:

Ransomware

Ransomware variants and the gangs that operate them will continue to rise and fall, but in 2023 the overall volume of such attacks will increase as the barrier to entry for would-be cyber criminals is lower than ever. The necessary tools are available at low cost online and given the sustained success of ransomware operators and the challenges in coordinating a global response to them, they will continue to dominate the cyber threat landscape in 2023.

Worldwide efforts to stymie ransomware are at a standstill as the Russian Federation, which is host to prolific cybercriminals that stole an estimated \$400 million from victims in 2021, is no longer a party to key global forums due to its war in Ukraine. Private companies and organizations, as well as public sectors and life-sustaining utilities, were taken offline by ransomware in 2022 and there are no signs of

slowdown in the year ahead as victims continue to pay hefty ransoms and cyber criminals are aware that only a minority of organizations have plans to respond to a ransomware attack.

Insider Threats

Cyber criminals are always on the hunt for the easiest route into a target network, particularly at a level with escalated privileges – and in 2023 will increasingly test those human vulnerabilities present in every organization. Surveys conducted by security firm Coveware in 2021 and 2022 found that over half of cyber security professionals had had someone in their organization approached to assist in the deployment of a ransomware attack. Insider attacks will pick up in 2023 as some employees struggle with economic recession and inflation and become more amenable to malicious acts in exchange for money. The average cost of an insider attack to an organization in 2022 was approximately

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Cyber Threats to Track in the New Year Ahead

\$15.4 million, with an average of 85 days taken to remediate each incident. These amounts are set to increase in the New Year.

BEC Scams

Business Email Compromise (BEC) remain the costliest financial cybercrime and are becoming more common with a 150 percent year-on-year increase during the first half of 2022, according to cybersecurity firm Abnormal Security. More than 59 percent of the top five online crime losses globally in 2021 were from BEC scams, with an estimated \$2.4 billion in adjusted losses across the world. In 2023, BEC scams will remain relatively easy to conduct without a sophisticated set of technical skills. Cyber criminals facing a bleak economic situation will leverage phishing and stolen credentials, which have low barriers of entry, to extort victims. This transnational threat continues to elude national and international law enforcement agencies and will persist.

DDoS Attacks

The number of distributed denial-of-service (DDoS) attacks declined globally in 2022, but the severity of attacks increased compared to previous years. This escalation is largely driven by geopolitical tensions – namely between Ukraine and Russia - that are grabbing

the attention of cyber-capable hackers able to amplify DDoS attacks against targets to overwhelm targeted networks. Facilitating these types of attacks are unsecured Internet of Things devices that can be quickly assembled into a formidable botnet, often times without knowledge of the owners. Moving into 2023, we expect DDoS attacks to continue to be primarily used in extortion attempts, to coerce payments from targeted organizations for financial profit, especially in geopolitical hotspots.

Data Breaches

Data breaches will remain costly threats to organizations in the new year, as stolen data can be easily monetized or leveraged for additional attacks. The average cost of a breach for an organization in the US reached \$9.4 million in 2022 and appears set to increase. Stolen credentials, application vulnerabilities, malware, and insiders will remain the most common attack vectors that result in data breaches in 2023. Credential abuse remains an effective entry point and are easily obtained in underground markets. Also, as more organizations turn to cloud solutions, they will garner greater attention from hostile actors looking to maximize their abilities to compromise as many victims as possible. Attackers will increase

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Cyber Threats to Track in the New Year Ahead

their efforts against cloud service providers, looking to gain access into high value companies to achieve greater monetary rewards.

Expert Help

Dentons offers business leaders a full complement of counseling and advice for cyber risk management and also offers regulatory and litigation services. Analysis and intelligence products from Dentons can help to better understand fast-changing complex operating environments and, importantly, all interaction is attorney-client privileged. To learn more about the bespoke cyber intelligence and risk services from Dentons please contact us today.

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Coronavirus Condition Updates

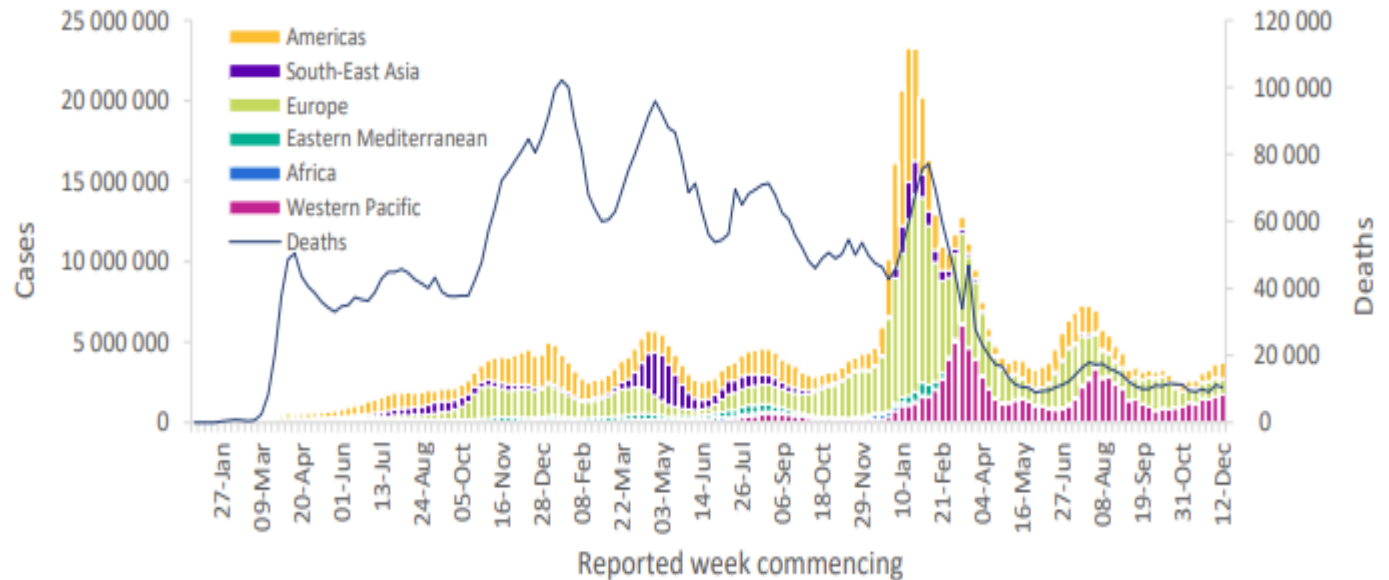
As of 4:21 pm CEST on December 22, 2022

Coronavirus Snapshot

Globally, confirmed coronavirus cases topped 650.8 million with 6.6 million deaths; more than 13.0 billion vaccine doses have been administered.

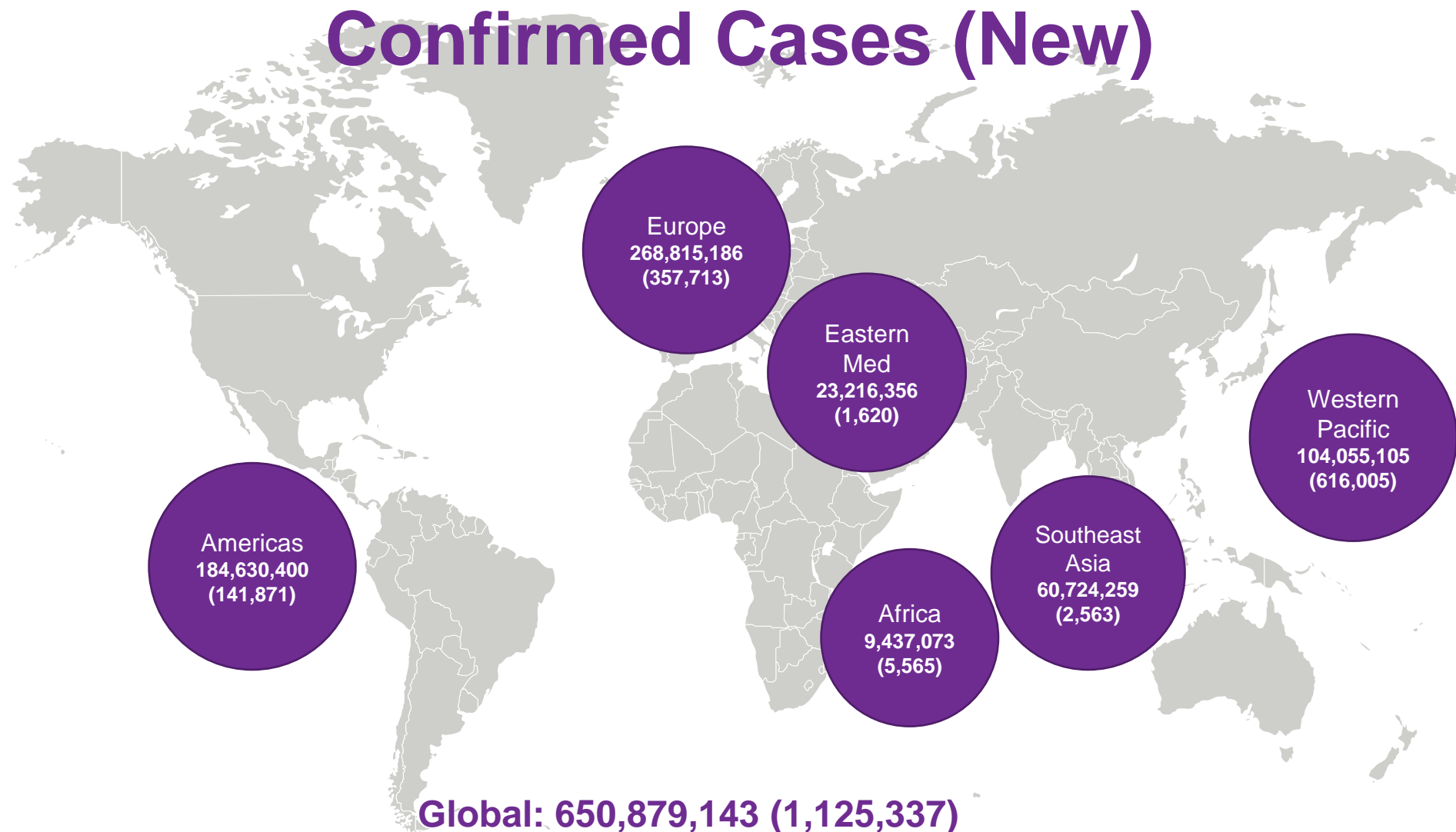
- Globally, the number of new weekly cases reported during the week of 12 to 18 December 2022 was similar (+3 percent) to the previous week, with over 3.7 million new cases reported.
- The number of new weekly deaths was 6 percent lower than in the previous week, with over 10,400 new fatalities reported.

Figure 1. COVID-19 cases reported weekly by WHO Region, and global deaths, as of 18 December 2022**



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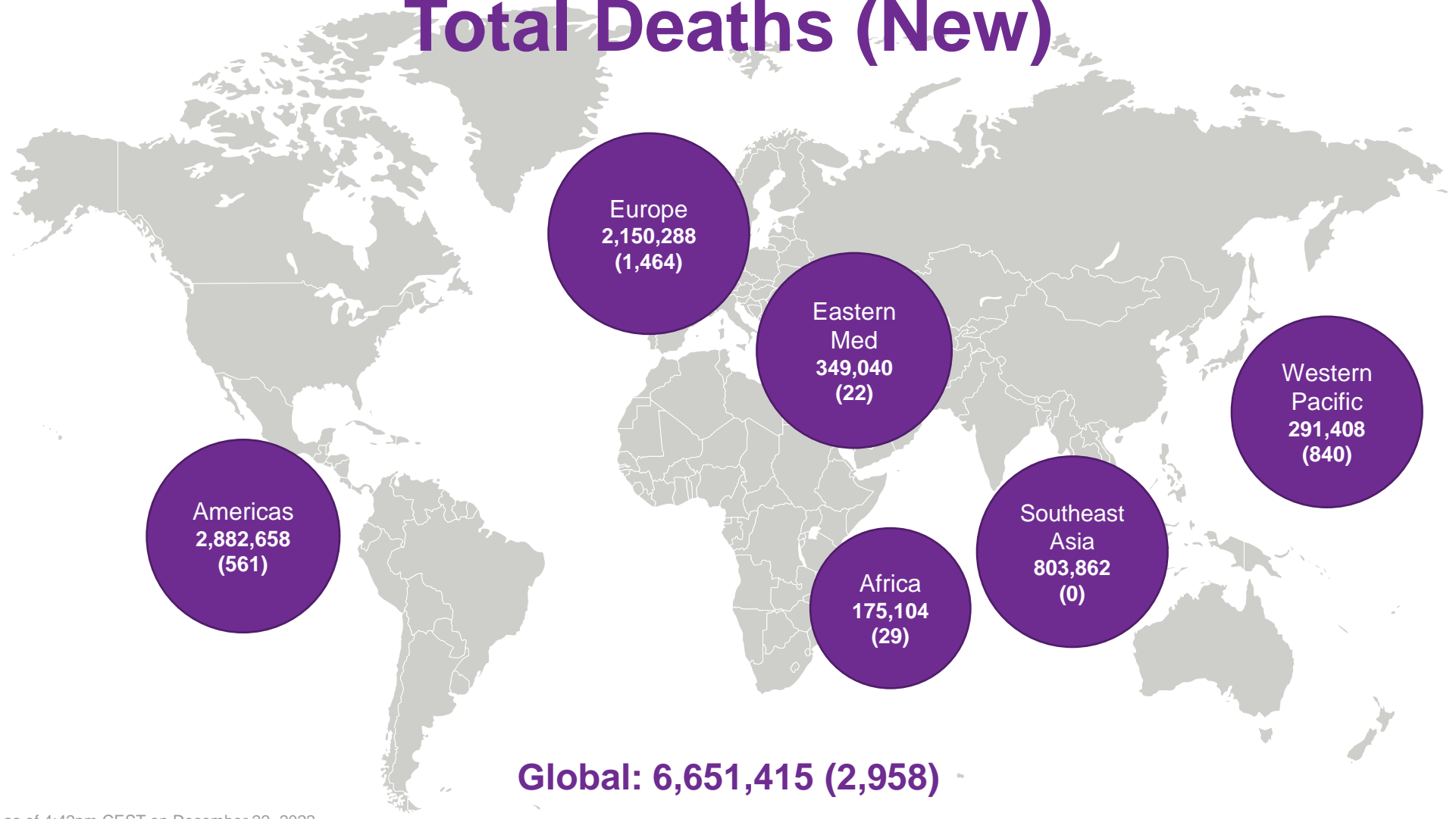
Confirmed Cases (New)



Reflects data as of 4:42pm CEST on December 22, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Global: 6,651,415 (2,958)

Reflects data as of 4:42pm CEST on December 22, 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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