

Dentons Flashpoint

Daily Global Situation Report

May 10, 2022

Global Situation Update: May 10, 2022

KEY TAKEAWAYS

Sri Lanka's prime minister resigns, and the military and police are granted emergency powers.

Malaysia considers more palm oil exports to help meet global demand amid an edible oil shortage.

The world is increasingly likely to experience global warming of 1.5C within the next five years.

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

Qatari Emir Sheikh Tamim bin Hamad al-Thani will visit Iran this week in an attempt to revive the 2015 nuclear deal with Tehran, among other issues. This visit follows an impasse in negotiations between Iran and the US over Washington's refusal to remove the Islamic Revolutionary Guard Corps (IRGC) from a terrorism list. The Emir will meet Iranian President Ebrahim Raisi, who visited Doha in February 2022.

Following the visit to Iran, the Emir will depart for Britain, Germany and other European states. A key focus of the discussions on the nuclear deal will be ways to bring the parties to "a new middle ground," according to a Reuters article citing a source familiar with the trip itinerary. Energy matters such as exports of LNG from Qatar to Europe will also be up for discussion.



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Global

The world is increasingly likely to experience global warming of 1.5C within the next five years because of record greenhouse gas levels, according to new research by the World Meteorological Organization and the UK Met Office.

- EU member states are nearing a concrete agreement on the bloc's proposal to **ban all oil imports from Russia**. European Commission President Ursula von der Leyen said yesterday she had made progress in talks with Hungarian Prime Minister Orban on this issue.
- Brussels has dropped plans to **ban the EU shipping industry from carrying Russian crude** as it struggles to form a consensus in support of its latest sanctions package. The proposal was strongly opposed by Malta and Greece, which are home to more than half of the EU flag tonnage.
- Ukrainian President Zelensky called on the international community to help unblock Ukrainian ports in order to prevent a **global food crisis**.

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Markets & Business

China's zero-COVID policies are beginning to severely hit the country's global export engine. Prolonged lockdowns led to particularly sluggish export growth in April, new figures show.

- **European stocks** recovered some of their losses today after economic growth fears drove the steepest drop for global equities since June 2020.
- Malaysia is considering cutting its export tax on **palm oil** and plans to slow implementation of its biodiesel mandate to help meet global demand amid an edible oil shortage.
- Startup **Clearview AI** has agreed to limit access to its controversial facial recognition database in the US, settling a lawsuit filed by privacy advocates.
- **Credit Suisse** has pulled out of settlement negotiations with Sanjeev Gupta's **GFG Alliance**, forcing the start of insolvency hearings in a UK court as a consequence of unpaid debts after the collapse of specialist finance firm **Greensill Capital** last March.
- China's **Geely Automobile** will buy just over a third of **Renault's** Korea unit for roughly \$200 million, potentially helping it boost US exports, and freeing up funds for the French automaker to invest in its electric business.

Environment, Sustainability & Governance

The SEC extended until June 17 the period for public comment on its landmark proposal to require US-listed companies to disclose a range of climate-related risks and greenhouse gas emissions.

- Leaders of the World Council of Churches, Muslim Council of Elders and New York Board of Rabbis signed onto a statement that said banks, pension funds and insurance firms had a "*moral imperative*" to not contribute to **climate change** because of the threat it poses to future generations of life on earth.
- The 15th session of the United Nations Convention to Combat **Desertification** convened in the Ivory Coast; the host country pledged to raise \$1.5 billion for a five-year land restoration program to bring back forest and increase food production.
- UN climate envoy Mark Carney plans to meet with major private equity firms in London on tomorrow. Most major buyout firms have refused to join Carney's Glasgow **Financial Alliance for Net Zero** (GFANZ), a coalition of assets managers, banks and insurance firms representing \$130 trillion in assets.

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Africa

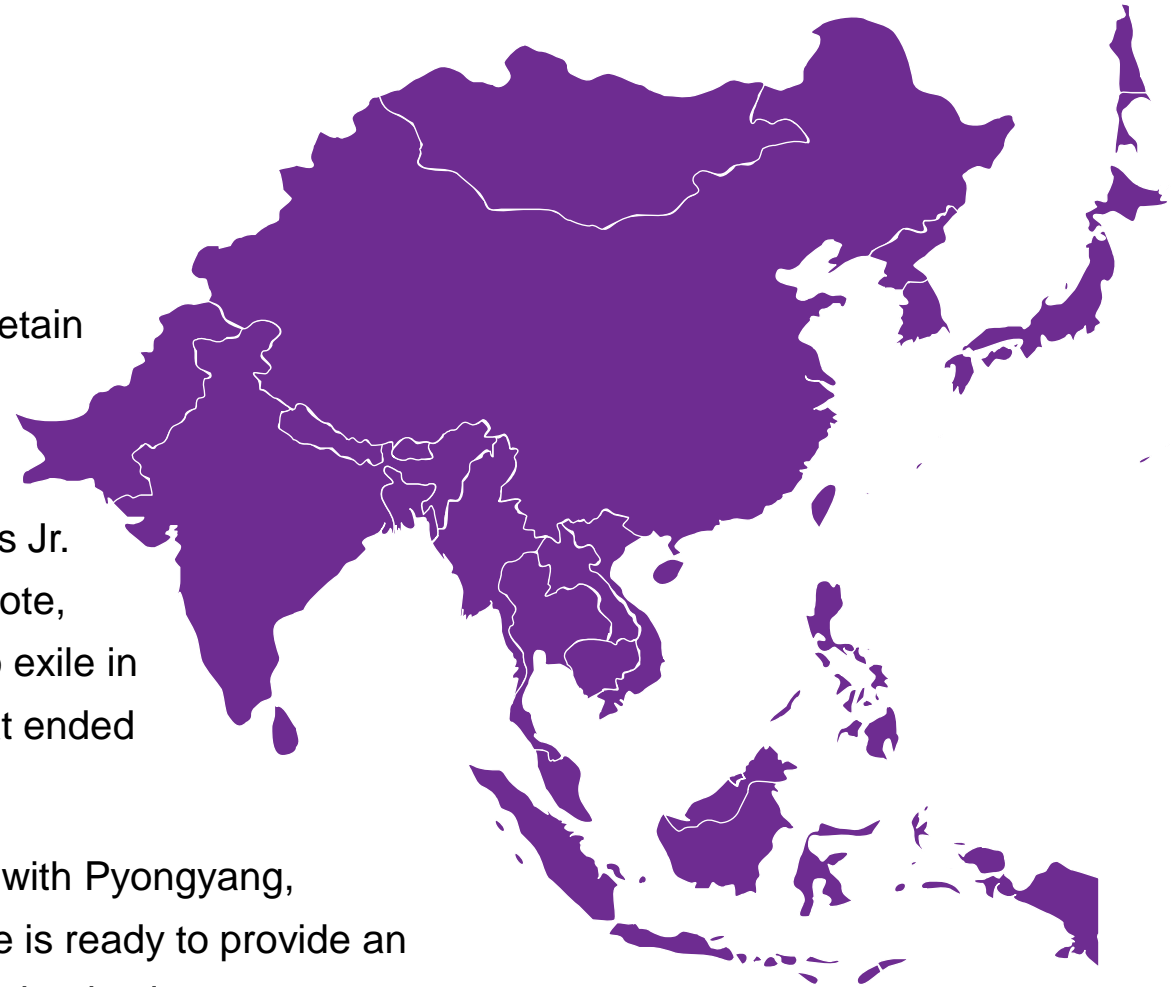
- **Somali** President Farmajo officially announced his candidacy for a second term; the tumultuous relationship between him and his prime minister has led to political crisis and the delay of presidential elections to May 15.
- **Zimbabwean** armed forces turned out in force in the capital of Harare to avert a planned shutdown by activists protesting against the economic situation in the country.
- **South Africa's** state-controlled Central Energy Fund pledged to provide additional jet fuel to the Johannesburg airport after reports that it was operating on a 3.5 day supply of fuel.



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Asia

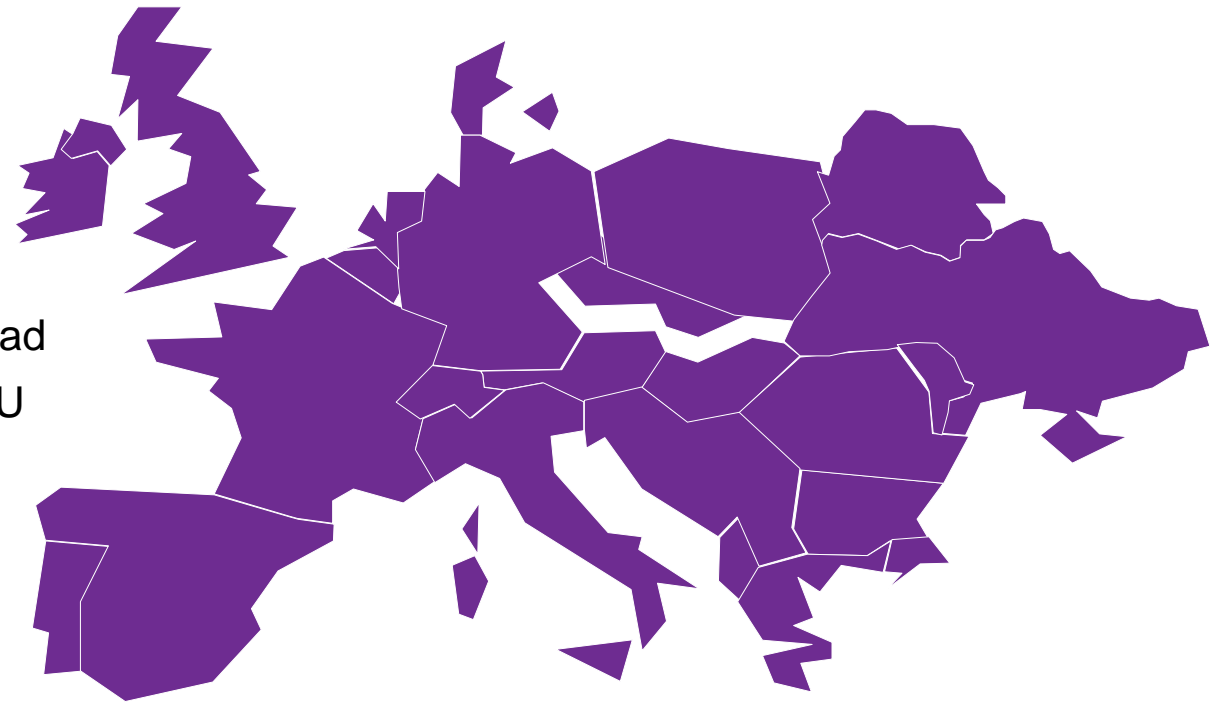
- **Sri Lanka** gave emergency powers to its military and police to detain people without warrants, after a day of clashes that prompted Prime Minister Mahinda Rajapaksa to resign.
- With 98 percent of the eligible ballots counted, Ferdinand Marcos Jr. looks set for a landslide victory in the **Philippine's** presidential vote, restoring the dynasty of the Marco family after his father fled into exile in Hawaii with his family during a 1986 "*people power*" uprising that ended Marco Sr.'s autocratic 20-year rule.
- In a speech focused on reopening stalled denuclearization talks with Pyongyang, **South Korea's** new president, Yoon Suk-yeol, suggested that he is ready to provide an "*audacious*" economic plan if **North Korea** is committed to denuclearization.
- The G7 voiced grave concern about the selection process for a new chief executive in Hong Kong and underscored the erosion of fundamental freedoms, prompting a rebuke from **China**.



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Europe

- **French** President Macron proposed the creation of a broad “*community*” of **European** democracies to include non-EU members amid calls to reform the way the continent is governed following the **Russian** invasion of **Ukraine**.
- **Germany and Qatar** are reportedly at odds in talks over long-term LNG supply deals amid differences over key conditions, including the duration of any contract.
- **Russia** is not planning to proactively close its embassies in **Europe** in response to unfriendly measures by the West and expansion of sanctions against Moscow, per a deputy foreign minister.
- **German** Chancellor Scholz held a video conference with **Chinese** Premier Xi Jinping, with talks focused on how the conflict in **Ukraine** has impacted global food supplies and energy security.



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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](#).

Middle East

- The **UAE** will introduce unemployment insurance for the first time, part of a bid to modernize its labor market to attract foreign investment.
- **Syrian** President Assad made a surprise visit to **Iran**.
- The World Bank approved a \$150 million loan to **Lebanon** to help keep bread prices stable. The Lebanese diaspora saw 60 percent turnout in early parliamentary elections.
- The **Israeli** governing coalition defeated two no-confidence votes on the first day of the Knesset's session, allowing the fractured coalition to continue governing. The Arab Raam party, which broke from the coalition over violence at al-Aqsa Mosque during Ramadan, is set to meet today to discuss conditions for rejoining the coalition, potentially avoiding snap elections.



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Americas

- In a visit to **Cuba**, **Mexican** President Obrador reiterated calls for the country to be invited to the Summit of the Americas and announced plans to hire 500 Cuban doctors. Mexican headline inflation and the closely watched core index rose in April to their highest levels since January 2001, with the central bank likely to increase interest rates again.
- **Venezuela** began importing Iranian heavy crude.
- Two **Mexican** journalists were killed yesterday in the eastern state of Veracruz, adding to the toll in one of the deadliest years on record for media workers in the country.
- The **US** charged a former **Haitian** senator with conspiring to kill Haitian President Moise, the third suspect to be charged by the Justice Department as the Caribbean nation's own probe into the murder remains stalled.



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Americas: US

- Puerto Rico and Northern New England states are reporting increased cases and hospitalizations as new, and more contagious, variants of **COVID-19** circulate.
- **Students** in high-poverty schools paid a far higher price for virtual learning than did their peers in low-poverty schools, leaving vulnerable students even further behind than when the pandemic started, according to a working paper by the National Bureau of Economic Research.
- Serious fire weather covered the southern Plains and Desert Southwest yesterday, continuing a multiday stretch of dry and windy conditions that will last into the midweek, with northeastern New Mexico and southeastern Colorado designated as a top-tier “*extremely critical*” **wildfire risk**.
- Elevated and persistent **inflation**, coupled with a sharp rise in **interest rates**, are among the greatest near-term risks to the US economic system, per the Federal Reserve.

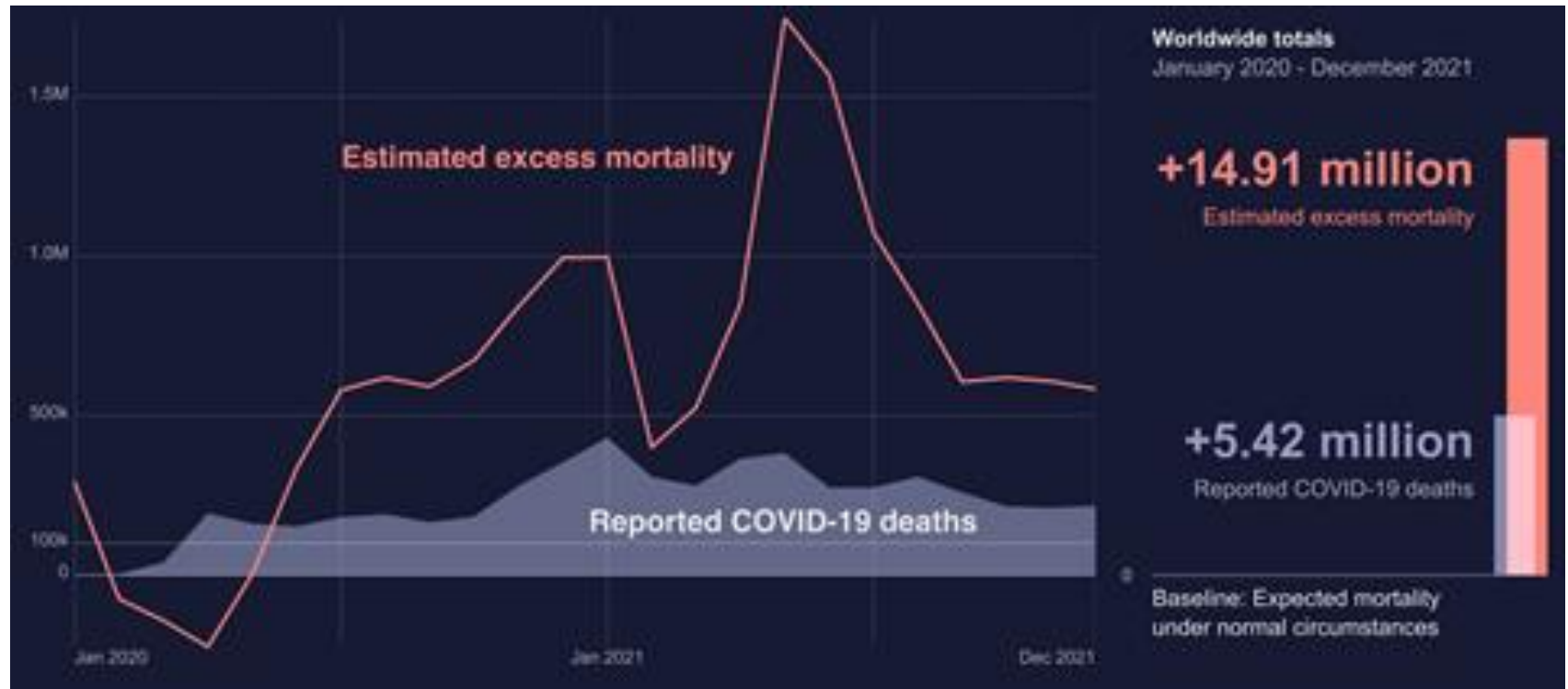


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Visualizing Risk: New WHO Report on Excess Mortality

Since the onset of the pandemic, experts have widely speculated that the true death toll from COVID-19 was much higher than reported. Last week, the WHO published a comprehensive report measuring excess mortality (defined as the difference between the total number of deaths that have occurred and the number of deaths that would have been expected in the absence of the pandemic), painting a clearer picture for the first time of the true impact of coronavirus pandemic.

The report, which uses statistical analysis and modeling to compare 2020 and 2021 deaths to baseline, estimates that nearly 15 million people have died of COVID-19 since the onset of the pandemic in 2020, a number over 9 million higher than the previous estimate.

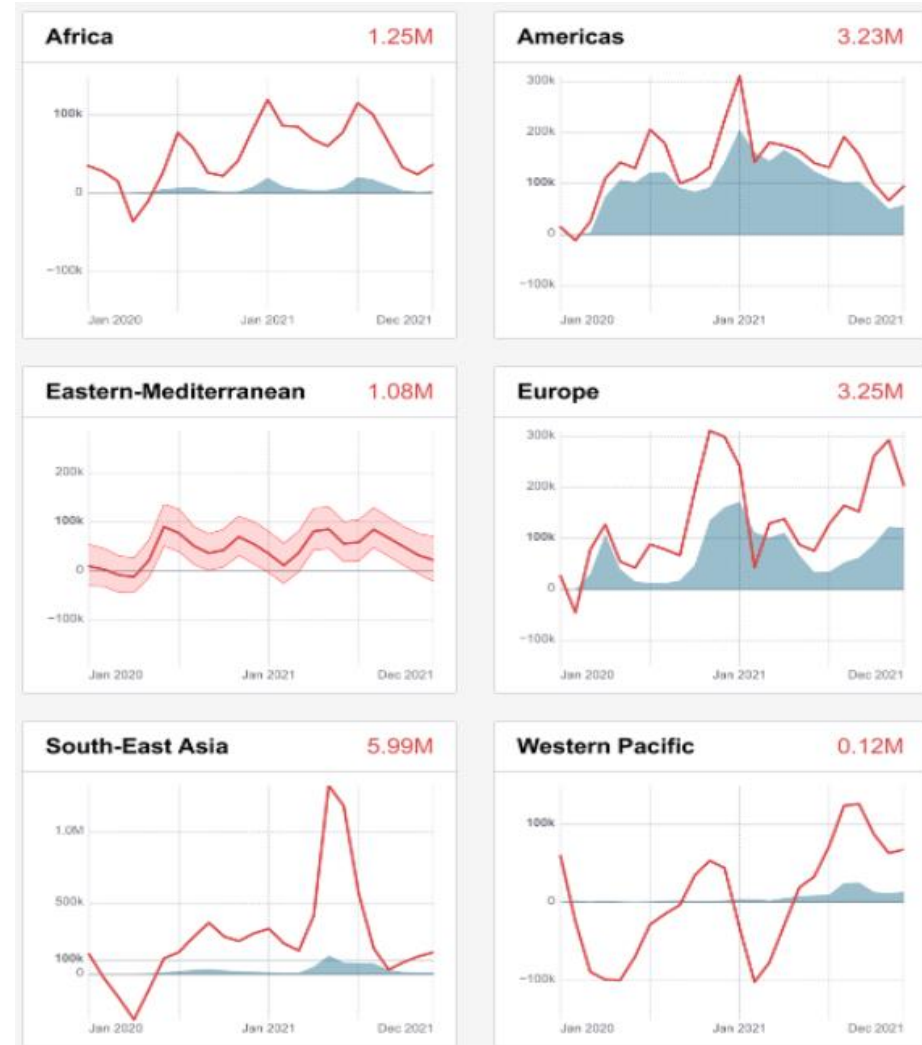


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Visualizing Risk: New WHO Report on Excess Mortality

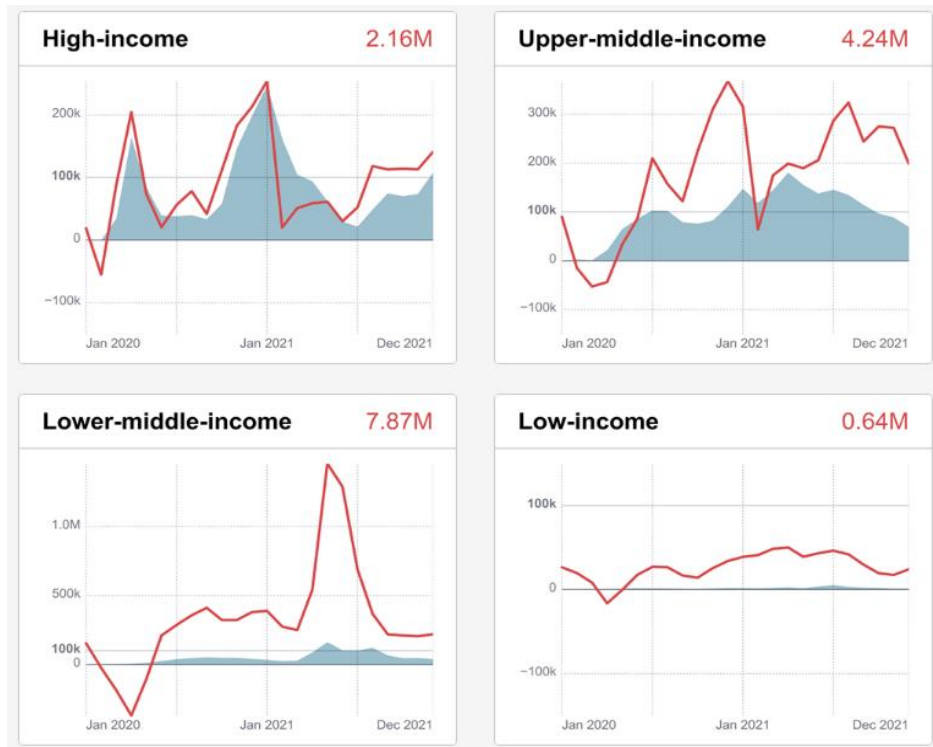
Trends in Excess Mortality

The majority of these excess deaths are concentrated in South-East Asia, Europe, and the Americas, with just 20 countries accounting for over 80% of all excess mortality: Brazil, Colombia, Egypt, Germany, India, Indonesia, the Islamic Republic of Iran, Italy, Mexico, Nigeria, Pakistan, Peru, the Philippines, Poland, Russia, South Africa, the UK, Turkey, Ukraine, and the US. There is some correlation between a country's economic strength and the amount of excess deaths it saw (high-income countries reported 2.16 million, upper-middle income countries 4.24 million, and lower-middle income countries 7.87 million), perhaps reflecting better-funded record-keeping, but surprisingly low-income countries were found to have the lowest level of excess deaths at just 640,000. This discrepancy could be related to poor record-keeping in general in lower-income countries, leading to fewer deaths overall being recorded, or to the trend in which some of the poorest countries in sub-Saharan Africa have seen relatively low death counts throughout the pandemic. The trend is also likely a result of a simple lack of data from the world's poorest countries: the WHO reported that of 47 African countries, just six were able to send the organization comprehensive death data, meaning that the rest were analyzed via modeling, which can be less reliable.



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Visualizing Risk: New WHO Report on Excess Mortality



An interesting element of excess death data is the existence of negative trendlines. In almost every region of the world, excess deaths dropped below baseline – meaning that fewer deaths were being reported than was expected – in the early stages of the

pandemic as COVID-19-related movement restrictions cut down on deaths. Deaths from car accidents, for example, dropped precipitously in most countries as early responses restricted movement across the world.

Implications

The report has already generated some controversy, as activists, scientists and political opposition groups have used the data to attack governments with high levels of unreported excess mortality. The report itself was reportedly ready in January but its release was delayed for five months over objections from India, which the WHO found to be responsible for a stunning 4.7 million of all excess deaths (nearly a third). Since the report's release, India has pledged to formally contest its findings, arguing that the data is flawed.

While the WHO acknowledges that the report is far from perfect, the scale of the mortality left unmeasured is significant, especially as testing declines and data measuring the scale of the current pandemic becomes less reliable. Statisticians at the WHO responsible for the report noted that undercounting can lead to underinvestment, leaving countries unprepared to face the scale of transmission.

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Ukraine War Update: Forced Ukrainian Deportations, Anemic Russian Offensive, Covert Russian Mobilization

Amid Kyiv's claim that around 1.2 million people had been sent to Russia, and had been placed in camps, US Pentagon spokesman Kirby told reporters that the US has seen indications that Ukrainian citizens are being forcibly relocated to Russia.

Political Developments

German Foreign Minister Baerbock is in Ukraine today, in a surprise visit expected to help improve relations after a diplomatic spat over weapons supplies.

US President Biden said he is worried that Russian President Vladimir Putin does not have a way out of the Ukraine war. French President Macron warned against humiliating Russia for its invasion of Ukraine, if and when any peace settlement is agreed.

European Commission President Ursula von der Leyen said the EU would respond to Ukraine's request to join the 27-member bloc in June.

The UN Security Council is expected to hold a new public meeting on Thursday on Russia's war in Ukraine, in light of the continuing deterioration of the humanitarian situation. The session, requested

by France and Mexico, will be the 16th held by the Security Council since the Russian invasion of February 24.

US President Biden signed the Lend-Lease Act yesterday which will help speed up the shipment of weapons to Ukraine. The US Congress is set to spend billions more to help Ukraine defend itself from Russia with Democrats preparing \$40 billion in military and humanitarian aid.

Battlefield Developments

According to the US Defense Department, Russia's armed forces continue to make limited progress in the northern and southern areas of Ukraine's eastern Donbas region. Throughout the Donbas region, Ukrainian artillery forces were successfully fending off Russian advances. The springtime weather in Ukraine and muddy roads had kept Russian forces on paved roads and they also continued to struggle with logistics and sustainment issues. The US

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Ukraine War Update: Forced Ukrainian Deportations, Anemic Russian Offensive, Covert Russian Mobilization

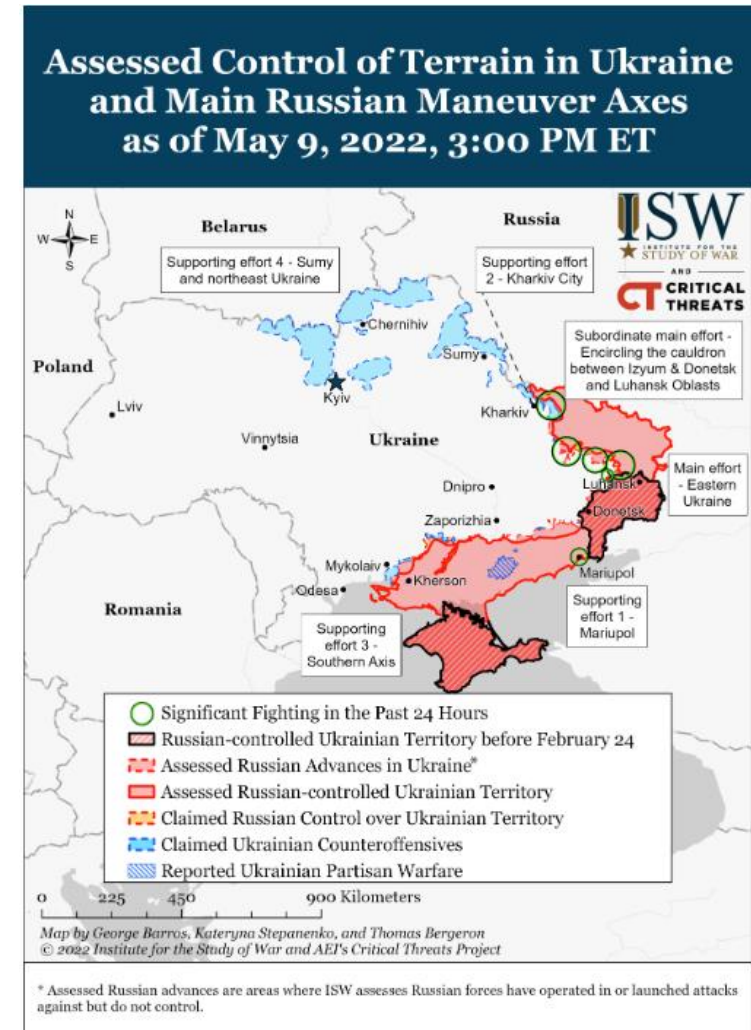
has received anecdotal reports of poor troop morale and officers disobeying orders. The US had seen no indications of a new major Russian mobilization of forces in Ukraine.

The US assessed that the equivalent of two Russian battalion tactical groups are still in the port city of Mariupol, but most of the Russian forces that had pinned down the remaining Ukrainian fighters there have now been deployed elsewhere.

Reversing an earlier assessment, the mayor's office said at least 100 civilians are still trapped in a steel works that is under heavy Russian fire in Mariupol.

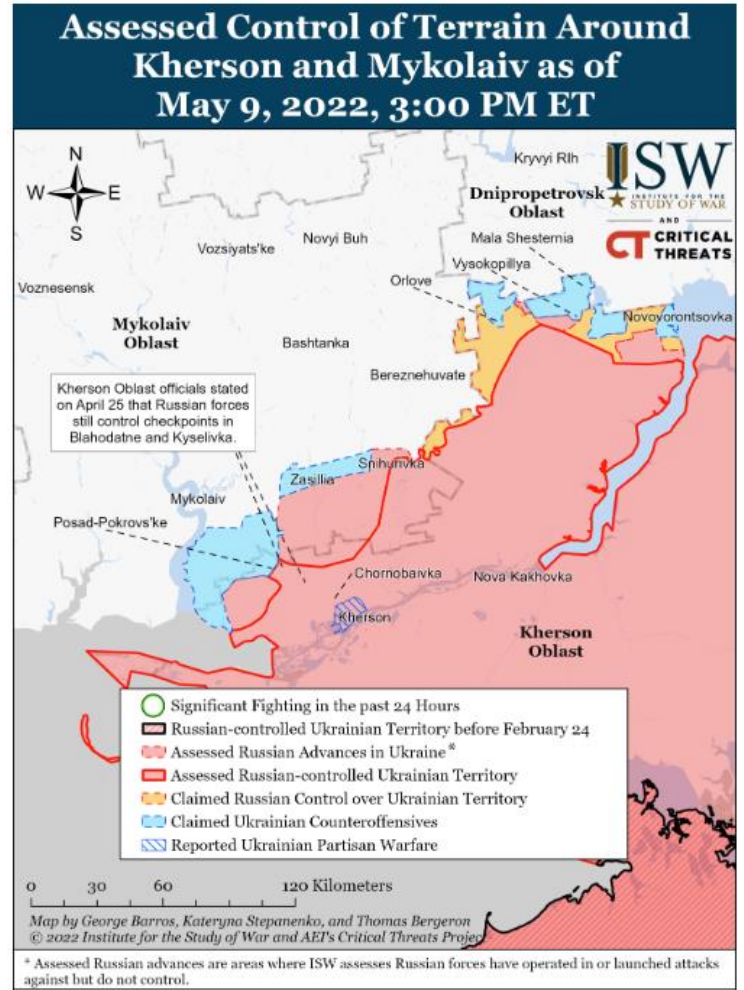
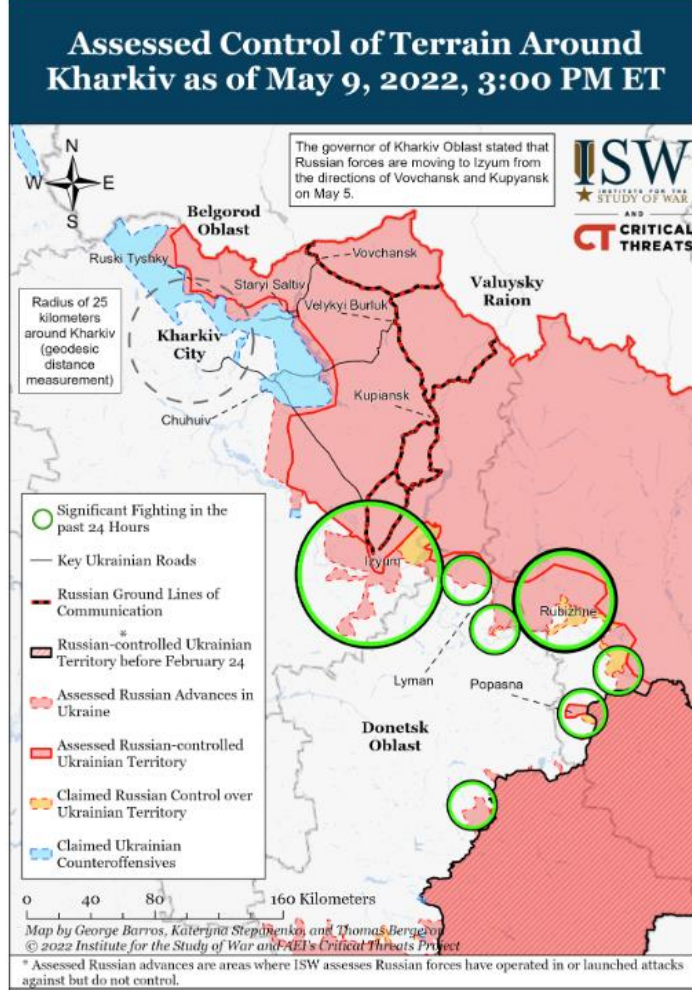
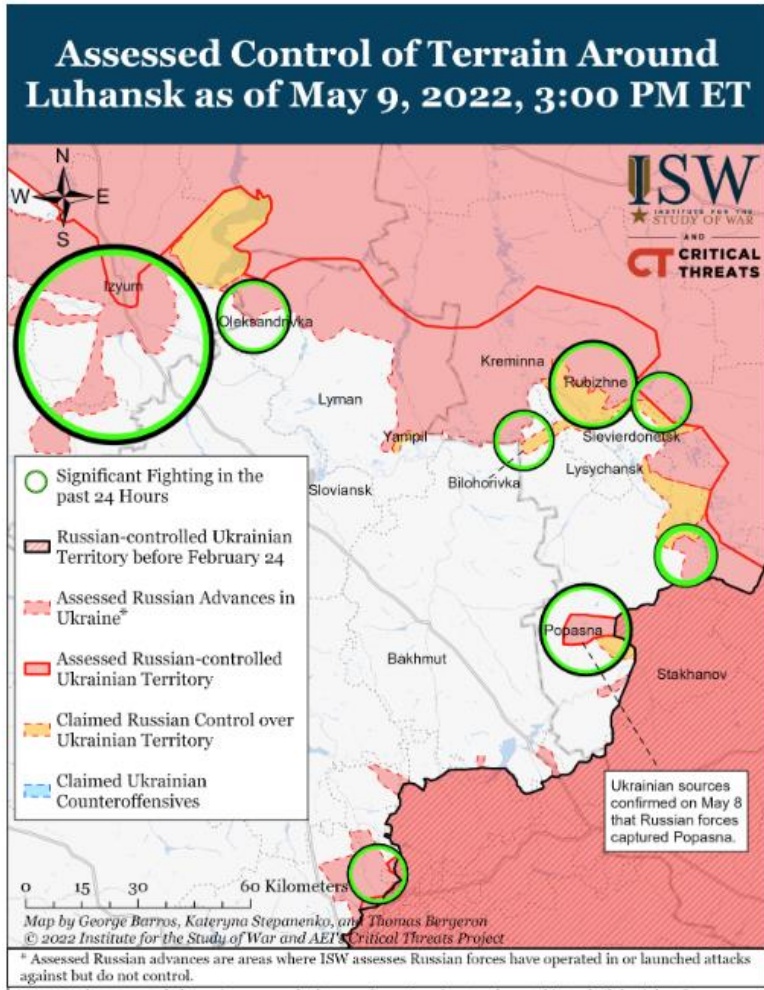
The Institute for the Study of War (ISW) assessed Russian forces are likely continuing to amass troops in Belgorod Oblast to stop Ukrainian counterattacks around Kharkiv City from reaching the Ukrainian-Russian border. Russian units in Zaporizhia Oblast are regrouping and will likely receive reinforcements from forces previously deployed in Mariupol. The Kremlin continues to face severe force mobilization challenges, and ongoing "covert mobilization" efforts are unlikely to generate substantial combat power. ISW analysts believe that Russian authorities plan to integrate Ukrainian territory into Russia, not create proxy "People's Republics."

Russian forces launched airstrikes at the port city of Odesa in southern Ukraine, hitting civilian infrastructure. The missiles struck as European Council President Michel was



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Ukraine War Update: Forced Ukrainian Deportations, Anemic Russian Offensive, Covert Russian Mobilization



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

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Ukraine War Update: Forced Ukrainian Deportations, Anemic Russian Offensive, Covert Russian Mobilization

visiting Odesa, interrupting a meeting with Ukraine's Prime Minister Shmyhal. Ukrainian officials reported that Russia used three Kinzhal hypersonic missiles in the attack. The US Defense Department assessed Russian forces do not have the capability to launch a ground or maritime offensive against the Black Sea port.

Economic Developments

EU member states are nearing a concrete agreement on the bloc's proposal to ban all oil imports from Russia. European Commission President Ursula von der Leyen said yesterday she had made progress in talks with Hungarian Prime Minister Orbán on this issue.

Brussels has dropped plans to ban the EU shipping industry from carrying Russian crude as it struggles to form a consensus in support of its latest sanctions package. The proposal was strongly opposed by Malta and Greece, which are home to more than half of the EU flag tonnage. The EU is shifting its sight to targeting maritime insurance because most Russian oil exports are transported via tanker and the largest specialist insurers for the sector operate primarily in western countries.

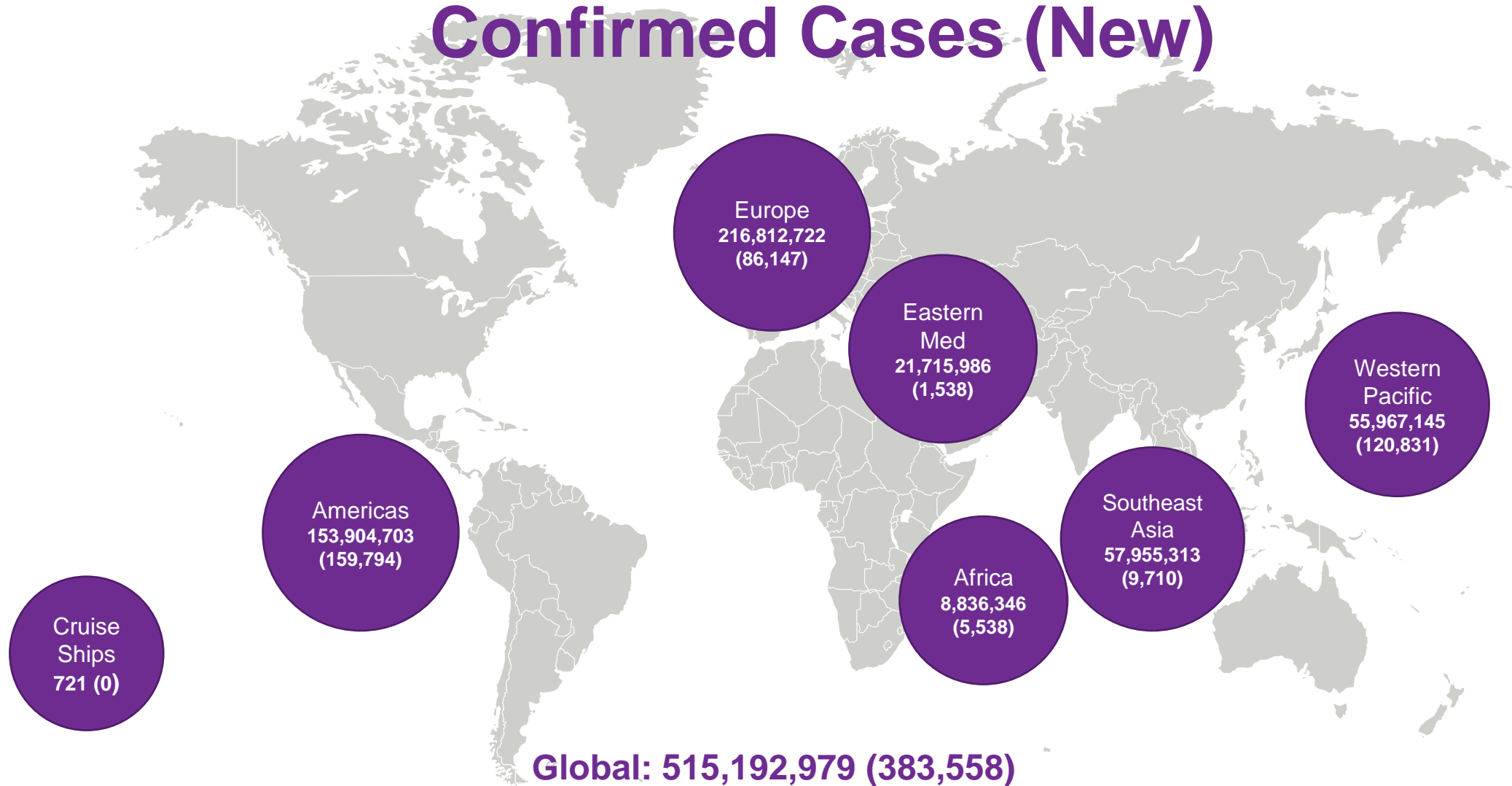
Ukraine's economy is set to contract by almost a third this year, per the latest forecast from the European Bank for Reconstruction and Development.

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Coronavirus Condition Updates

As of 5:13 pm CEST on May 9, 2022

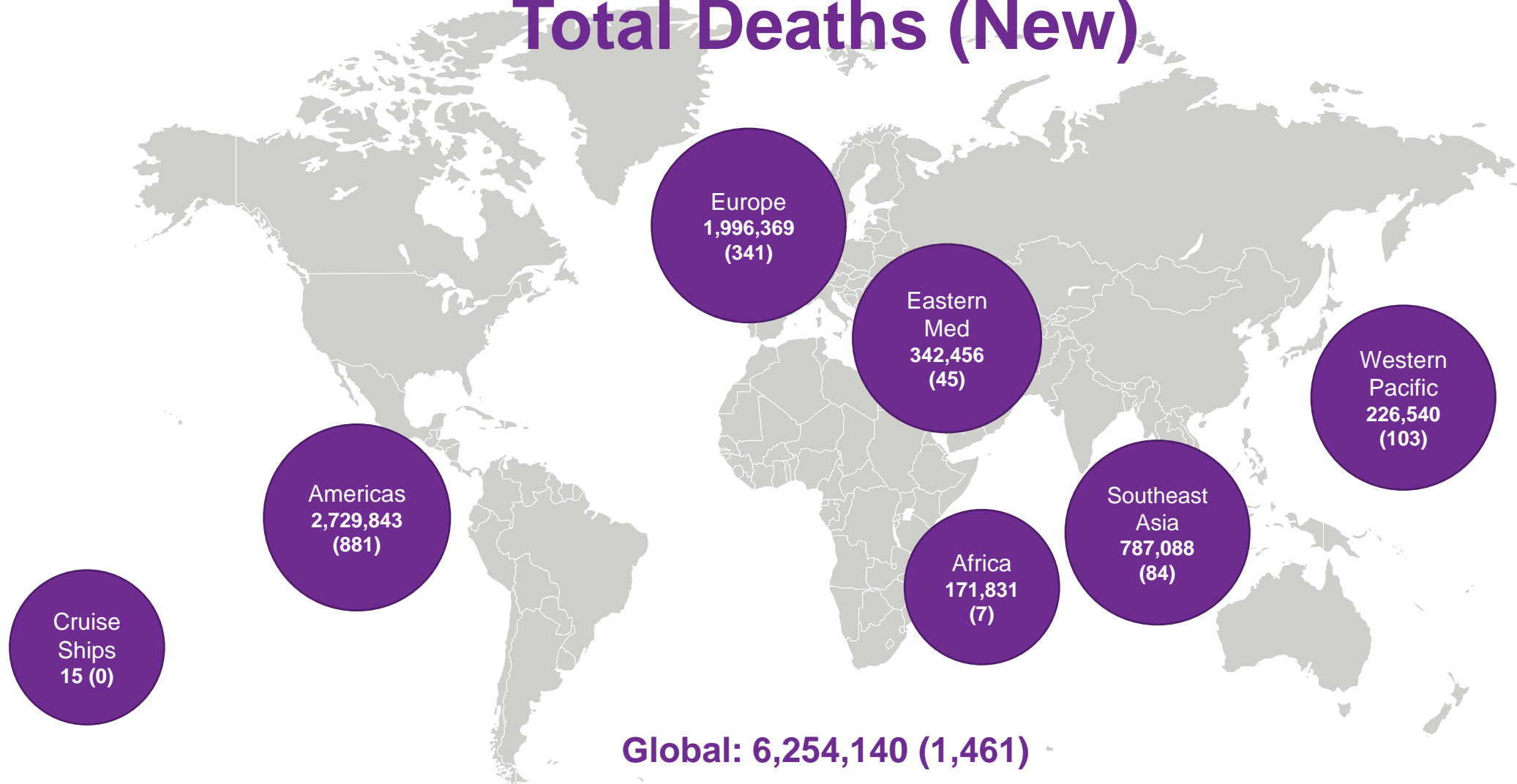
Confirmed Cases (New)



Reflects data as of 6:37 pm CEST on May 5, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 6:37 pm CEST on May 5, 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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