

Dentons Flashpoint

Daily Global Situation Report

July 28, 2021

Global Situation Update: July 28, 2021

KEY TAKEAWAYS

The US CDC revises mask guidance for vaccinated people in high-risk indoor settings.

North and South Korea discuss holding a summit as part of efforts to restore relations.

Chinese equity markets suffered \$2.6 billion in outflows this week; analysts cited the recent regulatory crackdown as a potential cause.

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WHAT WE'RE WATCHING

Today, nuclear non-proliferation issues are in focus for government leaders and policy makers across the world amid news reports on a significant expansion of the Chinese nuclear arsenal and a US-Russia bilateral Strategic Stability Dialogue in Geneva.

This week, the Federation of American Scientists published a report on China's apparent construction of a second nuclear missile silo field, calling it "*the most significant expansion of the Chinese nuclear arsenal ever.*"

Meanwhile, US Deputy Secretary of State Wendy Sherman is in Geneva today to lead the US delegation at nuclear arms control talks with Russia. Both developments come ahead of a meeting of parties to the Non-Proliferation Treaty later this year or early next year.



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

Global

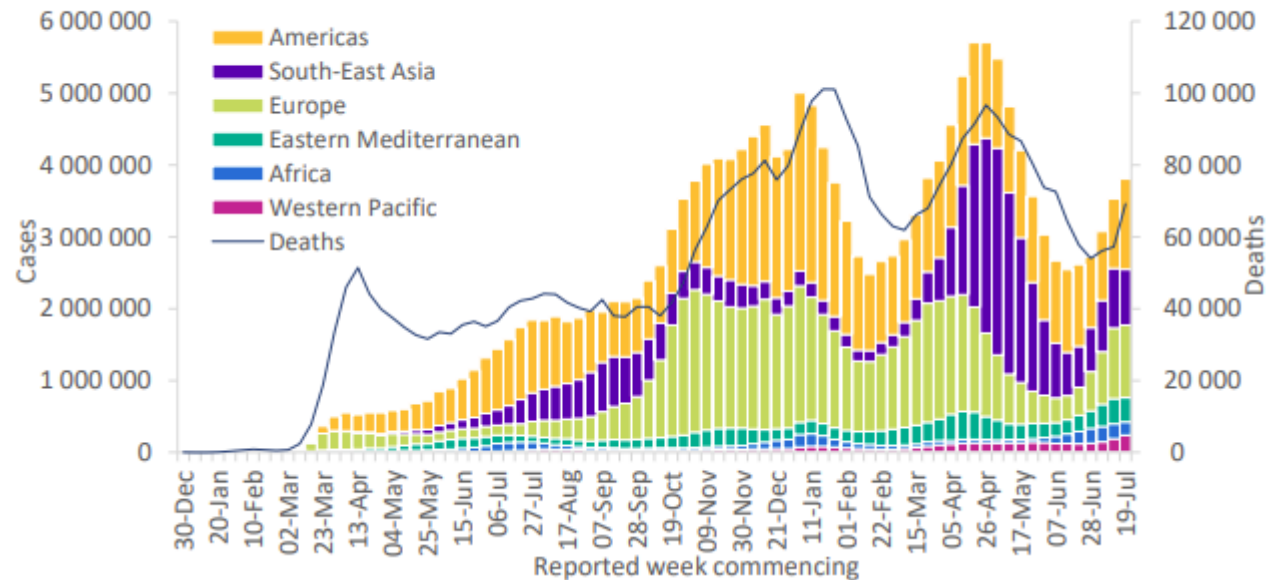
Globally, confirmed coronavirus cases topped 194.6 million with 4.1 million deaths; more than 3.6 billion vaccine doses have been administered.

- The IMF upgraded its growth forecasts for advanced economies but downgraded them for other parts of the world, warning that vaccine inequality threatens **global economic recovery**.
- More than 600 million children in countries not on an academic break are still affected by **school closures**, per UNICEF, with reports of teenage pregnancy and violence rising.
- Daily COVID-19 cases in Olympic host-city Tokyo hit a record high, for a second straight day; Tokyo's governor is asking hospitals to prepare more beds for COVID-19 patients. Governors of three prefectures near Tokyo will ask the government to declare states of emergency for their regions as early as Thursday. **Tokyo 2020 Olympics** authorities reported 16 new positive tests on Wednesday, including four visitors from abroad. None were athletes or residents in the Olympic village.

Global

The number of new cases reported last week was over 3.8 million, an 8 percent increase as compared to the previous week. This increasing trend is largely attributed to substantial increases in the Americas and the Western Pacific Region. The number of deaths increased sharply with over 69,000 deaths, a 21 percent increase when compared to the previous week.

Figure 1. COVID-19 cases reported weekly by WHO Region, and global deaths, as of 25 July 2021**



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COVID-19 Vaccine

AstraZeneca's COVID-19 vaccine carries a small extra risk of rare blood clots with low platelets after the first dose and no extra risk after the second, per a new study by the company.

- An inhaled version of **CanSino Biologics' COVID-19 vaccine** triggered immune responses without serious side effects, an early-stage clinical trial showed. The two-dose candidate requires lower dosages than the injected version.
- Prime Minister Trudeau revealed that **Canada** has sufficient vaccine supply to immunize every eligible Canadian two months ahead of schedule.
- The **US** announced plans to ship 4 million doses of the Moderna COVID-19 vaccine to **Nigeria** and 5.66 million doses of the Pfizer vaccine to **South Africa**.

Markets & Business

Corporate diversity has become the most common type of sustainability metric used in setting executive pay, a new study by Equilar found, as companies look to increase the share of women and minorities in their workforces.

- **Apple, Microsoft and Alphabet** reported revenues Tuesday exceeding expectations; Apple's profit almost doubled in the latest quarter as iPhone sales surged.
- **Rio Tinto** reported \$9.1 billion dividend as profits surge on iron ore demand.
- A severe frost in Brazil's coffee-growing region sent **coffee prices** to six-year highs; the frost will wipe out part of next year's crop.
- US multinational **sponsors of the Beijing 2022 Olympics** largely dodged tough questions during a Congressional hearing, declining lawmakers' calls to condemn human rights abuses.
- **Toyota** will suspend some domestic production as the COVID-19 surge in Southeast Asia disrupts parts production.
- **Chinese equity markets** suffered \$2.6 billion in outflows this week; analysts cited the recent regulatory crackdown as a potential cause.

Africa

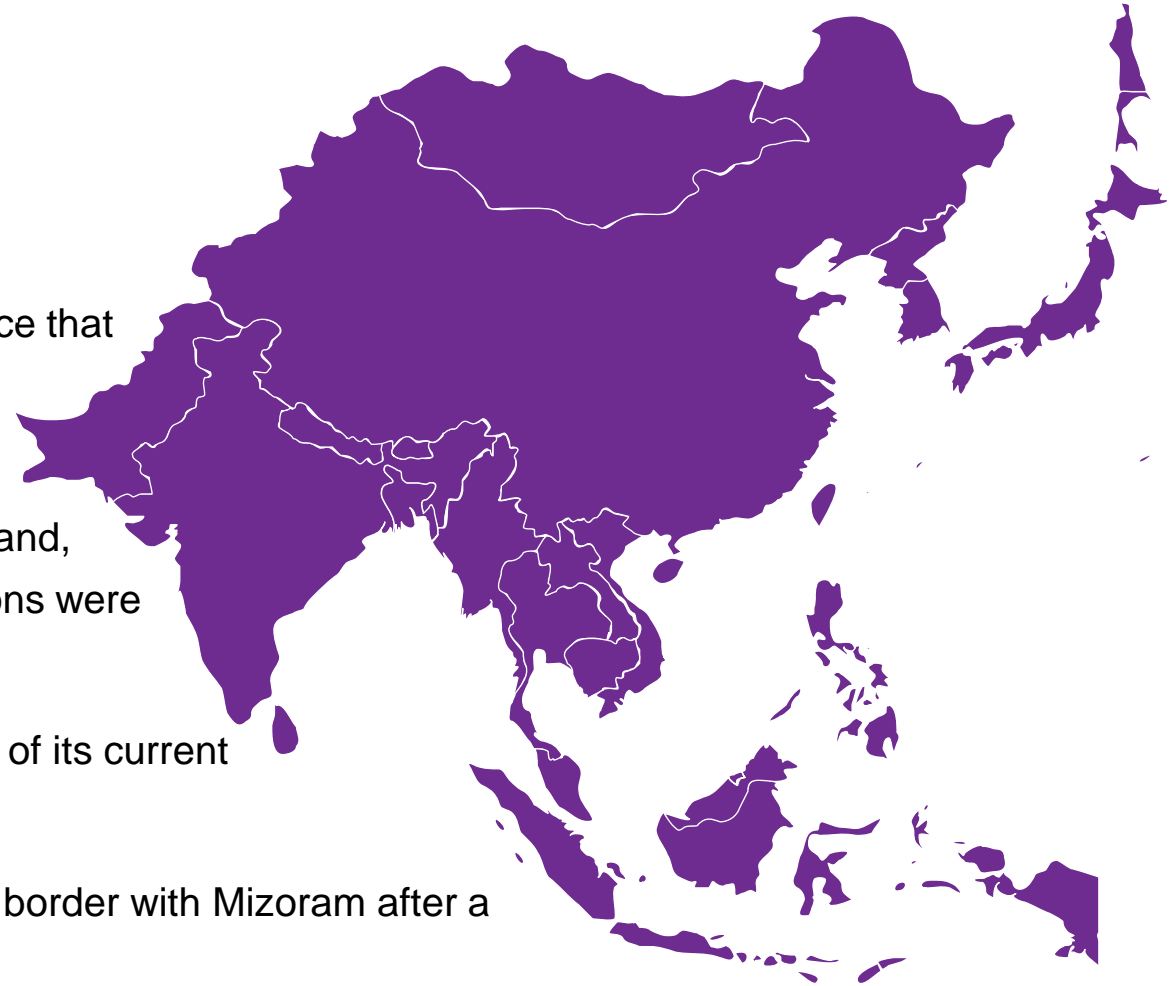
- **Ivorian** President Ouattara met former president and rebel leader Gbagbo, recently returned from Europe after being acquitted of war crimes, for the first time since a post-election between their forces over ten years ago. The meeting appeared cordial, calming fears that a rivalry would reignite popular divisions in the country.
- **Nigeria** has reportedly lost \$243 million in advertising revenue and small business profit since shutting down Twitter during protests in June.
- **Mozambican and Rwandan** troops have reportedly overrun a major Al Shabaab base in Mozambique's Cabo Delgado region.
- The **Ethiopian** government held a parade of thousands of new army recruits in Addis Ababa, a show of force before reinforcing the front in Tigray.



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Asia

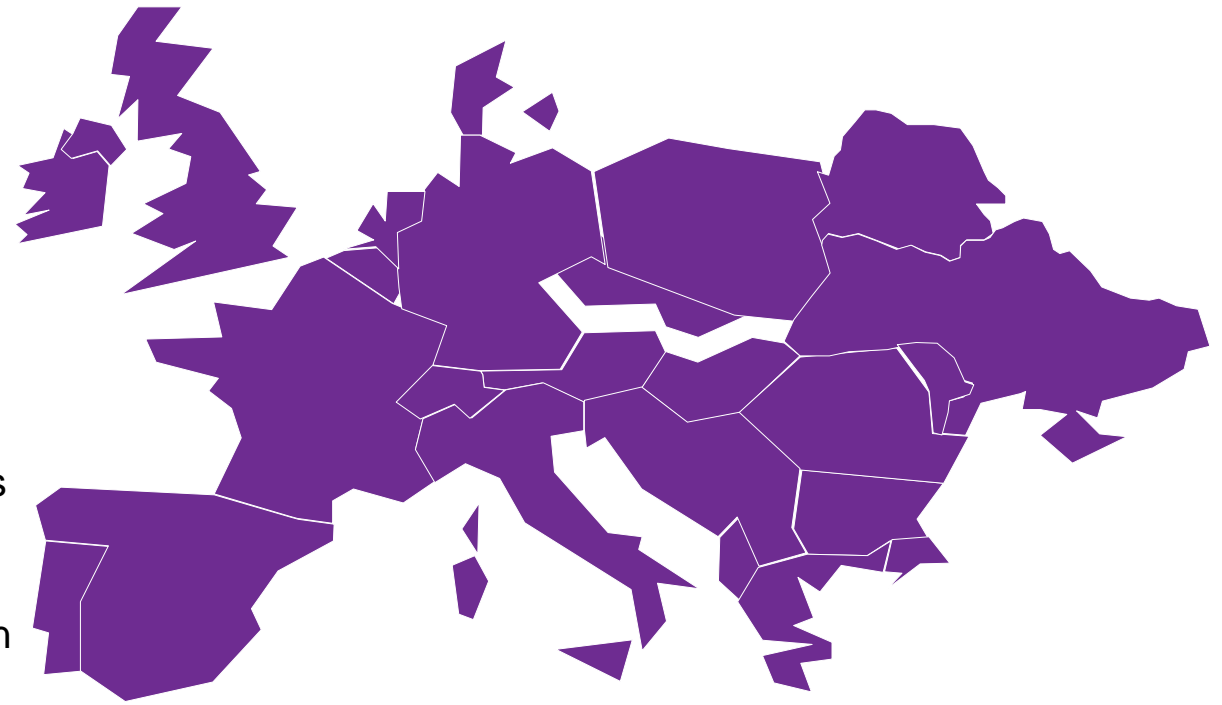
- **North and South Korea** are in talks to reopen a joint liaison office that Pyongyang demolished last year and hold a summit as part of efforts to restore relations.
- Five out of six provinces in Java, **Indonesia's** most populous island, reported declines in COVID-19 cases since emergency restrictions were put in place earlier this month.
- **Australia's** New South Wales has added a four-week extension of its current lockdown as case numbers hit a record for the current outbreak.
- **India's** Assam state is deploying 4,000 commandos to guard its border with Mizoram after a gun battle killed six police officers.
- The Foreign Correspondents' Club of China (FCCC) said that several journalists have been harassed while covering recent floods in Henan, criticizing **Chinese** official bodies for fanning hostility towards foreign journalists.



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Europe

- In the **UK**, a study from the University of Glasgow found that government strategy to protect vulnerable groups may not have gone far enough. Almost 60 percent of **French** citizens have had at least one COVID vaccination dose.
- **French** officials increased security on the **Cuban** embassy in Paris after it was attacked with bombs.
- **Armenia's** Defense Ministry reported that three of its troops were killed and two more were wounded in clashes with **Azerbaijani** forces on the border between the two nations. Both countries have accused each other of starting the clashes.
- Over 1,000 **Hungarians** gathered to protest the government's alleged use of the Israeli NSO Group's Pegasus surveillance software.



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Middle East

- **Saudi Arabia** will ban citizens who break its travel rules from traveling abroad for three years. **Iranian** daily case numbers hit a record for the second day in a row. **Kuwait** banned unvaccinated citizens from traveling abroad.
- **Tunisia's** main opposition party, Ennahda, called for dialogue with President Saied following the suspension of parliament and protests. Major unions called for a roadmap out of the crisis.
- **Lebanon's** new Prime Minister-designate Mikati held his first talks with political leaders to begin forming a new government.
- **Iranian** officials said that they had arrested a network of agents “*working for Israel*” in the country and seized a cache of weapons it says were to be used amid water shortage protests.



How do You Manage Risks?

The coronavirus pandemic has not just added a new layer of risk for business leaders to navigate, but has accelerated drivers of change, including disruptive technologies, political and economic realignments and cultural priorities on equality, justice and conservation, while increasing vulnerabilities that bad actors seek to exploit.

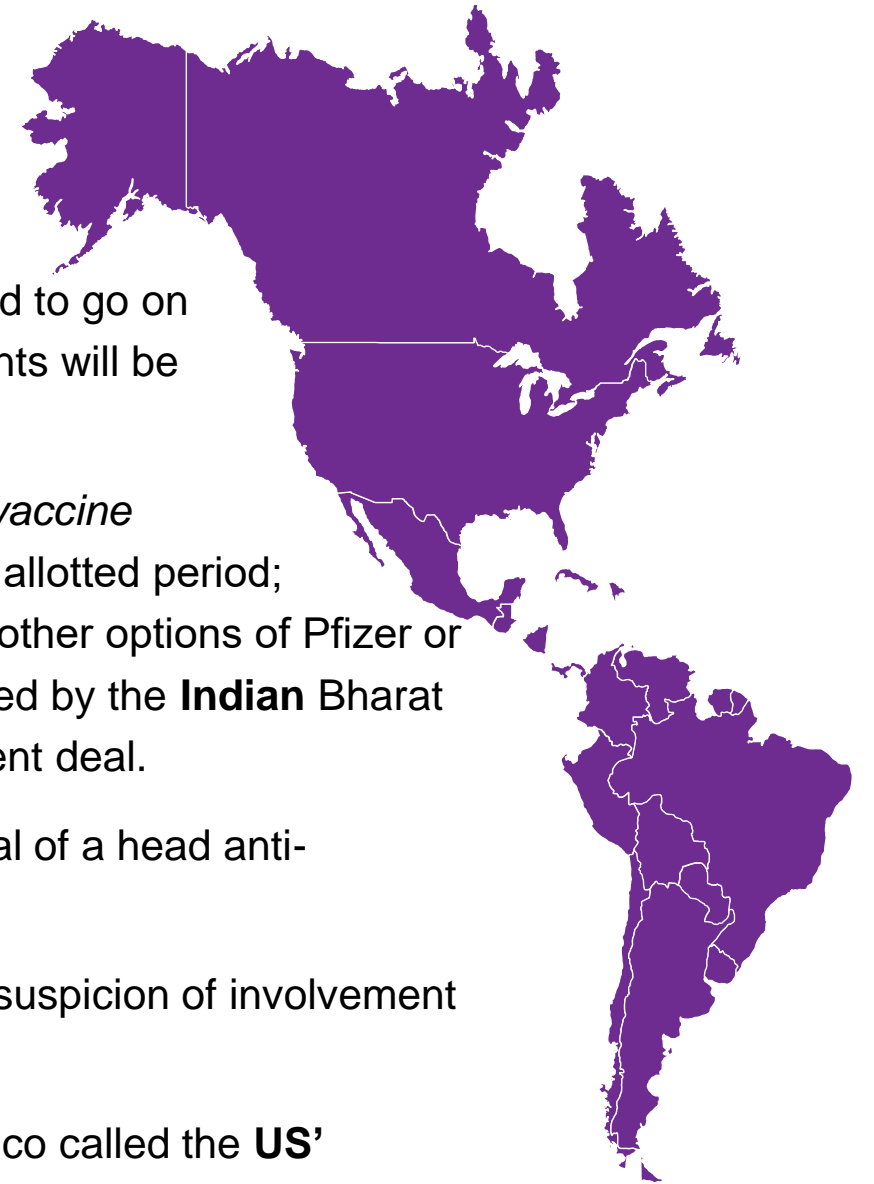
Dentons Intelligence and Security Services Group offers bespoke services to provide business leaders with the intelligence they need to understand and thrive in complex operating environments.

- ❖ due diligence and compliance investigations
- ❖ physical and cyber security assessments
- ❖ country and political risk assessments
- ❖ enterprise risk management and organizational resiliency advice
- ❖ crisis and incident response (physical security breaches and cyber incidents, insider threats and reputational impacts)

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

Americas

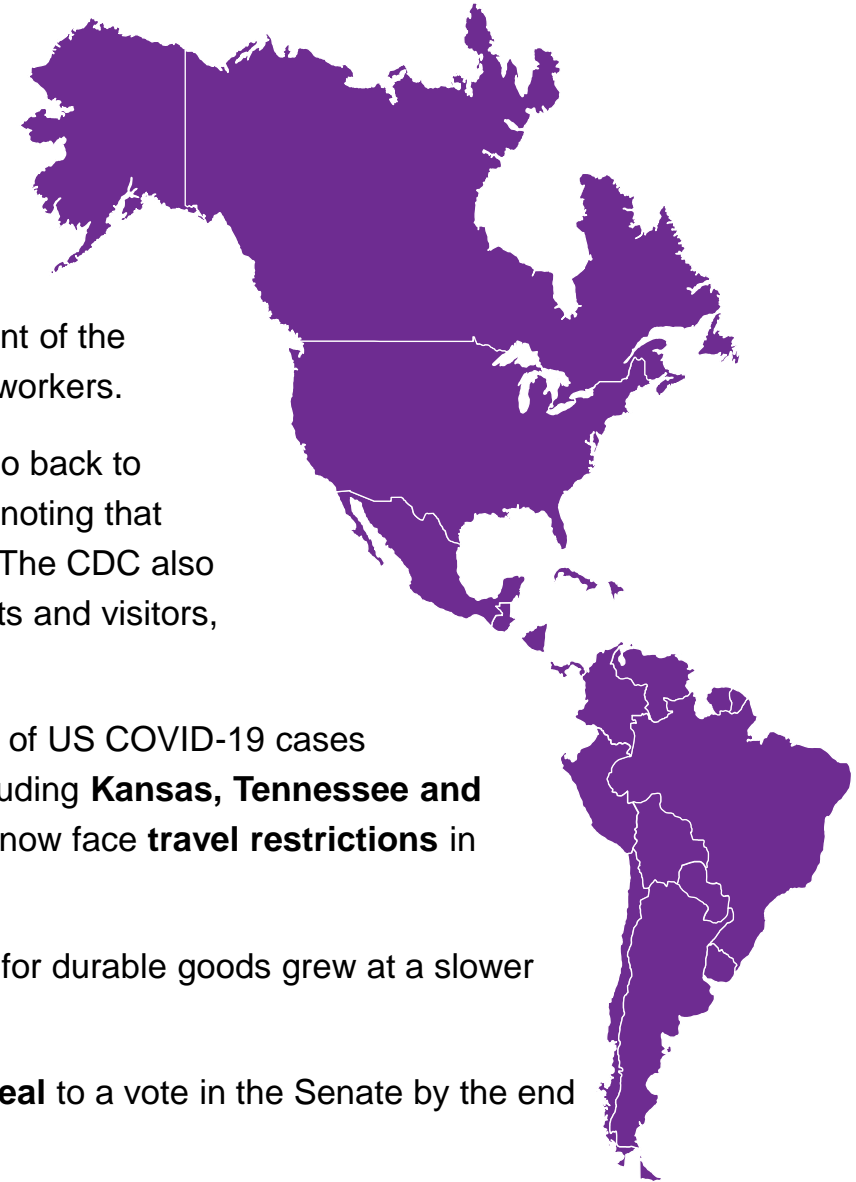
- In a contract dispute, **Canadian** border guards and customs officials voted to go on strike just days before fully vaccinated **US** citizens and permanent residents will be allowed into Canada.
- São Paulo city officials implemented new rules aimed to crack down on “*vaccine sommeliers*” by penalizing residents who refuse to take a vaccine in their allotted period; many **Brazilians** view China’s CoronaVac shot as less effective than the other options of Pfizer or AstraZeneca shots. Brazil suspended import permits for vaccines produced by the **Indian** Bharat Biotech among a broader investigation into potential fraud in a procurement deal.
- The **US** paused some cooperation with **Guatemala** following the dismissal of a head anti-corruption official last week.
- A top security official of former **Haitian** President Moïse was arrested on suspicion of involvement with the assassination plot.
- A cargo ship carrying fuel from **Mexico** arrived in Havana, **Cuba**, as Mexico called the **US**’ embargo of Cuba “*inhumane*.”



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Americas: US

- Across the nation, 189 million have received at least **one dose of the vaccine**, or 56.9 percent of the total population. President Biden is reportedly considering mandating vaccines for all federal workers.
- The CDC revised its guidance for vaccinated people, recommending that Americans should go back to wearing **masks** in indoor public places in regions where the coronavirus is spreading rapidly, noting that 63.4 percent of US counties had transmission rates high enough to warrant indoor masking.; The CDC also said everyone in K-12 **schools** should wear a mask indoors, including teachers, staff, students and visitors, regardless of vaccination status.
- A statistical framework from University of Washington scientists predicts that up to 60 percent of US COVID-19 cases may be going undetected. Chicago, **Illinois** added nine more states to its travel advisory, including **Kansas, Tennessee and Wyoming**; the additions mean unvaccinated travelers from more than a quarter of US states now face **travel restrictions** in Chicago.
- Growth in **US house prices** accelerated in May at the fastest annual pace on record. Orders for durable goods grew at a slower pace in June, reflecting supply shortages.
- Senate Majority Leader Schumer said that he hopes to bring the **bipartisan infrastructure deal** to a vote in the Senate by the end of the week.
- Some small airports in the west are struggling with **fuel shortages** as booming travel demand coincides with firefighting needs.



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What We Know About “Breakthrough” COVID-19 Infections

By Briana Boland

As the Delta variant drives a resurgence of COVID-19 across many countries, the prevalence of “breakthrough” infections – COVID-19 cases in fully vaccinated individuals – has become a source of concern for governments, businesses, and the public alike. While data still shows that leading vaccines are overwhelmingly effective in preventing severe illness, growing overall case numbers pose a serious health threat, while the role of vaccinated people in transmission of the Delta variant remains uncertain.

Understanding the risks of breakthrough infections will have important implications for the potential reimposition of virus restrictions, momentum for vaccine mandates, prospects for booster shots, and timelines for office reopening.

New Data on Breakthroughs from the US, UK, and Israel

Concern about breakthrough infections goes hand-in-hand with concern about the Delta variant, as the highly transmissible new strain is both driving increased infections among unvaccinated populations and appears to be increasing the likelihood of breakthrough infections. Over the past two weeks, statistics from the

US, UK and Israel have presented a range of evidence on the prevalence of breakthrough infections and threat of severe illness for vaccinated people. On July 16, CDC Director Walensky stated that as COVID-19 was surging nationwide, over 97 percent of new hospitalizations are unvaccinated people. However, Public Health England said last Friday that of the total 3,692 people in Britain hospitalized with the Delta variant, 58.3 percent were unvaccinated, and 22.8 percent were vaccinated, suggesting a higher threat.

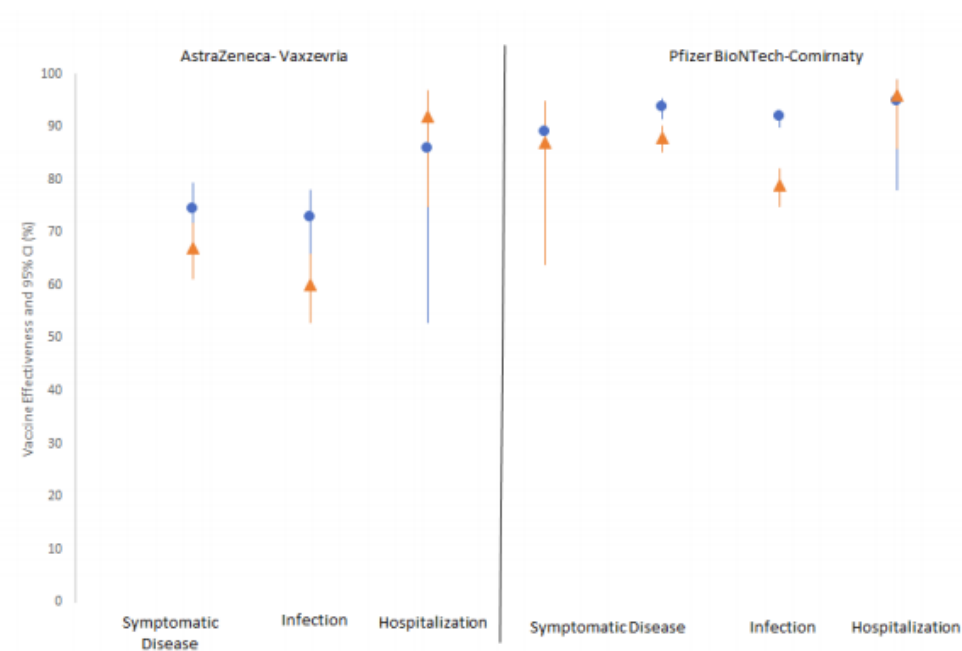
Last Wednesday, a study published in the New England Journal of Medicine confirmed that while the Pfizer and AstraZeneca vaccines

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remain highly effective at preventing symptomatic COVID-19, the Delta variant is lowering efficacy: found that two doses of the Pfizer shot are 88 percent effective against Delta, compared to 93.7 percent effective against the Alpha variant. Meanwhile AstraZeneca’s two shots were 67 percent effective against Delta variant, as opposed to 74.5 percent effective against Alpha. A different report last week from Israel’s Health Ministry provided more sobering numbers; Israel downgraded its estimate of Pfizer’s efficacy to 39 percent effective against the Delta variant, down from the 64 percent efficacy figure that Israel had provided just two weeks earlier. However, the Israeli data still maintained that the shots were highly effective in preventing severe illness, showing 88 percent efficacy against hospitalization and 91 percent efficacy against severe illness.

Figure 5. Comparison of Vaccine Effectiveness of Variants of Concern Alpha and Delta among fully vaccinated persons^{3,4,12,13}



Variant Alpha is shown as a blue circle and variant Delta is shown as an orange arrow.

Source: WHO

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In new analysis from the World Health Organization (WHO), based on over 90 vaccine effectiveness studies, the WHO found that vaccines effectiveness against severe disease, hospitalization and death has been higher than against non-severe symptomatic disease, with vaccine effectiveness estimates for these more serious outcomes to be above 80 percent for AstraZeneca, Moderna, Pfizer BioNTech and Sinovac-CoronaVac. Although the vaccine effectiveness against infection and asymptomatic infection are slightly lower than against symptomatic disease for AstraZeneca, Moderna, and Pfizer BioNTech, the effectiveness estimates for these outcomes are almost uniformly greater than 60 percent. On the variants, WHO also noted that effectiveness tends to be lower for the highly transmissible Delta variant as compared to the Alpha variant. However, this difference is reduced or not observed for severe disease outcomes, nor after receiving the second dose.

How will Breakthrough Infections Impact Workplaces?

The spread of the Delta variant and accompanying rise in breakthrough infections is shaking confidence in office reopening

plans. In the US, numerous companies have targeted dates in September as key milestones for phasing out remote work, following growing optimism in the spring and early summer about vaccine availability and school reopening. But those timelines, as well as office guidelines for vaccinated people, may be jeopardized by the spread of Delta and concerns about breakthrough infections. Last week, the COVID-19 Scenario Modeling Hub, a group of scientists who work with the CDC, released a new projection that the current COVID-19 surge will continue to surge through the rest of the summer, reaching a new peak in mid-October – a timeline that would clash with both school reopening and the most common return-to-office plans if it bears out.

In workplaces that are already reopened, instances of breakthrough infections have prompted employers to reassess guidelines even for vaccinated workers. Among the most high-profile of recent breakthrough cases were found in the White House and the office of House Speaker Nancy Pelosi (D-CA). Following the infection in Pelosi’s office, several Congressional staffers told media that some offices in Congress are reconsidering mask guidance for vaccinated

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people or encouraging work from home. As employers prepare to fully reopen offices, they should also expect changes in local virus restrictions which may clash with federal guidance. As Los Angeles County recently demonstrated, mask mandates and other virus precautions may be reinstated at the local level – and if further data shows that vaccinated people are playing a significant role in virus transmission, reinstated restrictions on the vaccinated will become more likely. For employers, this will mean managing employee expectations where local and federal guidance differs. Moreover, growing concerns about breakthrough infections are likely to make vaccinated workers more reluctant to return to the office, even if they are vaccinated. Companies are already worried about the new pandemic developments of the summer; a recent survey of 1,000 HR professionals conducted by the Society of Human Resource Management (SHRM) and Lucid found that half of US organizations are concerned about the spread of Delta and plan to encourage employees to get booster shots.

Beyond reopening of white-collar offices, self-isolation caused broader disruptions to business and essential services – as

England’s “pingdemic” struggles illustrate. Throughout the UK, hundreds of thousands of people have been asked to self-isolate due to exposure to COVID-19 after being “pinged” by the country’s NHS app. While the government has moved to change the system so that essential workers can take frequent tests rather than self-isolate, the sheer number of people exposed to COVID-19 is disrupting essential services like trash collection and food supply. Current CDC guidelines maintain that vaccinated people do not need to self-isolate if they have been exposed to COVID-19 unless they have symptoms. But as risks of breakthrough infections become better understood, both official guidance and public willingness to forgo self-isolation could change.

Possible Policy Implications of Breakthrough Infections

As understanding of the Delta variant’s spread and the role of vaccinated people in transmitting the virus continues to evolve, the possibility of changes to current COVID-19 policies should be expected. In countries like the US and UK, officials will be watching whether rising cases are accompanied by a commensurate surge in hospitalizations and deaths, which could lead to the reimposition of

What We Know About “Breakthrough” COVID-19 Infections

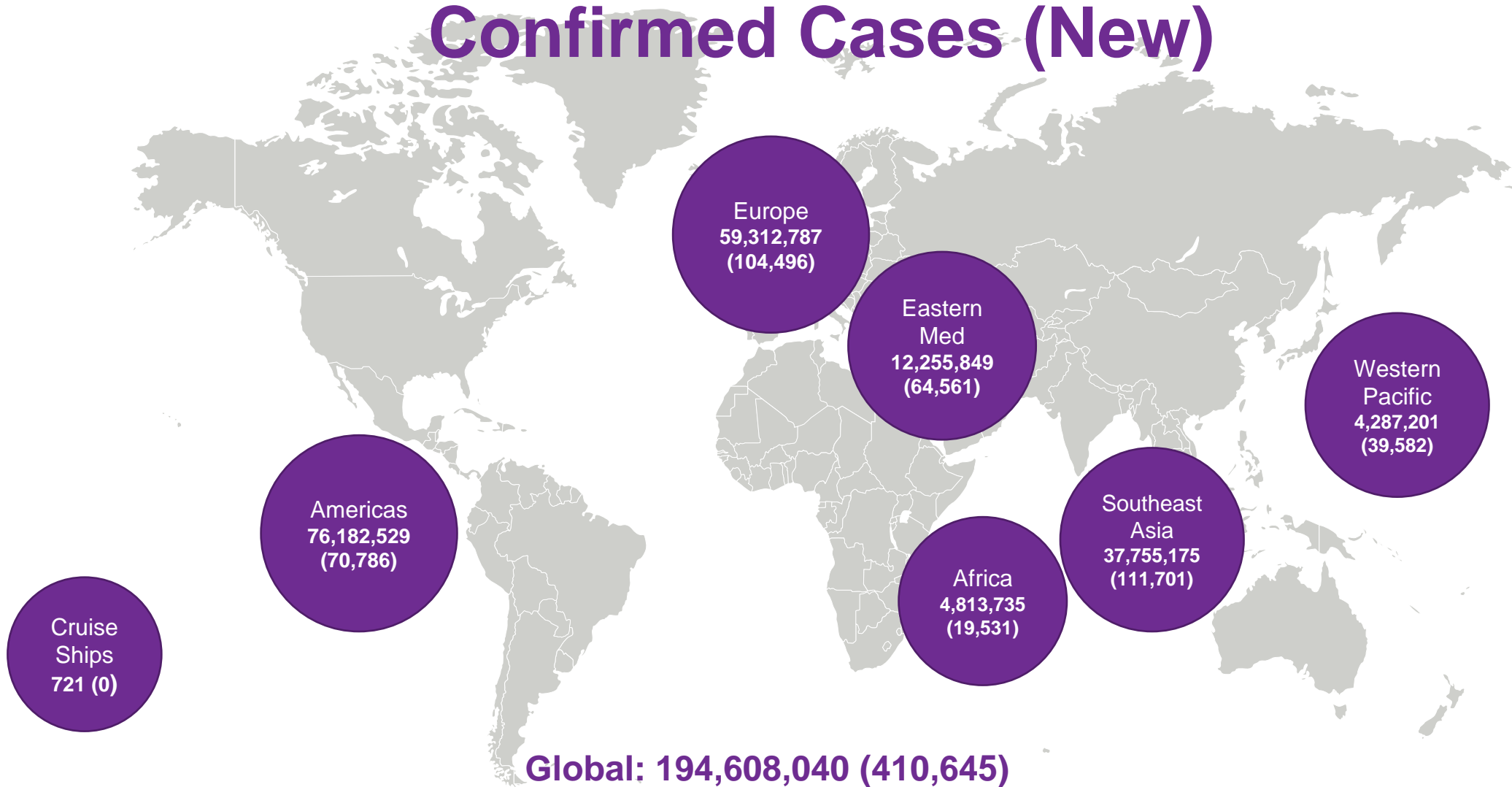
nationwide or localized virus restrictions. But it will likely be harder to convince people – especially vaccinated people – to return to old precautions such as mask-wearing and social distancing, setting the stage for future anti-restriction protests and compliance issues for businesses seeking to abide by reinstated restrictions. Getting more of the population vaccinated remains the most effective protection that most countries have, meaning that vaccine mandates, such as those recently announced by California and New York City, are becoming more likely as officials feel increased urgency in protecting against a new surge. Such mandates will also increase pressure on private employers to require vaccinations, particularly in the healthcare sector. Beyond expanding the tools to convince more people to get the shot, concerns about breakthrough infections are driving momentum for booster shots, which could become available in the US later this year.

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Coronavirus Condition Updates

As of 5:54 pm CEST on July 27, 2021

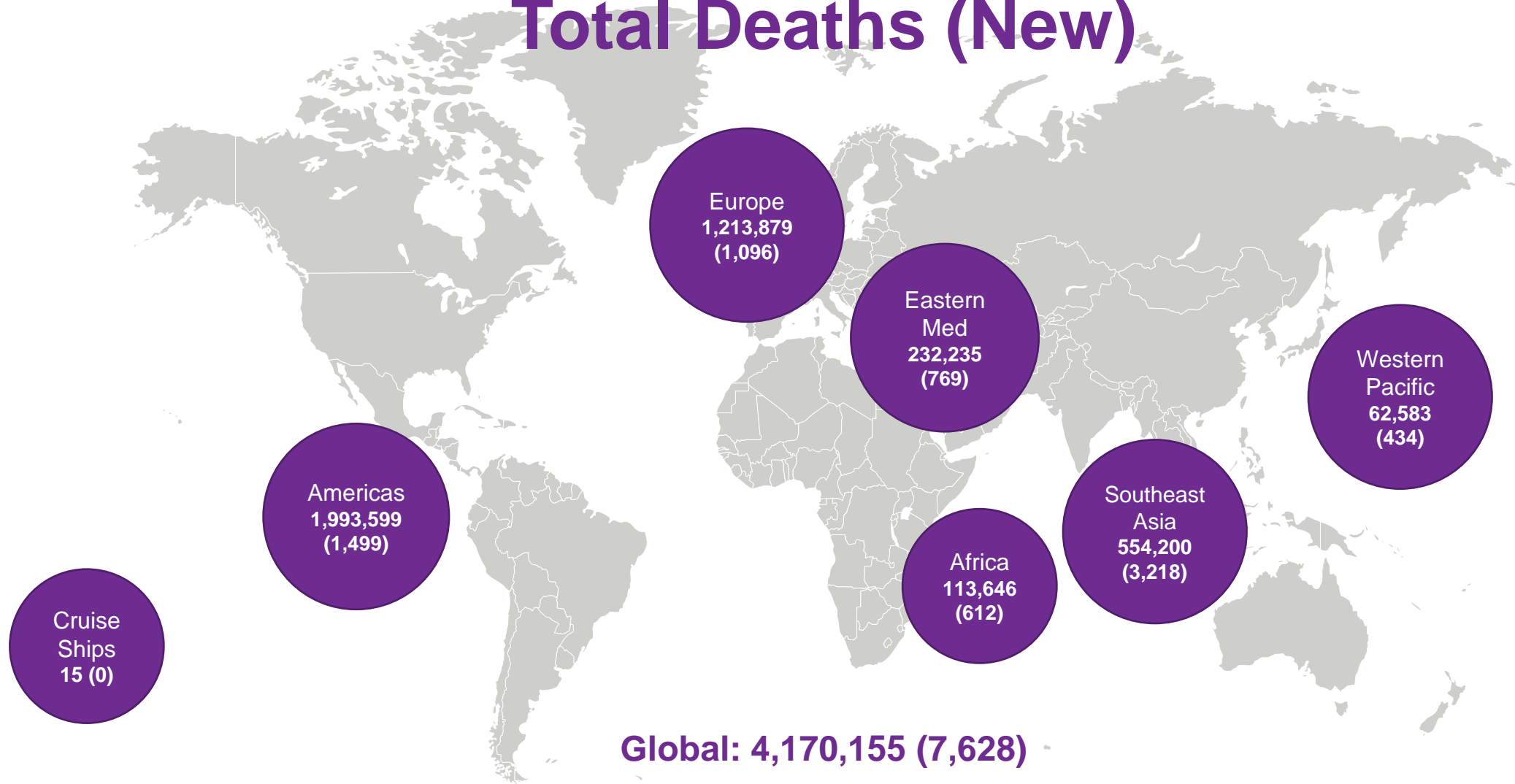
Confirmed Cases (New)



Reflects data as of 5:54 pm CEST on July 27, 2021.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 5:54 pm CEST on July 27, 2021
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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