

# Dentons Flashpoint

## Daily Global Situation Report

July 16, 2021

# Global Situation Update: July 16, 2021

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## KEY TAKEAWAYS

COVID-19 deaths in Africa have risen 43 percent in one week, says the WHO.

Lebanese Prime Minister-designate Saad Hariri resigned after nine months of attempts to form a new government.

TSMC, the world's largest semiconductor manufacturer, said it expects the global chip shortage to ease in coming months.

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## WHAT WE'RE WATCHING

Following President Biden's executive order to promote competition last week, analysts are expecting a new wave of US mergers and acquisitions as companies seek to rush deals before the Biden Administration's antitrust campaign fully takes shape.

M&A advisers note that the executive order came during an unprecedented M&A frenzy as companies take advantage of cheap borrowing. Deal making may only slow down once regulators start to actually implement new antitrust rules.



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

# Global

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**Globally, confirmed coronavirus cases topped 188.3 million with 4.0 million deaths; more than 3.4 billion vaccine doses have been administered.**

- The WHO said that **investigations into COVID-19's origins** in China were hampered by a lack of provision of raw data and urged China to be more transparent.
- International Olympic Committee President Bach claimed there was "zero" risk of Games participants infecting Japanese residents with COVID-19; a Nigerian delegate to the Olympics became the first visitor to the **Tokyo Games** admitted to hospital with COVID-19.

# Global

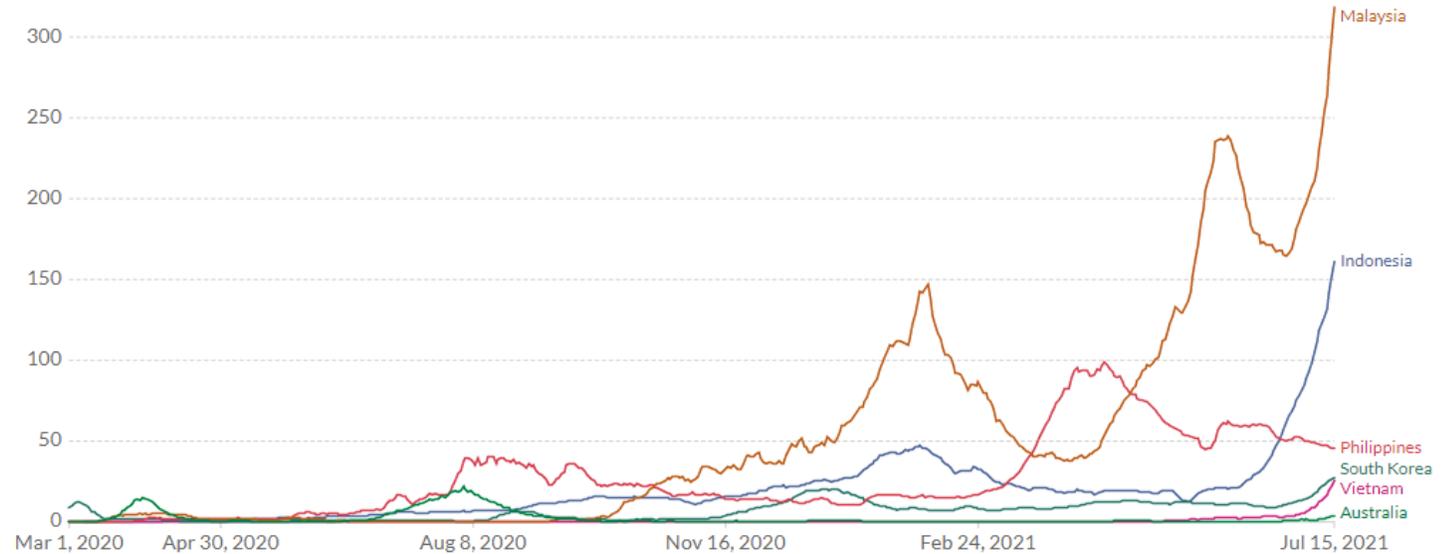
New Zealand will host an extraordinary meeting of the Asia-Pacific Economic Cooperation today, convening world leaders including US President Biden, Russia's Putin, China's Xi Jinping and others, seeking collective actions to navigate the COVID-19 pandemic and its economic impacts.

Daily new confirmed COVID-19 cases per million people

Shown is the rolling 7-day average. The number of confirmed cases is lower than the number of actual cases; the main reason for that is limited testing.



LINEAR LOG



Source: Johns Hopkins University CSSE COVID-19 Data

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# COVID-19 Vaccine

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**The WHO upheld its position that proof of COVID-19 vaccination should not be required to international travel, due to ongoing inequity in vaccine access.**

- **Covax** launched a new marketplace platform to address supply chain bottlenecks that are limiting global vaccine supplies.
- **Caixin** reported that China is considering using an mRNA vaccine developed by BioNTech and China's Fosun Pharma as a booster shot.
- The first doses of **Johnson & Johnson vaccine** donated by the US are en route to the **Philippines**.
- **Vietnam** approved the **Johnson & Johnson vaccine** for emergency use.
- **Malaysia** will stop using the **Chinese Sinovac** shot after its current supplies run out.
- **Haiti** received its first batch of COVID-19 vaccines – until yesterday, Haiti was the only country in the Americas to have not yet received any doses.
- **Hungary** will offer the option of taking a third dose of a COVID-19 vaccine from August 1 and will make coronavirus vaccines mandatory for all healthcare workers.

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# Markets & Business

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**Global issuance of sustainable debt is on track to surpass \$1 trillion this year with green bonds dominating per the Institute of International Finance.**

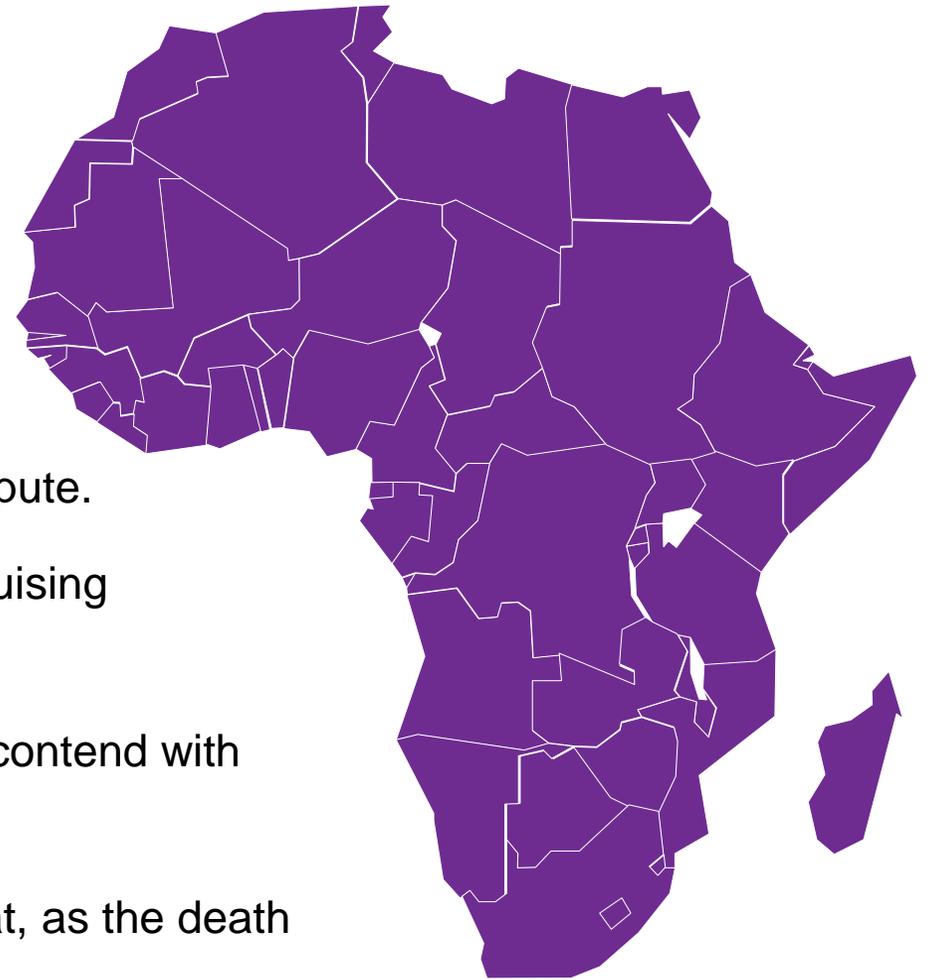
- **US distiller industry groups** are planning to lobby legislators to overhaul strict shipping laws in order to make it easier for consumers to continue buying spirits online.
- **UnitedHealth** boosted its 2021 profit forecast on a rebound in pharmacy visits.
- Driverless vehicle startup **Aurora**, which is backed by **Amazon and Uber**, unveiled plans to go public via SPAC.
- **TSMC**, the world's largest semiconductor manufacturer, said it expects the global chip shortage to ease in coming months following its increased production of auto chips.
- **Intel Corp.** is exploring a deal to buy **GlobalFoundries Inc.**, in a move that would turbocharge the semiconductor giant's plans to make more chips for other tech companies.
- **Uniqlo** owner Fast Retailing said that the company does not use any materials linked to human rights violations in Xinjiang.

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# Africa

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- COVID-19 deaths in **Africa** have risen 43 percent in one week, says the WHO.
- **Sudan** called for international mediation to resolve the GERD dispute.
- **Cameroonian** officials reported that separatists have begun disguising themselves as military members to launch attacks on villages.
- **Namibia** extended COVID-19 restrictions for two more weeks to contend with rising cases.
- Looting and violence in **South Africa** appeared to calm somewhat, as the death toll rose to at least 117.
- **Ethiopian** authorities have reportedly detained hundreds of ethnic Tigrayans in Addis Ababa.



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# Asia

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- **Vietnam** reported 69 deaths for the period of July 7-15, a 50 percent increase in the country's overall death toll.
- In **Australia**, Melbourne ordered a 5-day lockdown.
- The **Philippines** detected its first case of the Delta variant.
- **Indonesia's** daily cases have set new record for four consecutive days.
- The head of **South Korea's** central bank signaled that a rate hike is likely within the year.
- Cannes will screen a controversial documentary on the **Hong Kong** protests.
- **China's** GDP grew 1.3 percent in the second quarter, accelerating from 0.6 percent growth in Q1. China sent regulators including state security and police officials to Didi Global Inc.'s ride-hailing business on Friday as part of a cybersecurity investigation. In an advisory to be issued today, the **US** warns businesses and individuals working for them that they are subject to a restrictive national security law that Beijing imposed on **Hong Kong** a year ago. The advisory cites the risks of electronic surveillance without warrants and of having to surrender corporate and customer data to the government.



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# How do You Manage Risks?

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*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.*

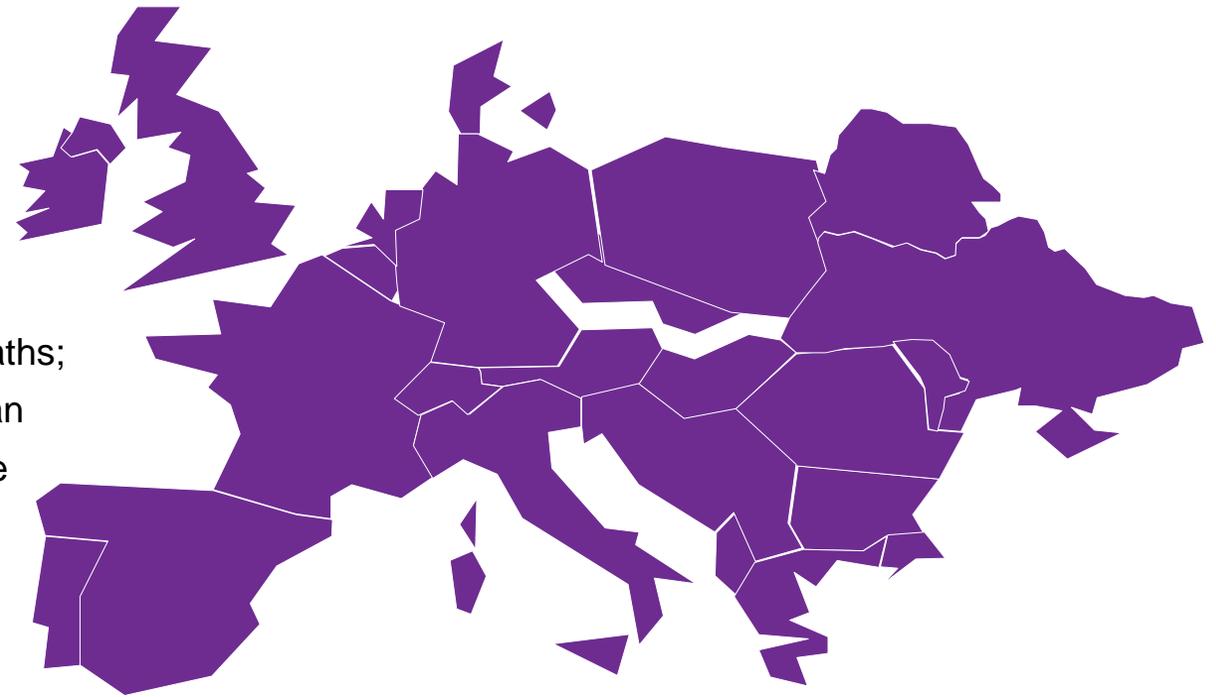
- ❖ due diligence and compliance investigations
- ❖ physical and cyber security assessments
- ❖ country and political risk assessments
- ❖ enterprise risk management and organizational resiliency advice
- ❖ crisis and incident response (physical security breaches and cyber incidents, insider threats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

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

# Europe

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- Flooding in western **Germany** has now caused more than 80 deaths; senior politicians are linking the floods to climate change. German Chancellor Merkel met with **US** President Biden, not resolving the disagreement over Nordstream pipeline, while vowing to stand together against aggression from **Russia** and anti-democratic action from **China**.
- The **EU's** top court ruled that **Poland's** system for disciplining judges breaches EU law, further escalating tensions between Brussels and Warsaw over judicial independence.
- **British** officials estimate that the Brexit financial settlement cost £37.3 billion, slightly smaller than the number published by the **EU** last week.
- The **UK's** NHS COVID-19 app sent more than 500,000 alerts last week telling people to self-isolate due to exposure with someone who tested positive, marking a tenfold jump in a month. The UK's chief medical officer warned that the country is not “*out of the woods*” and that coronavirus crisis could return again surprisingly quickly, as the government plans to lift restrictions on Monday.

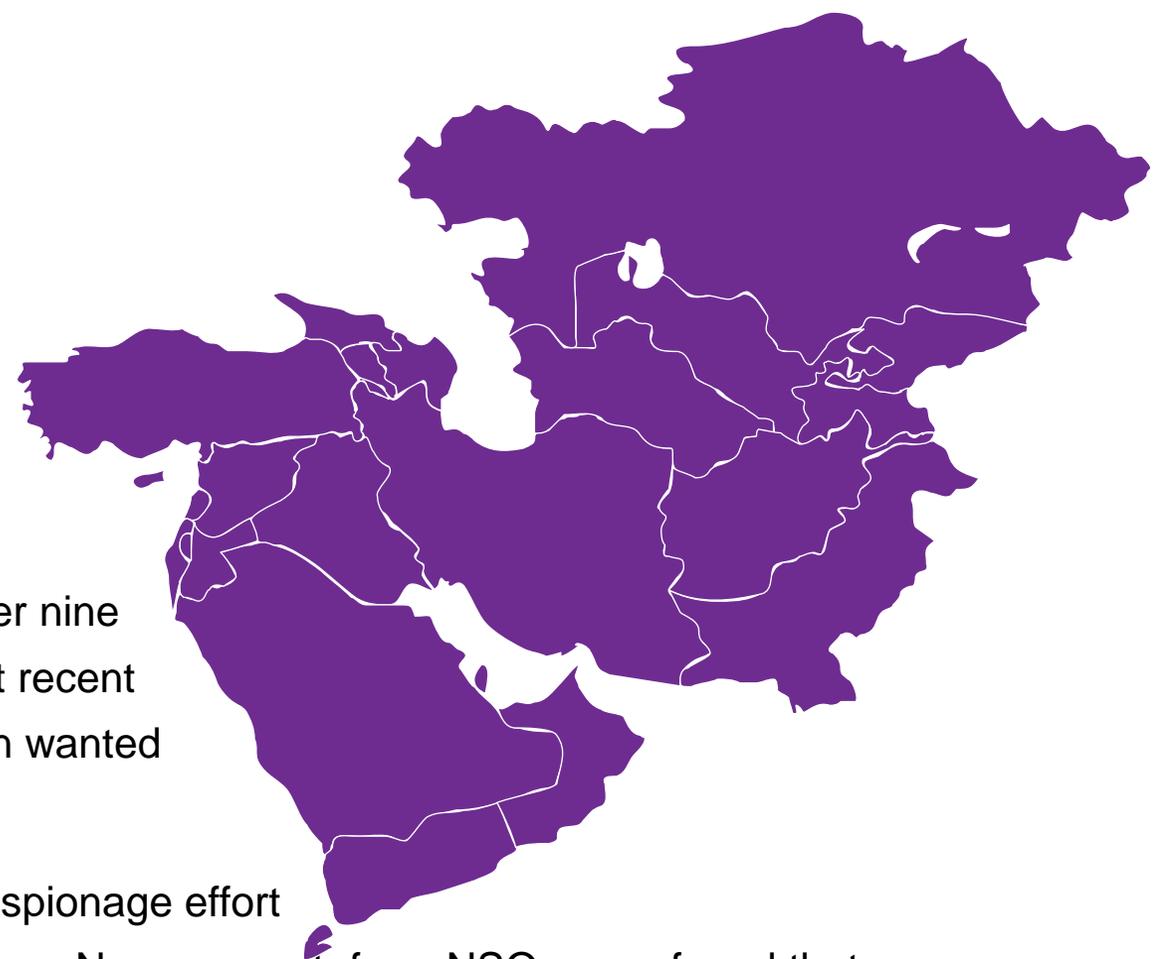


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# Middle East

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- Popular **Iraqi** cleric Moqtada Sadr and his allies revoked his support for the government and announced that he would not participate in upcoming elections.
- **Lebanese** Prime Minister-designate Saad Hariri resigned after nine months of attempts to form a new government when his most recent cabinet proposal was rejected. Hariri said that President Aoun wanted his minority to retain a veto.
- Facebook reported that it had interrupted an **Iranian**-based espionage effort against aerospace and defense workers in the **US and Europe**. New research from NSO group found that **Israeli** cyber warfare group Candiru sold spyware to governments in order to hack journalists and dissidents.
- The **UN** warned that the **Libyan** banking system will likely collapse if the two parallel systems are not unified.
- **Afghan** officials in the province of Badghis reported that they had negotiated an “*indefinite ceasefire*” with the Taliban to prevent attacks.



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# Americas

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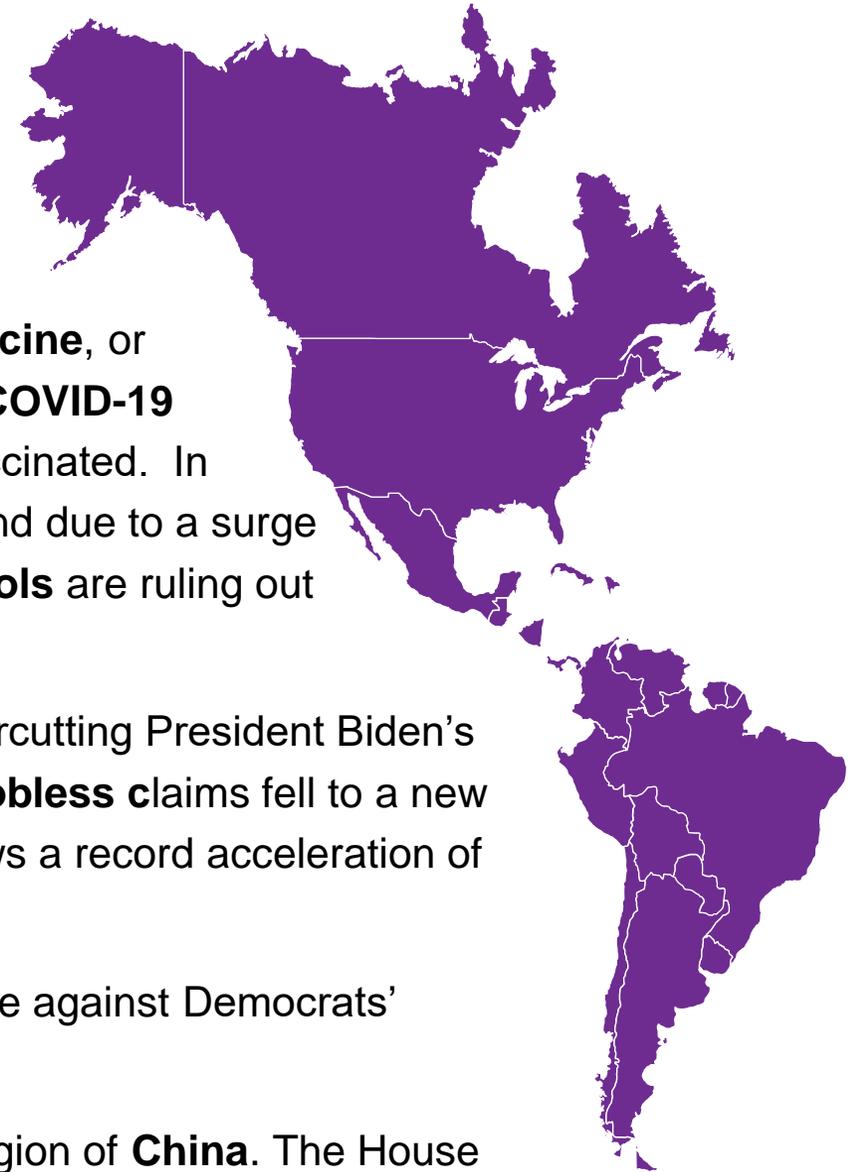
- For the first time, a clear majority of **Brazilians** polled answered that the pandemic is no longer “*out of control.*”
- The **US** Pentagon said Thursday that some of the former **Colombian** soldiers under suspicion for assassinating **Haitian** President Moïse had received US military training. The US appeared to rule out the possibility of sending US troops to Haiti to stabilize the Caribbean nation.
- The **UN** human rights chief Bachelet called on **Cuba** to release protesters and several journalists arrested at demonstrations and denounced alleged excessive use of force against some of them.
- The **Canadian** prime minister announced that Canada may permit fully vaccinated travelers into the country by early September, if the current trend in vaccination rate and public health conditions continue.



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# Americas: US

- Across the nation, 185.1 million have received at least **one dose of the vaccine**, or 55.8 percent of the total population. The US Surgeon General warned that **COVID-19 misinformation** is an “*urgent threat*” preventing Americans from getting vaccinated. In **California**, Los Angeles County will reimpose its mask mandate this weekend due to a surge of coronavirus cases tied to the Delta variant. A number of prestigious **schools** are ruling out hybrid learning for MBAs in the fall.
- Republicans are emphasizing the surge in **US inflation** with an eye to undercutting President Biden’s reputation on economic rebound in the run-up to 2022 midterms. **Weekly jobless claims** fell to a new pandemic-era low of 360,000. New York Federal Reserve data for July shows a record acceleration of **manufacturing activity** in the state.
- Senate Minority Leader McConnell confirmed that all Republicans would vote against Democrats’ proposed **\$3.5 trillion budget bill**.
- The Senate passed a bill banning the import of all products from Xinjiang region of **China**. The House Foreign Affairs Committee approved the Eagle Act, calling for a diplomatic boycott of the Beijing 2022 Olympics and strengthening US ties with **Taiwan**.



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# Emerging & Existing Hotspots: The US Exit from Afghanistan and Implications for Russia, Iran & Central Asia

By Alexander Lucaci

***As the United States approaches its August withdrawal date from Afghanistan, the surrounding region and major powers such as Russia and China are quickly adapting their strategic postures. While the Taliban has made assurances that their political and military influences will be limited internally, China and Russia are making contingency plans in the event that an Afghan civil war spreads greater instability across the region.***

The Pentagon has reported that the US military has completed more than 95 percent of the exit process already, leaving a precarious situation in the country as the Taliban rapidly gains ground across the country. Moscow, Beijing, and Tehran are monitoring developments closely and have engaged in proactive diplomacy amongst each other, Central Asia, and the Taliban itself in an effort to stem any extremist spillover across Afghanistan's borders. While the Taliban has made assurances that their political and military influences will be limited internally, China and Russia are making contingency plans in the event that an Afghan civil war spreads greater instability across the region. In a statement, the Russian Embassy in Washington DC described the situation as

*“rapidly deteriorating,”* attributing the security situation directly to the pull-out of US and NATO troops. Similarly, a Chinese Foreign Ministry spokesman called the US exit *“a critical juncture”* for the future of Afghanistan and regional security.

Russian concerns about an impending civil war in Afghanistan are focused on the potential for Islamic extremism to grow in the former Soviet Central Asian nations of Tajikistan, Uzbekistan, and Turkmenistan. Moscow considers this bloc as essential for maintaining an economic and political bloc to counter the US-led Western order, with significant financial investment from China overlaying Russian-backed security infrastructures across the region. Although

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# Emerging & Existing Hotspots: The US Exit from Afghanistan and Implications for Russia, Iran & Central Asia

Russia and China are competing for influence in Central Asia, the mutual interest of a stable and secure Afghanistan has become the top priority for both countries in the wake of the American pullout. Just this week, Russia launched major military exercises on the Tajik border with Afghanistan in response to Taliban advances, with Bishkek also mobilizing 20,000 reservists to support Russian activities. Moscow has assessed that the risk of destabilization in Afghanistan poses very real threat to the security of its sphere of influence. Any spillover in actionable Islamic extremist sentiment to Tajikistan, Uzbekistan, or Kazakhstan will likely inflame tensions in Russia's Caucuses, already a hotbed of radical Sunnism. Although it is highly unlikely that Moscow would militarily intervene in Afghanistan's northern provinces, it may be expected that Russia bulks up its forward deployed troops in Central Asia and further inflaming anti-Russian domestic sentiments. For all of Russia's aggressive rhetoric about American "militarism" and "imperialism" over the past twenty years, applied to Afghanistan and elsewhere, there was an implicit understanding that the US presence in the country held the Taliban at bay and ensured a level of regional stability. Now that the US has left, Moscow's calculus towards

Central Asia has dramatically changed and may have far-reaching political and military consequences.

It is Iran, however, that faces the most immediate repercussions of the US withdrawal from Afghanistan. The two countries share an insecure 500-mile border, through which an estimated 1 million Afghans are expected to escape any impending civil war or future Taliban rule. Between 2.1 and 2.5 million undocumented Afghans already live in Iran, on top of the 780,000 registered Afghan refugees in the country. Iran's economy, already devastated from a host of international sanctions, will come under additional pressure if Afghan refugees stream across the border and place further strains on government programs and finances. The Taliban will likely prioritize controlling key districts along border areas with Iran to prevent population outflows and consolidate territorial control. Despite the human and economic costs, Tehran likely views the US withdrawal from Afghanistan as a positive for its security and political interests and has made proactive diplomatic overtures to the Taliban. The Iranian Foreign Ministry has sounded sympathetic towards the prospect of Taliban rule, stating that they "wield

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# Emerging & Existing Hotspots: The US Exit from Afghanistan and Implications for Russia, Iran & Central Asia

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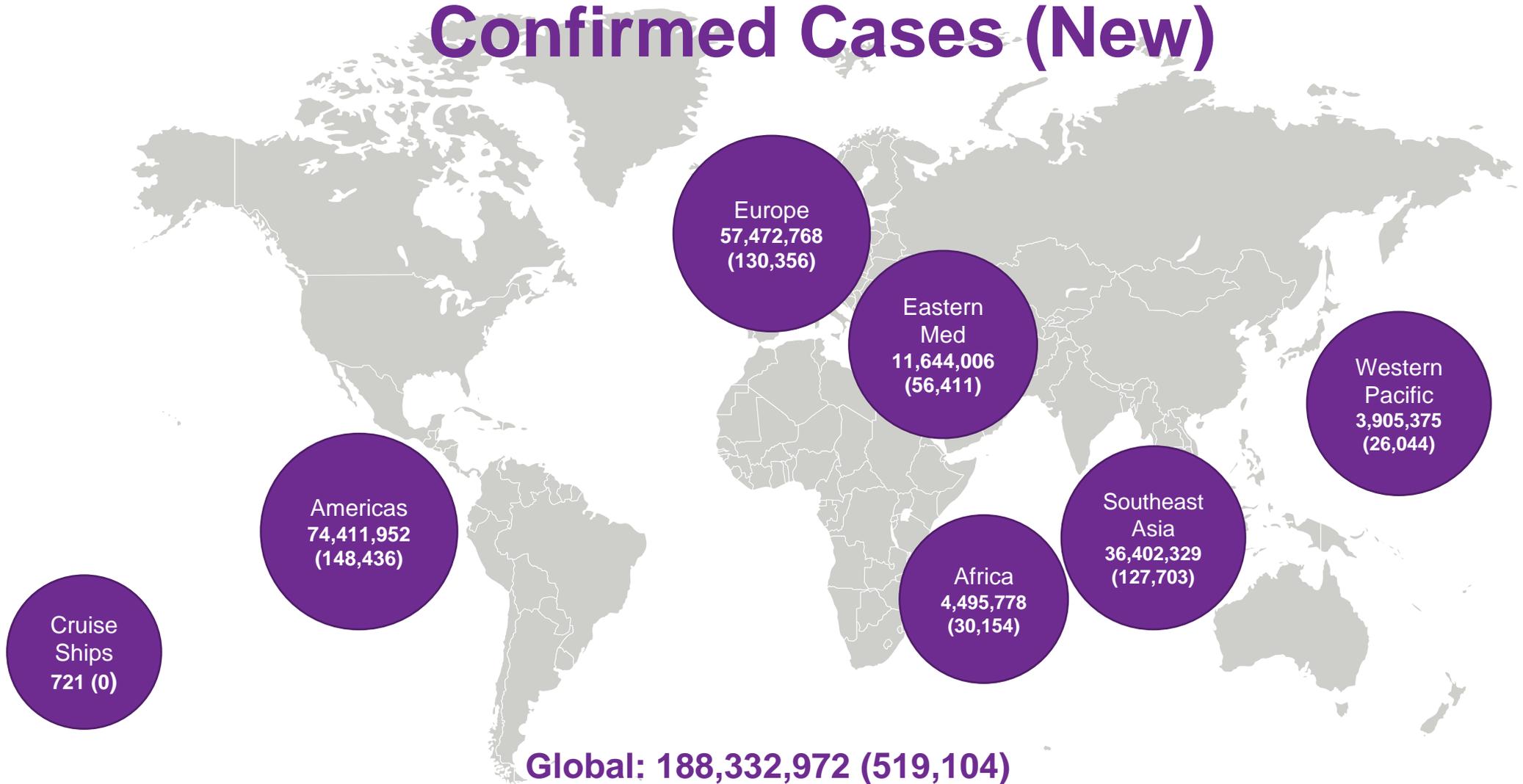
*formidable military power*” and “*have always been part of Afghanistan’s traditional society.*” Nevertheless, Tehran’s diplomatic activism appears to mask deep-seated fears of prolonged instability on its border, which represents another, new factor in its geopolitical calculus alongside managing a presidential transition with low domestic legitimacy, negotiating an updated nuclear deal with the US, and balancing regional security interests with Gulf neighbors.

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# Coronavirus Condition Updates

As of 10:43 am CEST on July 16, 2021

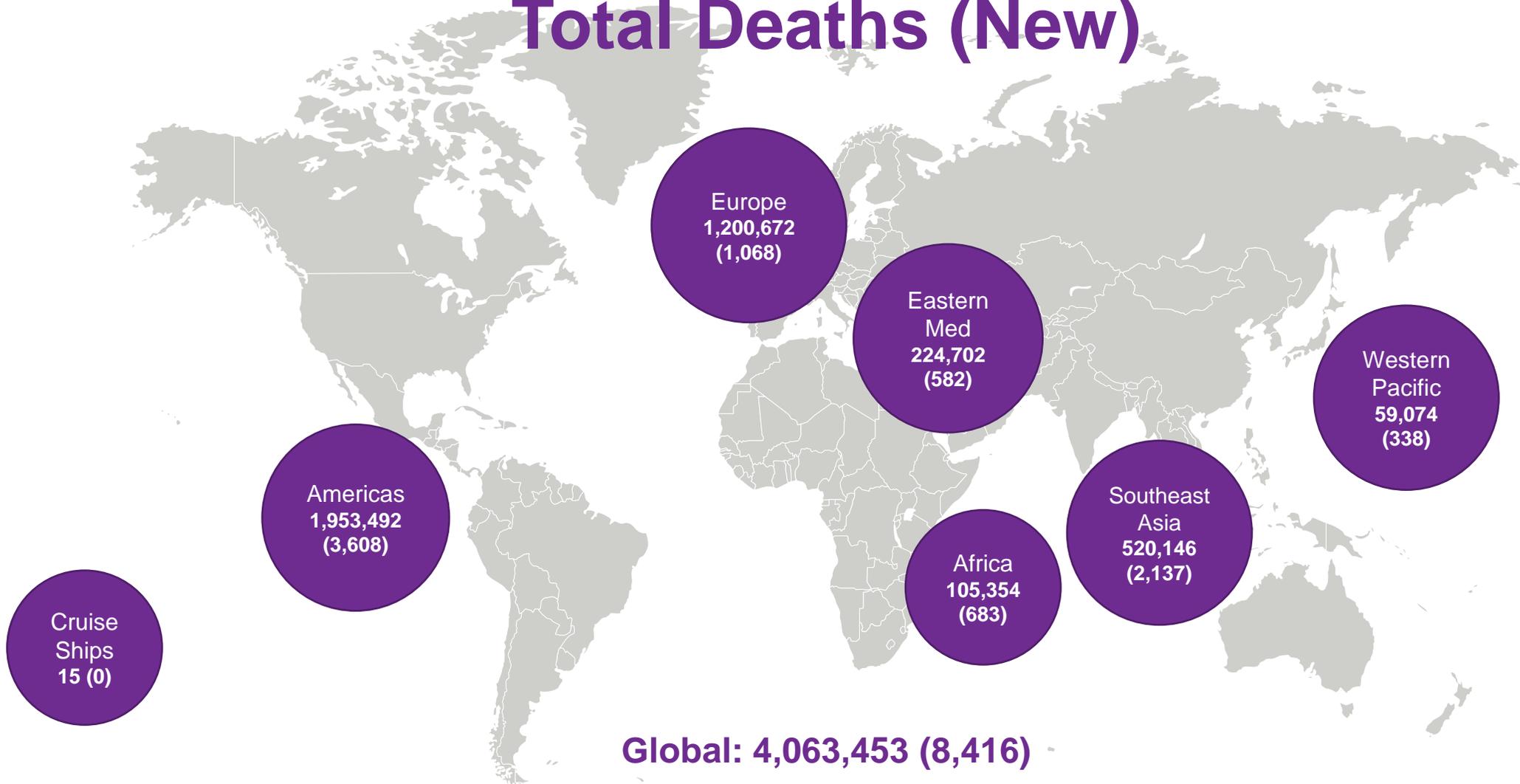
# Confirmed Cases (New)



Reflects data as of 10:43 am CEST on July 16, 2021.  
Data Source: World Health Organization

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# Total Deaths (New)



Reflects data as of 10:43 am CEST on July 16, 2021  
Data Source: World Health Organization

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# Contacts

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*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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