

# Dentons Flashpoint

## Daily Global Situation Report

October 22, 2021

# Global Situation Update: October 22, 2021

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## KEY TAKEAWAYS

The World Bank predicts continued energy price rises into 2022, driving near-term inflation risks in developing countries.

The NBA is again in contention with Beijing, after China halted Celtics game showings over a player's comments.

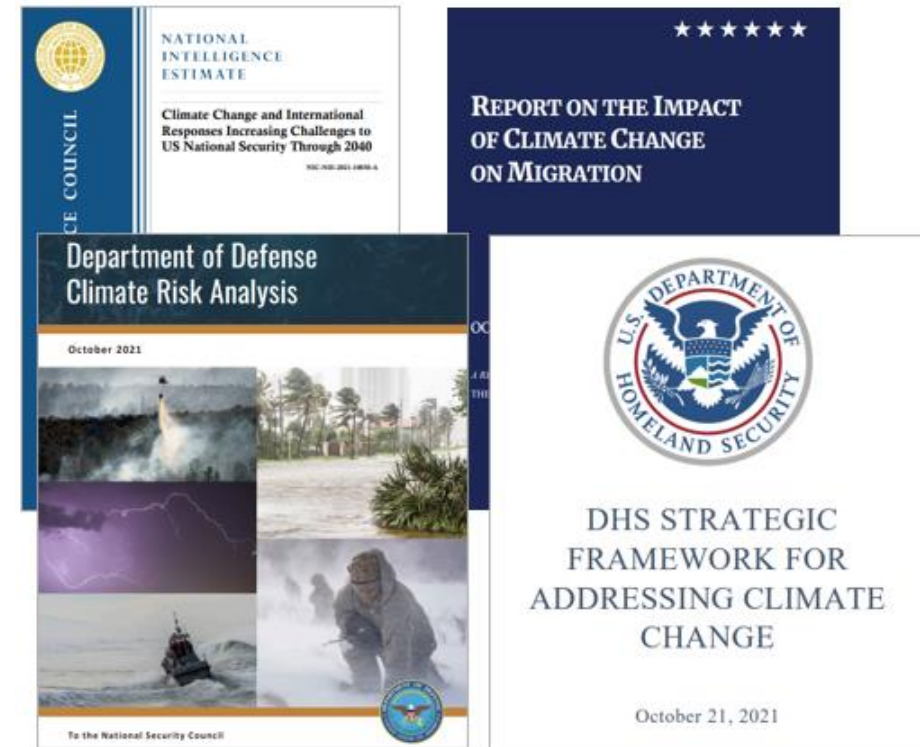
Mass protests in Sudan rallied against the prospect of military rule.

# Global Situation Update: October 22, 2021

## WHAT WE'RE WATCHING

Business leaders await new policies and actions that may flow from several landmark US government reports on the threat climate change poses to global security. The set of reports released yesterday by the White House, Pentagon, US intelligence community and other federal agencies are the most thorough assessments yet of how climate change will lead to instability in America and around the world in the coming decades.

Among the predictions in the analyses are that along with rising global temperatures there will more frequent conflict between nations, including strategic competition over the Arctic region, more waves of migrants dispossessed by climate change, and the destabilization of ill-equipped nations. Businesses that step up to play a role in mitigating climate change can also say they are helping to stem global insecurity.



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

# Global

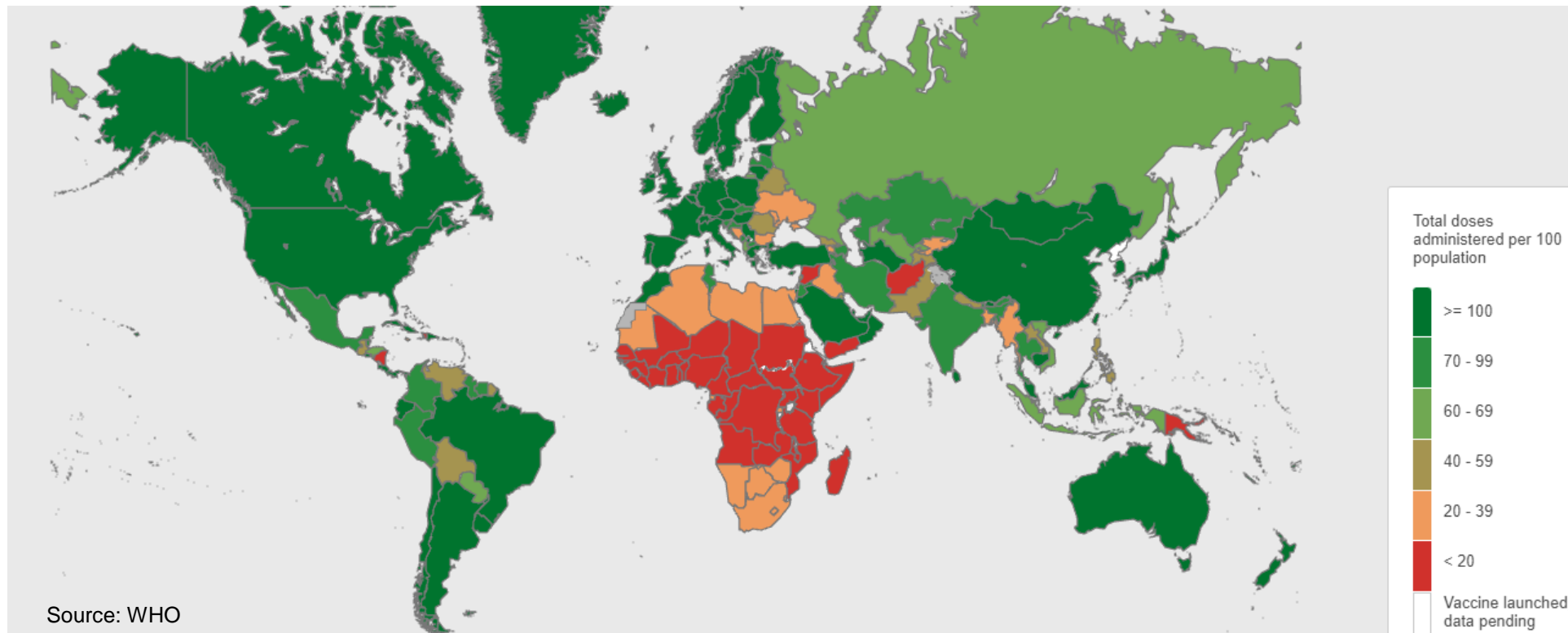
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**Globally, confirmed coronavirus cases topped 241.8 million with 4.9 million deaths; more than 6.6 billion vaccine doses have been administered.**

- In its latest Commodity Markets Outlook, the World Bank predicted that **energy prices** will continue to inch higher in 2022 after surging more than 80 percent in 2021, driving near-term inflation risks in a number of developing countries.
- Research conducted in Israel shows the Pfizer vaccine to be highly effective in preventing infections and symptoms from the **Delta variant in 12 to 18-year-olds**.
- Pfizer-BioNTech announced a new study finding the **booster** to be 95.5 percent effective against symptomatic COVID-19.

# Global

## Total Doses of COVID-19 vaccine administered per 100 population



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# Markets & Business

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## Nearly one in five vehicles sold in the EU in Q3 was an electrified model as sales continued to soar while fossil-fuel cars slumped, according to a trade organization

- The US Federal Reserve issued a **ban on individual stock purchases** by top officials, along with a series of other restrictions on investing activities, after reports of trading by some senior policymakers prompted increased ethics scrutiny.
- **Southwest Airlines** announced that its spate of flight cancellations this month cost the company \$75 million.
- The **US Commodity Futures Trading Commission** paid an informant \$200 million, its largest-ever payout to a whistleblower, but did not disclose their identity or the company in question.
- **Stellantis** and South Korea's **Samsung SDI Co Ltd** have entered a preliminary agreement on a joint venture to produce electric vehicle (EV) battery cells and modules in the US.
- Indebted Chinese property developer **Evergrande** repaid a missed interest payment on a dollar bond, just days ahead of a deadline that would have forced a formal default.

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# Africa

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- Thousands of people took to the streets in **Sudan** on Thursday to demand a fully civilian government; the mass pro-democracies rallies come a few days after a protest in support of a military government.
- The government of **Eswatini** told mobile operators across the Kingdom to suspend access to Facebook and its local messenger app; while the government did not state a reason for its request, the move comes after anti-government protests, in which at least one has died and 80 been injured, again flared up.
- **Benin's** parliament voted to approve a law legalizing abortion, becoming one of the few countries in the continent to permit the procedure.
- The University of Cape Town, one of the foremost universities in Africa, will require staff and students to be vaccinated from January. **South Africa** began vaccinating adolescents. South Africa's biggest metalworkers union said that it had accepted a new contract, paving the way to end a strike that would have disrupted automotive supply chains.

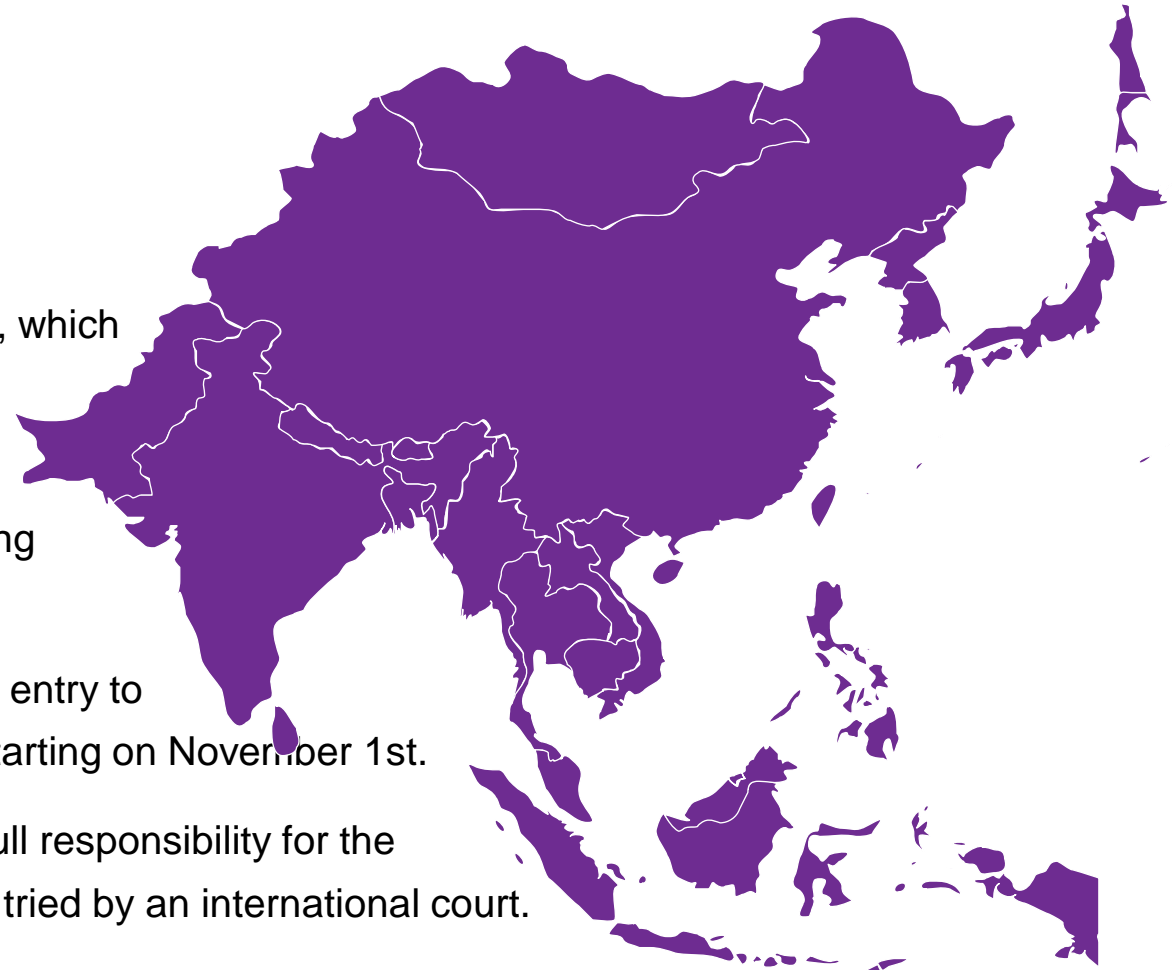


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# Asia

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- **South Korea** tested its first domestically produced space rocket, which failed to deliver a test satellite into orbit but still marked a major step for the country's space program.
- **New Zealand** on Thursday announced a “*world-first*” law requiring banks to disclose and act on climate change impacts.
- In an effort to revive tourism, **Thailand** will allow quarantine-free entry to travelers from 46 countries, including the **US, UK, and China**, starting on November 1st.
- **Philippines** President Duterte said Thursday that he assumes full responsibility for the bloodshed caused by his war on drugs, but that he will never be tried by an international court.
- A **US** State Department official said that **Singapore** has an important role to play in aiding **Myanmar's** political crisis, given the city-state's “*significant financial leverage*” over the military regime.
- **China** will no longer stream Boston Celtics games after one of the team's players, Enes Kanter, called President Xi a “*brutal dictator*” in a social media post.



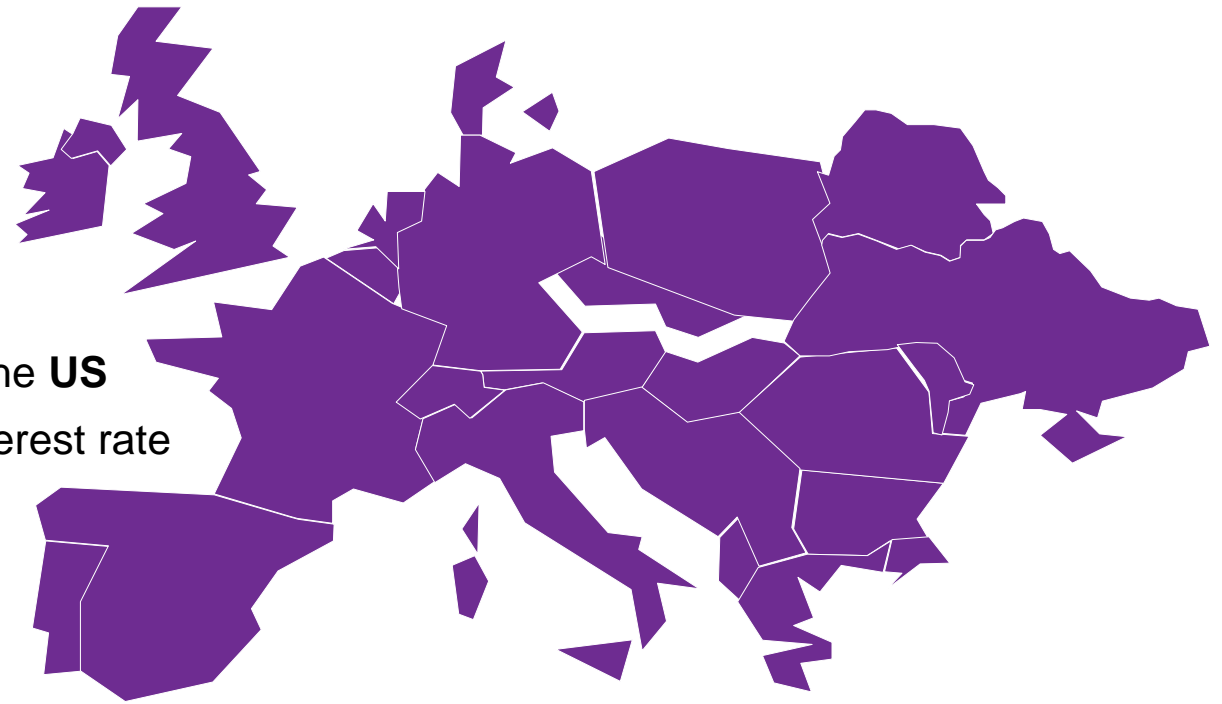
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# Europe

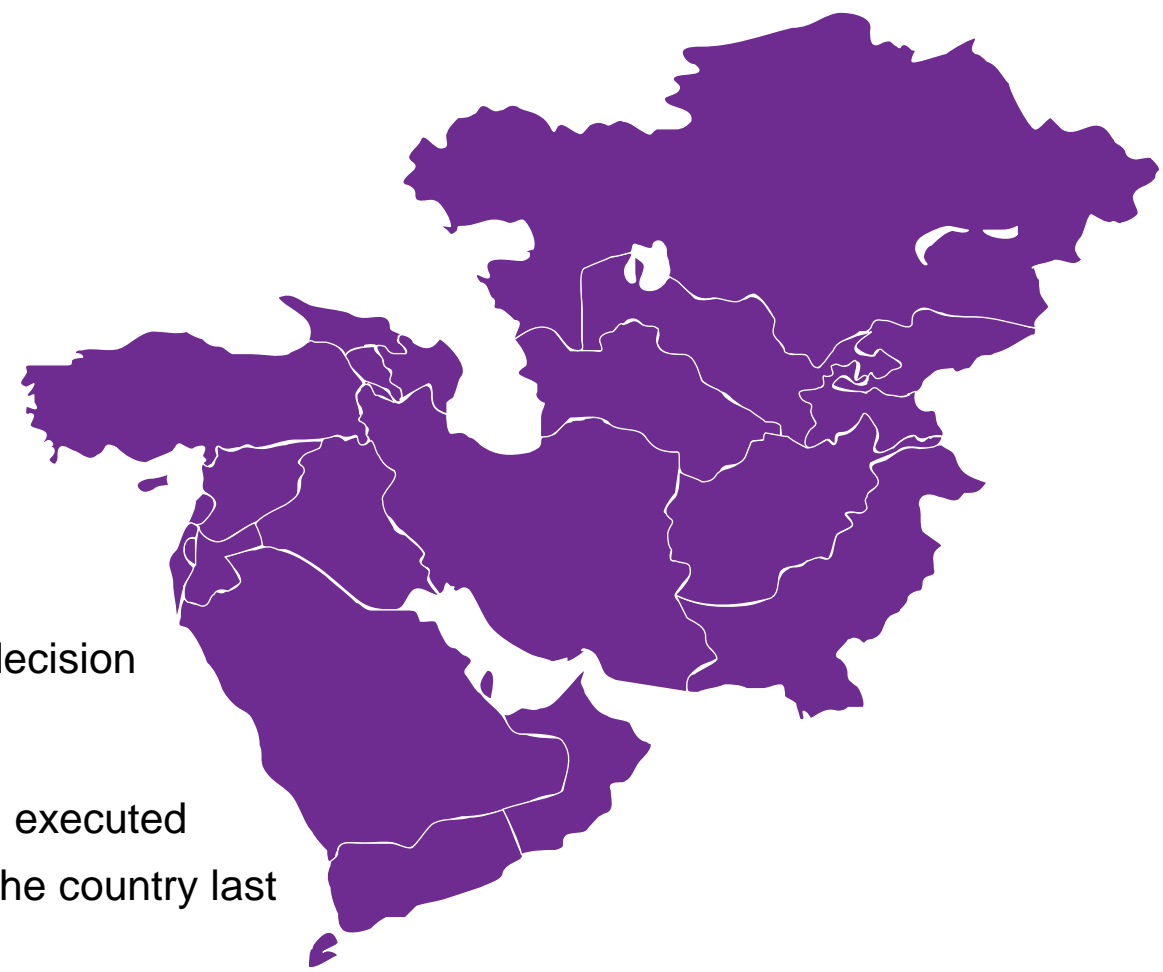
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- The **Turkish** lira dropped to another record low against the **US** dollar on Thursday following a steeper-than-expected interest rate cut by the central bank. JP Morgan sharply raised its inflation outlook for Turkey.
- **France** announced a €100 voucher program to low- and middle-income households to offset the increase in energy prices.
- **Russia** could supply 10 percent more gas to **Europe** if Nord Stream 2 were approved, President Putin announced, setting out terms to help ease the current energy crisis.
- The **US** withdrew its threat of tariffs against five European countries over their digital services taxes as part of a deal to manage the transition to a new global tax regime for large highly profitable corporations; **Austria, Britain, France, Italy, Spain** will get to keep their digital taxes in place until a global tax agreement comes into force in 2023.



# Middle East

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- **Libya** hosted an international conference on “Stabilization,” aimed to bring together key international players to address key national issues ahead of planned December elections.
- **Israeli** officials recommended reopening the country to fully vaccinated tourists beginning in November; however, a final decision still needs full government approval.
- **Syria’s** Justice Ministry announced that 24 people have been executed after convictions on terrorism charges for igniting wildfires in the country last autumn.
- **Tunisia’s** president pledged to launch a national dialogue to amend the political system and electoral law.
- An explosion cut off power to Kabul on Thursday, casting further doubt on the Taliban’s capacity to stabilize **Afghanistan** after two months of running 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](#).*

# Americas

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- **Cuban** prosecutors summoned opposition leaders from across the country to warn against convening rallies that they called for November 15.
- **Barbados** elected its first president, current governor-general Sandra Mason, as the republic moves forward with plans to remove Britain's Queen Elizabeth as the head of state.
- **Canada** will begin winding down broad pandemic-era support programs for companies and individuals in favor of more targeted support.
- In a yet-unverified YouTube video, a self-proclaimed spokesman for the **Haitian** gang that kidnapped a group of **American and Canadian** missionaries threatened to kill them if the gang did not receive payment. The White House pledged to do all it can to help resolve the situation.
- **Brazil's** government will grant fuel relief to some 750,000 truckers to offset rising prices.

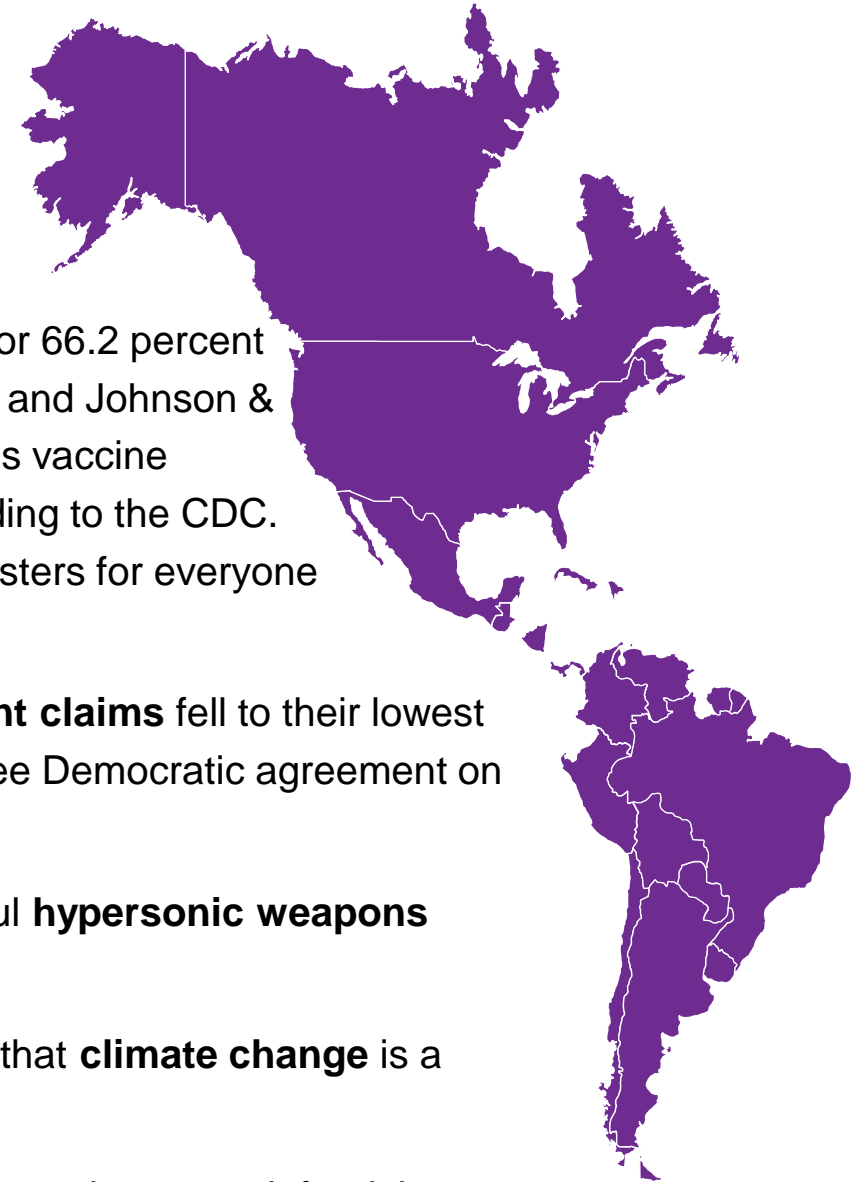


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# Americas: US

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- Across the nation, 219.6 million have received at least one dose of the **vaccine**; or 66.2 percent of the total population. Tens of millions of Americans can sign up to get Moderna and Johnson & Johnson **boosters** beginning today. The number of Americans getting coronavirus vaccine boosters is outpacing the number of those getting their first vaccine shots, according to the CDC. Federal regulators are seriously considering authorizing coronavirus vaccine boosters for everyone 40 years old and older.
- US **existing home sales** hit their highest levels in 8 months. New **unemployment claims** fell to their lowest pandemic level for a second week. US Senator Joe Manchin said he does not see Democratic agreement on President Biden's **social spending bill** "*anytime soon.*"
- The Pentagon announced that the US Navy and Army conducted three successful **hypersonic weapons tests** this week that will inform the development of new weapons.
- A new intelligence reported, ordered by President Biden ahead of COP26, found that **climate change** is a significant threat to US national security.
- President Biden stated that the US would come to **Taiwan's** defense and has a commitment to defend the island China claims as its own, in a statement that was characterized afterwards as not a change of policy.



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# COVID-19 Leaders Abandon “COVID-Zero” Policies

By Anni Coonan

***Nations that once successfully followed a strict “COVID-zero” approach to coronavirus transmission are increasingly abandoning zero-tolerance strategies in favor of ending restrictive lockdowns.***

Common in Asian countries that boasted very low transmission rates throughout the pandemic, the approach is characterized by an extremely low threshold for COVID-19 transmission rates, with governments utilizing strict travel quarantines, diligent contact tracing, and comprehensive lockdowns. Over the last several months, however, Singapore, Australia, and New Zealand have announced that they would move away from the strategy, and South Korea announced the formation of a panel to explore the possibility of ending its COVID-zero approach. Strategies that accept COVID-19 as endemic are becoming the norm as the Delta variant and other novel variations make limiting transmission increasingly difficult, vaccines make transmission less deadly, and nations become less willing to weather the economic and social effects of extended lockdowns.

## ***Evolution of Low-Transmission Policies***

Put in place early on by countries with tight border controls (such as the islands of New Zealand, Australia and Singapore) and significant state resources to devote to containment, strict COVID-zero policies allowed countries following this strategy to maintain comparatively low case rates and deaths. States employed tightly closed borders, strict quarantines, usually involving state-run quarantine hotels or monitored at-home confinement, extensive track and trace programs via smart phones, and restrictive lockdowns, allowing many countries to return to “normal” earlier or more frequently than their peers (in New Zealand, much of the population lived without restriction for

Source: Treasury Department

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a large share of the last year and a half). However, these strategies have been increasingly challenged as the more infectious Delta variant has become the dominant variant throughout the globe, making contact tracing immensely more difficult and even the strictest of lockdown not guaranteed to curb outbreaks. As a result, the strictest adherents of the COVID-zero policy have mostly announced that they will move away from the strategy.

In July, Australia responded to months-long lockdowns in its largest cities by ending its zero-tolerance COVID-policy, announcing that it would end restrictions at a vaccination rate of 70-80%, regardless of case numbers. Although vaccination rates were low at the time of the announcement, the country hit a 70% adult vaccination rate just this week. Singapore also shifted to what it calls “living with the virus” over the summer, and is basing its restrictions off of vaccinations, hospitalizations and death rates rather than caseloads. Most recently, New Zealand announced that it would also end its highly COVID-zero policy after its low case rate threshold caused a strict lockdown in Auckland to stretch on for several months, prompting some of the largest anti-

lockdown protests in the country since the onset of the pandemic. Finally, South Korea this month announced the formation of a panel to explore ending the country’s COVID-zero strategy, a sign that Seoul is looking for ways to relax its strictest rules and resume more normal life. The shift in strategies is a public acknowledgement that COVID-19 is becoming endemic, meaning that continued strict lockdowns and restrictions, and their economic and social consequences, are doing more harm than good.

## *China: COVID-Zero Holdout?*

China remains the only major practitioner of COVID-zero not to take steps away from the stringent approach. Since the onset of the pandemic, China has employed strict measures to lock down cities, contact trace its citizens, and track transmission, an effort that has kept reported case numbers and deaths disproportionately low compared to other large countries. Despite high levels of vaccination, Beijing seems set to maintain its COVID-zero approach longer than Asian neighbors, even as lockdowns seem poised to stretch into a second year and the more-virulent Delta variant becomes the primary variant in

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circulation.

One reason for this may be concerns about the effectiveness of Chinese-made vaccines, which are the sole vaccine used across the country. Some international analysts have questioned the efficacy of top Chinese vaccines from Sinopharm and Sinovac based on international cases - such as in the Seychelles - where Delta transmission surged despite high levels of vaccination. Another potential motive behind extending a COVID-zero policy is the national pride that has developed both domestically and internationally around the Chinese response to the coronavirus lockdown: accepting COVID-19 as endemic would require moving beyond the now-established “China model” for containing the virus. Keeping the country locked down may also have other political benefits, such as providing a pretext for avoiding protests or other disruptions focused on the upcoming winter Olympics, which have already stoked international human rights demonstrations. A stalled economic recovery driven by strict lockdowns may yet force China to open up further down the road, but present signals from Beijing indicate that China will stay the course with its COVID-zero policy for the time being.

## *Future of COVID Management*

The end of COVID-zero policies in most of the places that were employing them bears out predictions from early in the pandemic that entirely eliminating COVID-19 would prove virtually impossible. Unable to battle increasingly virulent strains of the coronavirus without wearing thin the population’s patience or endangering the economy, countries throughout the world are learning to accept a certain level of virus circulation as the new normal. On a practical level, this will further open up several locations for travel and business and ease the business environment in the absence of frequent lockdowns; on a symbolic one, the accession of the staunchest lockdown and restrictions holdouts to a laxer, “live with it” strategy demonstrates a global shift accepting the virus as endemic. While this is a good thing in several ways, such as reducing economic disruption, the impacts of COVID-19 will continue to be felt unequally, and while highly-vaccinated, wealthy regions and countries may be able to safely open up, vulnerable communities and countries will continue to bear more of the consequences for higher levels of COVID-19 transmission.

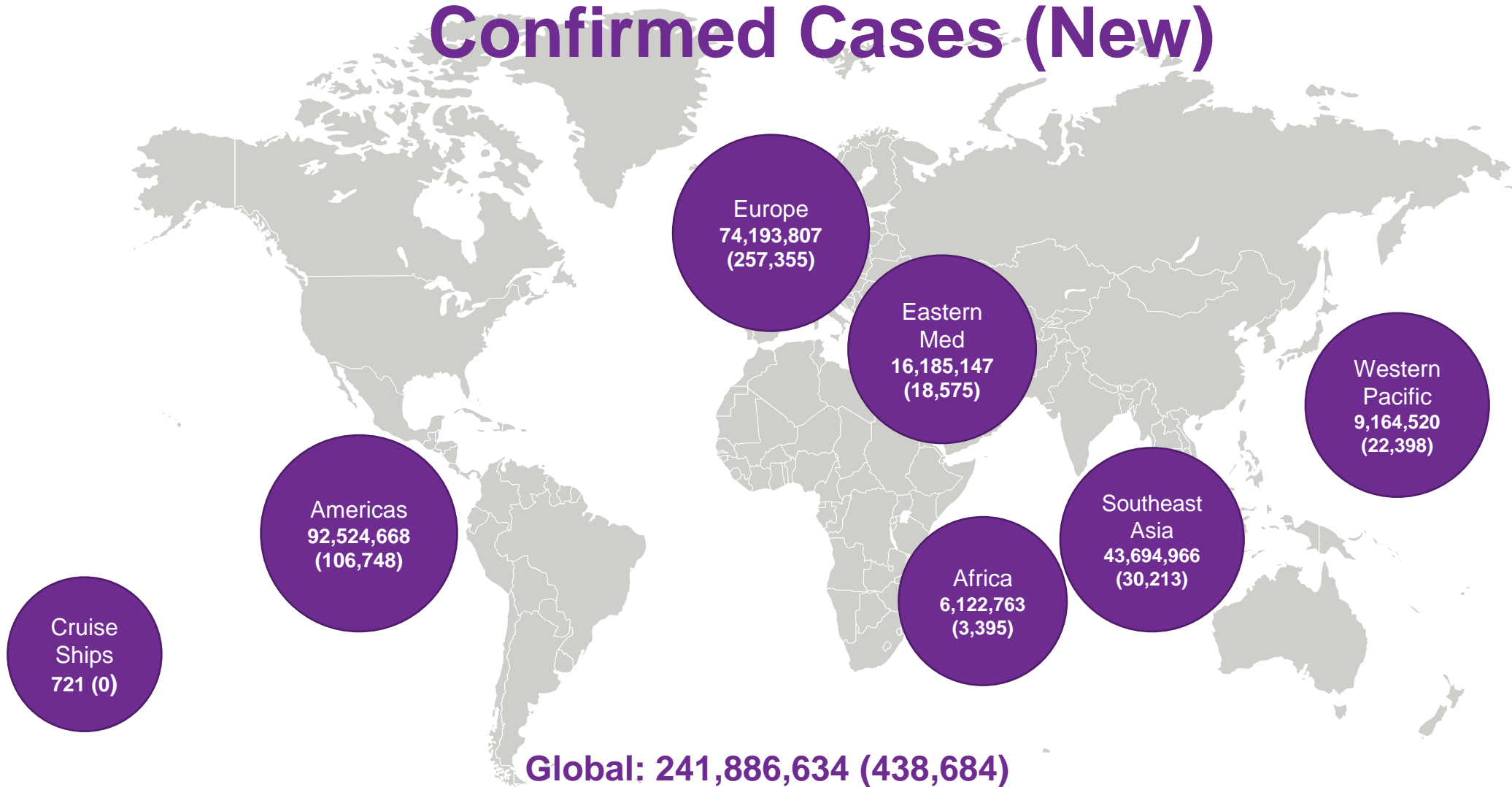
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# Coronavirus Condition Updates

As of 6:07 pm CEST on October 21, 2021

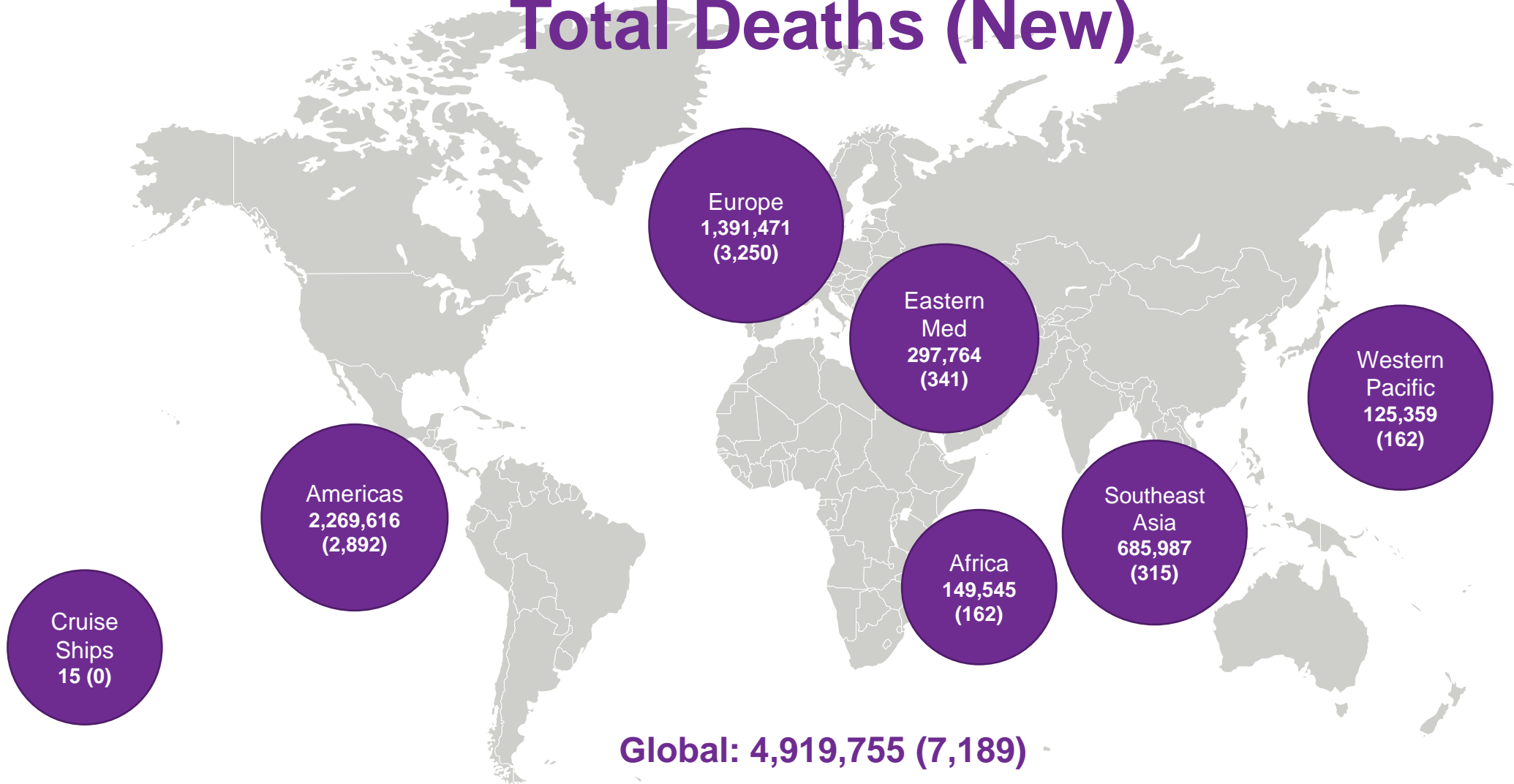
# Confirmed Cases (New)



Reflects data as of 6:07 pm CEST on October 21, 2021.  
Data Source: World Health Organization

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# Total Deaths (New)



Reflects data as of 6:07 pm CEST on October 21, 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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