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Dentons Flashpoint

Daily Global Situation Report

April 14, 2022

Global Situation Update: April 14, 2022

KEY TAKEAWAYS

Amid growing dissent, China has intensified propaganda efforts to drum up national support for its "*dynamic zero-COVID*" policy.

The US is seeking additional UN sanctions on North Korea over its renewed ballistic missile launches.

More central banks around the globe are raising interest rates to curb inflation.

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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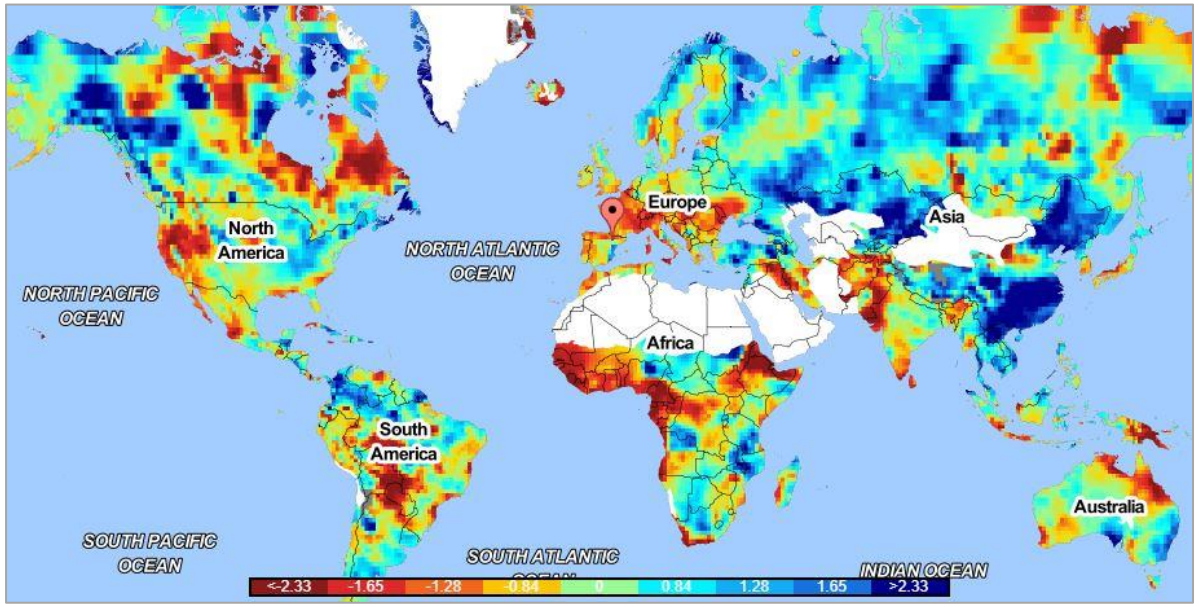
WHAT WE'RE WATCHING

Agricultural and ecological droughts around the world are causing far-reaching impacts. This week, Chile declared that Santiago, its capital city of six million, will be forced to ration water as an unprecedented drought enters its 13th year. Meanwhile, in the Horn of Africa more than 20 million people may soon suffer extreme hunger and, for some, possibly starvation amid a fourth year of drought.

In the US, a worsening drought in the southern Plains region is threatening the wheat crop just as the Ukraine war dents global supplies. Companies operating in drought-stricken regions could be exposed to energy rationing measures and perhaps shortages as energy prices climb higher in 2022.



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Global

US Treasury Secretary Yellen appealed to China and other countries to help end Russia's war on Ukraine. She also warned that those who seek to undermine Western sanctions would face consequences.

- **New military aid and intelligence sharing** with Ukraine marks a significant expansion of western involvement in the conflict and reflects the belief that Russia is less likely to retaliate against the west as the war continues.
- Fifty days into its invasion of Ukraine, Russia's state media is **intensifying rhetoric to justify the military campaign**, the death of Ukrainian civilians and destruction of Ukrainian infrastructure.
- Ukrainian forces reportedly hit a Russian warship in the Black Sea with a Neptune missile. The 12,500-ton warship has been part of a Russian fleet loitering offshore and menacing the Ukrainian port of Odesa. This incident is likely to result in Russian warships having to move further offshore for their own safety and reduces Russia's future abilities to conduct **offensive naval operations**.

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Markets & Business

Severe outbreaks of bird flu in the US and France are tightening global egg supplies and raising prices as the war in Ukraine disrupts shipments to Europe and the Middle East.

- **Amazon** is adding a 5 percent surcharge to its delivery fees for its Fulfillment By Amazon services in response to rising fuel costs and inflation.
- **JPMorgan Chase** reported a 42 percent year-on-year drop in net income for the first quarter, as dealmaking slowed and the bank set aside almost $1 billion in loan-loss provisions amid rising inflation and the war in Ukraine.
- A consortium led by Canada's **Brookfield Asset Management** has agreed to buy Australian telecoms group **Uniti** for A$3.6 billion (US$2.7 billion).
- **Tencent Holdings Ltd** will shut down a service that allowed Chinese gamers to access overseas platforms to play unapproved foreign games, in a sign of tightening compliance as Chinese regulators more closely scrutinize the industry.

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Environment, Sustainability & Governance

The IMF hopes to mobilize around $45 billion for a new trust to help a broader range of countries, including some middle-income economies, deal with climate change and other longer-term challenges.

- An activist shareholder who last year convinced a majority of ConocoPhillips investors to approve a measure calling for **emission cuts** said the oil major did not fully follow through and said he expects to win even more support this year for a similar proposal.
- The Council of the EU approved a measure creating **EU Green Bonds**.
- Deloitte allocated $1 billion to strengthen its **Sustainability & Climate practice.**
- Intel announced a new plan to reach **net zero emissions** by 2040. Honeywell announced its intention to establish a Scope 3 emissions plan in line with the Science Based Targets initiative (SBTi).
- Stripe, Alphabet, Shopify, Meta and McKinsey announced the launch of Frontier, a $925 million advanced market commitment initiative aimed at accelerating the development of **carbon removal solutions and technologies**.

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Africa

- The Prime Minister of the **Ivory Coast** resigned, apparently at the request of President Ouattara, who will appoint a new prime minister in the coming days with the pledged aim of slimming down the size of the cabinet.
- **South Africa** announced that it will extend its participation in a joint regional force combatting jihadists in **Mozambique**.
- **Germany** called on **Mali** to fully cease work with the **Russian** Wagner Group as a precondition for restarting **EU** aid and training.
- The government of **Rwanda** has signed an agreement with the **UK** under which some people seeking refugee protection in the UK will be transferred to the central African country while awaiting processing.

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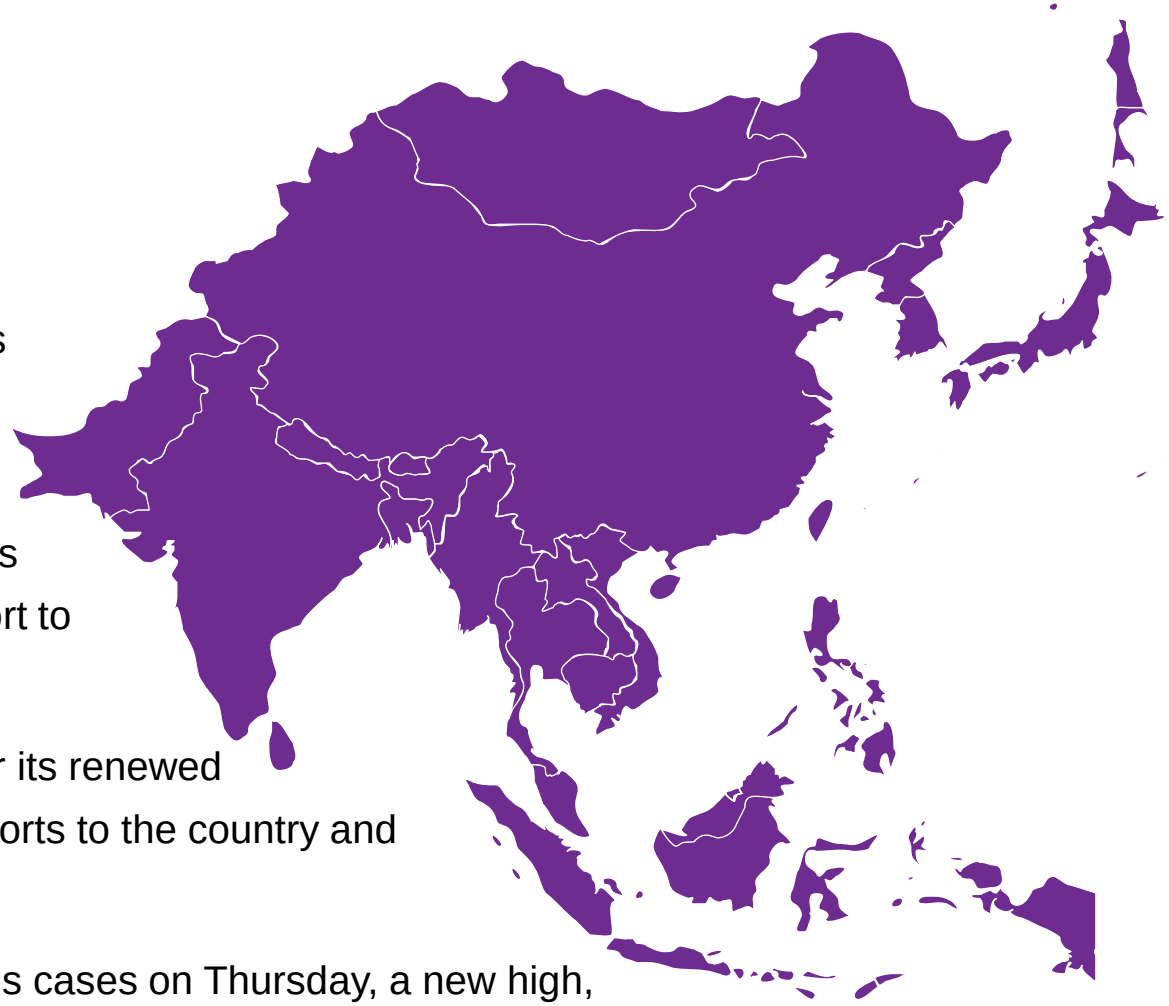
Asia



- Imran Khan kicked off a defiant campaign against his removal as **Pakistan's** prime minister, calling on thousands of supporters to "*hold regular public protests*" to seek early elections.
- The Bank of **Korea** raised its benchmark interest rate by 25 basis points to 1.5 percent, the highest in nearly three years, in an effort to curb surging inflation.
- The **US** is seeking additional UN sanctions on **North Korea** over its renewed ballistic missile launches by banning tobacco and halving oil exports to the country and blacklisting the Lazarus hacking group.
- **China's** financial hub Shanghai reported over 27,000 coronavirus cases on Thursday, a new high, a day after President Xi said that the country must continue with its strict "*dynamic COVID clearance*" policy and pandemic control measures. Amid growing dissent, China has intensified propaganda efforts to drum up national support for its dynamic zero-COVID policy.

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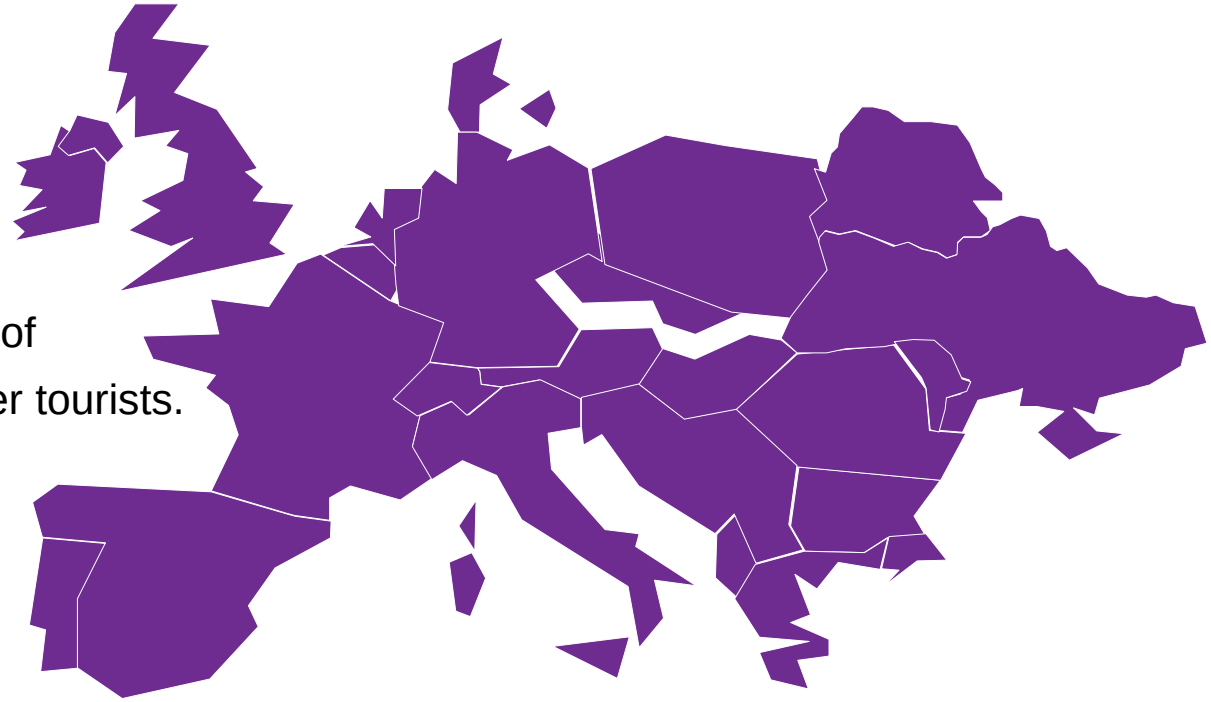
Europe



- **Greece** will lift COVID-19 restrictions from the beginning of May as the country prepares to open its doors for summer tourists.
- **Finland** will make a decision on whether to apply to join NATO within "*weeks*," as parliament prepares to debate the step. NATO officials have signaled that Finland and neighboring **Sweden** would be welcomed into the 30-member alliance if they applied.
- **Russian** Security Council deputy chairman Medvedev said that it would be impossible for the Baltic to remain "non-nuclear" if Sweden and Finland joined NATO.
- **German** police have detained four German nationals plotting to kidnap Germany's health minister and destroy power facilities to cause a nationwide power outage. The group behind the plot, Vereinte Patrioten - German for United Patriots - *"intended to cause civil war-like conditions and ultimately overthrow the democratic system in Germany*," according to the prosecutor's office.

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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**.*

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Middle East

- The **UAE** loosened its travel vaccine requirements, allowing Emiratis who have not been fully vaccinated to travel abroad with a negative test.
- The **US** announced the formation of a coalition with allied countries to patrol the Red Sea in an attempt to stem **Iranian**-backed attacks out of **Yemen**.
- The **Israeli** army killed another Palestinian in the **West Bank** yesterday, who they claim was armed with a firebomb; the incident is the latest in a series of escalating violence in the West Bank.
- Representatives of **Libya's** rival governments, newly re-split following disputes over the prime minister, met for UN-led talks in **Egypt** aimed at planning elections.

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Americas

- **Argentina's** inflation rate rose to 6.7 percent in March, high above expectations and hitting a 20-year high.
- New polling showed far-right **Brazilian** President Bolsonaro had almost halved his rival's, leftist former President Lula, lead in a month ahead of October elections. The Brazilian government plans an across-the-board 5 percent salary increase for public servants starting in July in an attempt to end protests and strikes affecting public services.
- Former **Honduran** President Juan Orlando Hernandez will be extradited next week to the **US**, where he faces drug trafficking and firearms charges.

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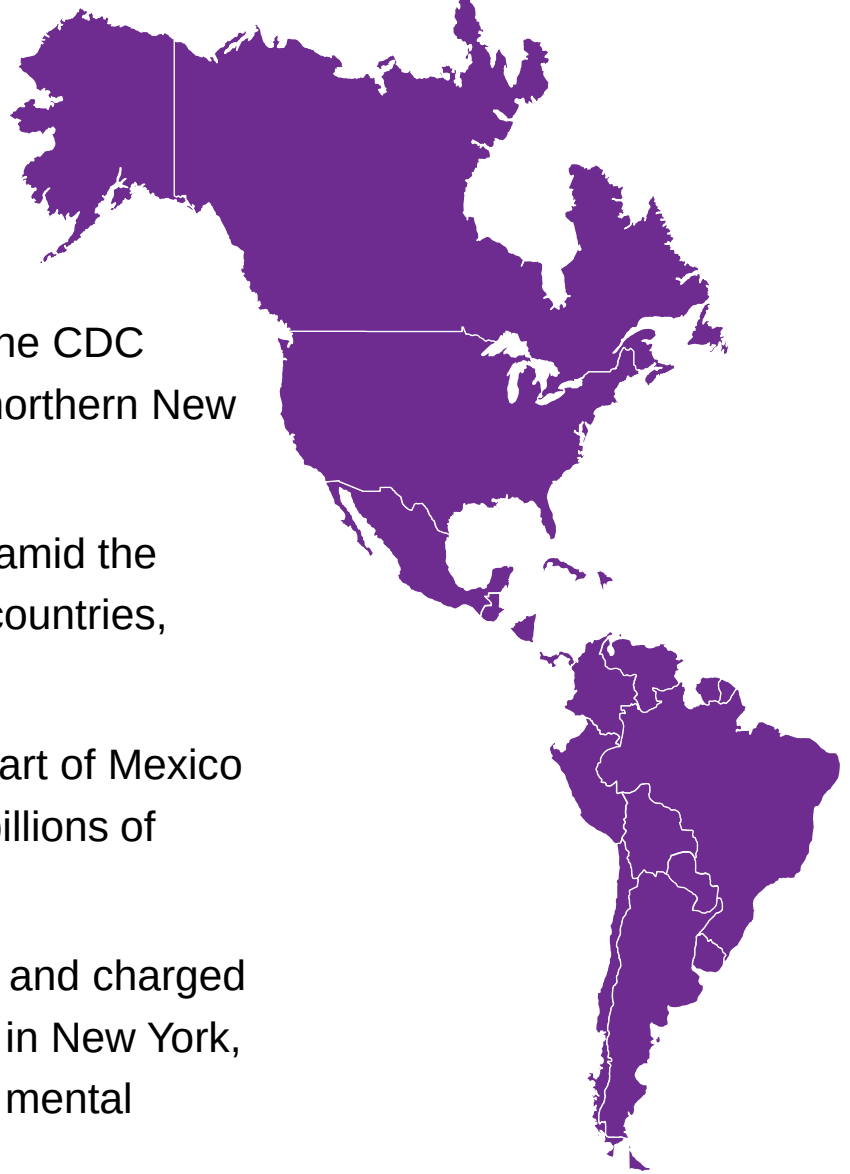
Americas: US



- The US will extend a public transportation mask mandate for 15 days while the CDC monitors a recent rise in coronavirus cases. COVID-19 cases are tick up in northern New England, New York, Colorado and the District of Columbia.
- Life expectancy in the US fell by nearly two years in 2020 to about 77 years amid the COVID-19 pandemic, the sharpest drop compared to 21 other high-income countries, according to a global study.
- Texas governor Abbott backed down on extra inspections for vehicles from part of Mexico as a domestic US clash over immigration policy created delays threatening billions of dollars in international trade.
- New York City police arrested a suspect in a New York City subway shooting and charged in federal court. Frank James has been arrested on nine previous occasions in New York, according to police, and previously posted rants on social media about race, mental health and other matters.

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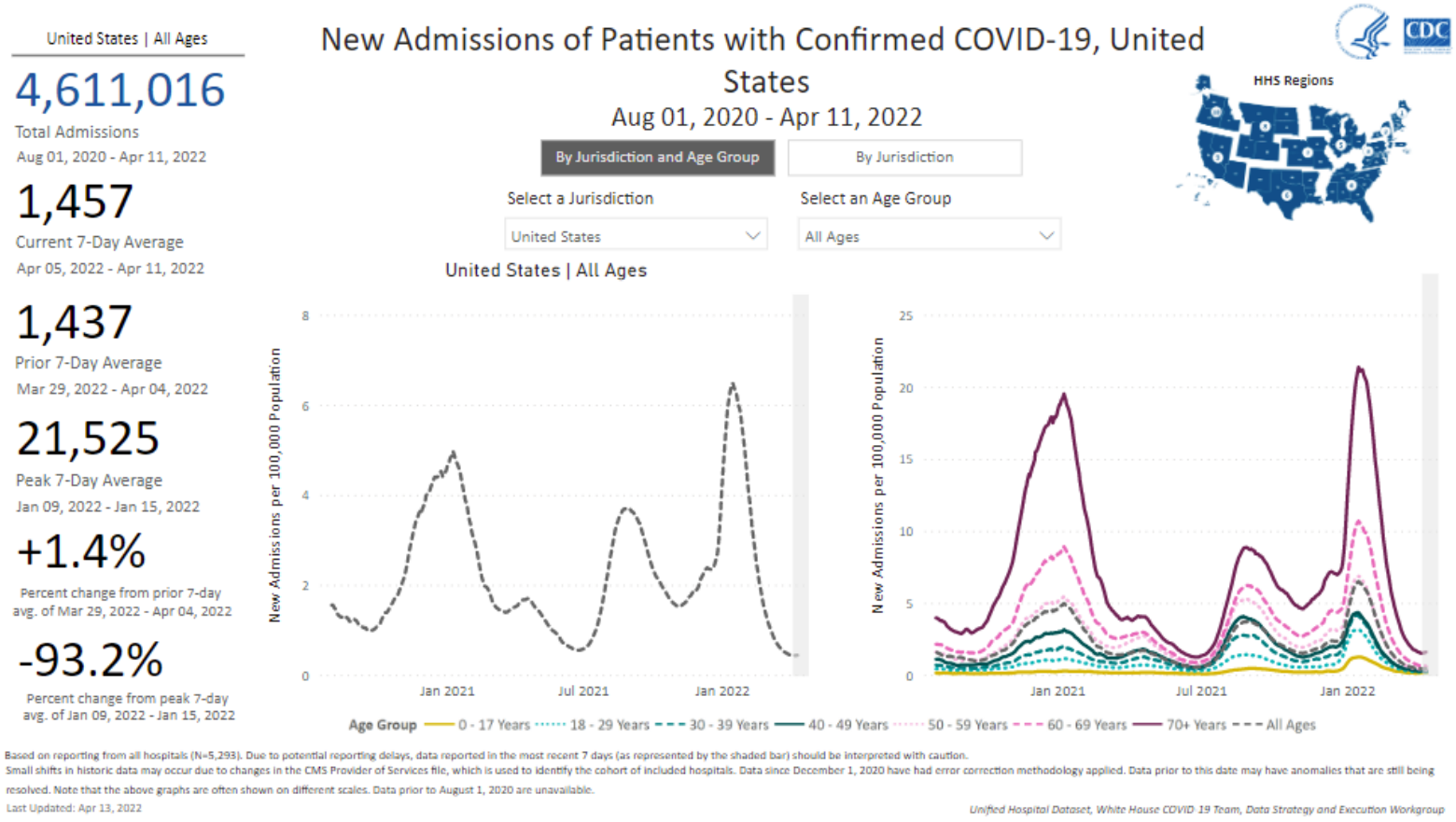
Americas: US

As of April 11, hospitalizations across the US are up by 1.4 percent over the previous week, but still far below earlier surge levels.



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Espionage Campaign by Cicada APT Widens in Geographic, Sectoral Targeting of Organizations

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

While ransomware and destructive cyber-attacks capture the latest headlines about online dangers to organizations, state-sponsored advanced persistent threat (APT) groups remain highly motivated and are expanding espionage campaigns across the world.

Last week, leading cybersecurity firm Symantec shared threat intelligence on a newly discovered campaign attributed to Chinese-nexus group APT-10, or Cicada, targeting government agencies, law firms, non-governmental offices (NGOs), pharmaceutical and telecom companies, among other organizations.

This espionage campaign is notable because it is striking a wider range of targets over an unusually wide geographic remit that now includes organizations in Europe, North America and beyond. Well-resourced and technically sophisticated espionage campaigns like this one by Cicada continue to present a threat to enterprises worldwide, and the latest intelligence serves as a poignant reminder that organizations must routinely assess whether they possess digital property sought after by nation-state attackers to fulfill their strategic objectives.

Who is Cicada (aka APT-10)?

Cicada is a long-standing APT group associated with the Chinese government. Originally linked to espionage campaigns in 2009, Cicada is in near constant operation since then. This latest campaign by the state-sponsored hackers is assessed to have started in mid-2021, with the most recent attacks observed in February 2022, and underscores the widening of APT10's geographic and sectoral targeting.

What is the Motivation?

Symantec assesses this campaign is motivated by espionage, given the victims targeted and the length of time Cicada spent on infiltrated networks – including one organization which was compromised for nine months. The scale of this campaign – reaching across several regions and industries simultaneously – suggests significant

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resource and sophistication was dedicated to Cicada's efforts. The Beijing-backed group may be using a currently unknown zero-day vulnerability in Microsoft Exchange as part of their attacks, again indicating the technical sophistication of the group.

Who are Targets?

The hacking campaign is targeting a range of victims across multiple sectors, including legal, government, NGO, telecoms, pharmaceuticals, and religious organizations. The campaign is thought to have begun several years' prior by targeting Japanese-linked companies but is now expanding to include organizations in the United States, Canada, Hong Kong, Turkey, Israel, India, Italy, and Montenegro. Over recent months, Cicada's targeting has widened further to include managed service providers (MSPs).

The choice to focus on MSPs indicates that Cicada is attempting to compromise as many targets as possible, as previously threat groups have leveraged popular MSPs to in turn target their customers, as seen in the infamous SolarWinds compromise of 2019. Chinese-nexus APT groups are previously attributed with a number of “low and slow” campaigns, in which financially and strategically sensitive information is quietly infiltrated out of targeted organizations and used to the benefit of the Chinese government. “Operation CloudHopper,” a campaign which ran from 2016 to 2018 and compromised IT MSPs and their customers is a well-known example of cyber espionage conducted in the interests of the Chinese government. Firms that possess sensitive information remain an attractive target for APT groups conducting similar activity to Cicada.

Technical Aspects

Symantec’s researchers found evidence that Microsoft Exchange Servers are an entry point for the attackers, suggesting the possibility that a known, unpatched vulnerability in Microsoft Exchange may have been used to gain access to victim networks. Once on a system, Cicada is thought to use the native functionality of several existing tools – such as VLC Media player and WinVNC, to take control of the victim devices.

Cicada has also been observed using popular hacking tools such as Mimikatz and NBTScan as part of its attack, as well as its own bespoke tool 'SodaMaster.' The tool is thought to be used exclusively

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Espionage Campaign by Cicada APT Widens in Geographic, Sectoral Targeting of Organizations

by Cicada, making attribution to the group easier for researchers. Sodamaster is a fileless malware capable of evading most security tooling.

What to Do?

APT10's activities demonstrate the strategic intelligence collection priorities of its state sponsor, and organizations should retain a situational awareness of why Cicada and similar threat actors may be interested in targeting their assets. As always IT professionals should ensure they regularly update and patch systems and applications as many APTs are aware that organizations are often slow to patch them. Of course, if a sophisticated APT group uses a zero-day bug there will not be a patch available. Cybersecurity teams should also add the indicators of compromise released by security researchers to their network defense systems.

Dentons offers business leaders a full complement of counseling and advice to better understand how today's complex economic and political changes affect cyber risk management. Dentons also offers regulatory and litigation services, as well as cyber analysis and intelligence products to better understand fast-changing complex operating environments. Importantly, all interaction with Dentons 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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Ukraine War Update: War Crimes Investigations, Heavy Military Equipment Transfer, War Rhetoric Escalation

New military aid and intelligence sharing with Ukraine marks a significant expansion of western involvement in the conflict and reflects the belief that Russia is less likely to retaliate against the west as the war continues.

Political Developments

Fifty days into its invasion of Ukraine, Russia's state media is intensifying rhetoric to justify the military campaign, the death of Ukrainian civilians and destruction of Ukrainian infrastructure. Moscow has stepped up warnings it is fighting for survival, and Russian pundits have condemned peace talks and withdrawals from northern Ukraine.

Ukrainian President Zelensky issued another appeal for the West to send Ukraine more weapons, saying "*Ukraine needs weapon supplies. We need heavy artillery, armored vehicles, air defense systems and combat aircraft — anything to repel Russian forces and stop their war crimes.*"

The US Biden announced an additional $800 million (€735 million) in military assistance to Ukraine. The package includes are 11 Mi-17 helicopters, 18 howitzers, 40,000 artillery rounds, 300 Switchblade drones, 12 radar systems and landmines, among other equipment. The US also plans to increase intelligence sharing with Ukraine.

EU foreign ministers on Monday discussed shifting their weapons supplies from lighter, more easily transportable arms to heavier equipment including artillery, armored vehicles, multiple-launch rocket systems and tanks. EU member states agreed to send another €500 million in military aid for Ukraine, per EU foreign policy chief Borrell. French Defense Minister Parly said Paris will deliver more military equipment to Ukraine on top of the €100 million ($108 million) of military aid it had already provided. German Chancellor Scholz also announced that Germany will deliver more weapons to Ukraine. Scholz did not specify what type of weapons, or how much, Germany would send.

Canadian Prime Minister Trudeau joined US President Biden in calling Russia's aggression in Ukraine as "genocide." Ukrainian

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Ukraine War Update: War Crimes Investigations, Heavy Military Equipment Transfer, War Rhetoric Escalation

authorities on Wednesday began exhuming dozens of bodies from a mass grave in Bucha. The people found in the grave were all civilians, apart from one policeman, Kravchenko said. Some had broken bones or their hands or feet bound. International Criminal Court's chief prosecutor Khan, visited Bucha, assessing "*Ukraine is a crime scene*." Russian troops likely committed crimes against humanity in Ukraine, according to a report commissioned by the 45-member Organization for Security and Co-operation in Europe (OSCE). Three OSCE experts did not pass a final judgment on whether crimes against humanity had been committed.

Pushing back against accusations of war crimes, Russia's Investigative Committee said it was opening criminal cases into Ukrainian servicemen's alleged torture of their Russian counterparts

Yesterday, Ukrainian President Zelensky met in Kyiv with the presidents of Estonia, Latvia, Lithuania and Poland. After touring several towns in the Kyiv region, the leaders pledge to continue to advocate Ukraine's membership in the EU and help the Ukrainian nation overcome the horrors of war.

Speaking at the Atlantic Council in Washington, US Treasury Secretary Yellen appealed to China and other countries to help end Russia's "*heinous war*" in Ukraine. She also warned that those who seek to undermine Western sanctions would face consequences.

The Czech Republic reopened its embassy in Kyiv.

Russia's Foreign Ministry announced sanctions against 485 US and Canadian lawmakers in retaliation for punitive measures over the invasion of Ukraine.

Battlefield Developments

In its daily intelligence assessment, the British Defense Ministry said that Ukraine's battle for Mariupol is "tying down significant numbers of Russian troops and equipment" that might otherwise be diverted to a "renewed offensive" against the eastern Donbas region. British military intelligence assessed that Ukrainian towns of Kramatorsk and Kostiantynivka are likely to be targeted by Russia for levels of violence seen in other urban centers.

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Ukraine War Update: War Crimes Investigations, Heavy Military Equipment Transfer, War Rhetoric Escalation

Russia's Defense Ministry said if attacks on Russian territories continue, its forces will strike Ukraine's command centers.

Russian forces continued to conduct small-scale limited offensive operations against Izyum and Severodonetsk but have not yet begun a broader offensive campaign. US defense officials stated that an eight-mile convoy of Russian troops reported north of Izyum remains intact.

The status of Mariupol remains disputed, with Russia declaring that the Mariupol seaport was under full Russian control, while the Mariupol mayor rejected Russian claims. The Institute for the Study of War (ISW) judged that Russian claims of a mass Ukrainian surrender in Mariupol are likely false, but Russian forces forced Ukrainian troops to abandon the Ilyich metal plant in northern Mariupol on April 13, further constricting the two remaining pockets of Ukrainian defenders. ISW assessed Russian forces will likely capture Mariupol in the coming week.

A Russian warship in the Black Sea was "*seriously damaged*" as a result of a fire that detonated stored ammunition, Russia's defense ministry said. The Ukrainian governor of the Odesa region said that Ukrainian forces had hit the Moskva with missile strikes. The 12,500-ton warship has been part of a Russian fleet loitering offshore and menacing the Ukrainian port of Odesa. This incident is likely to result in Russian warships having to move further offshore for their own safety and reduces Russia's future abilities to conduct offensive naval operations.

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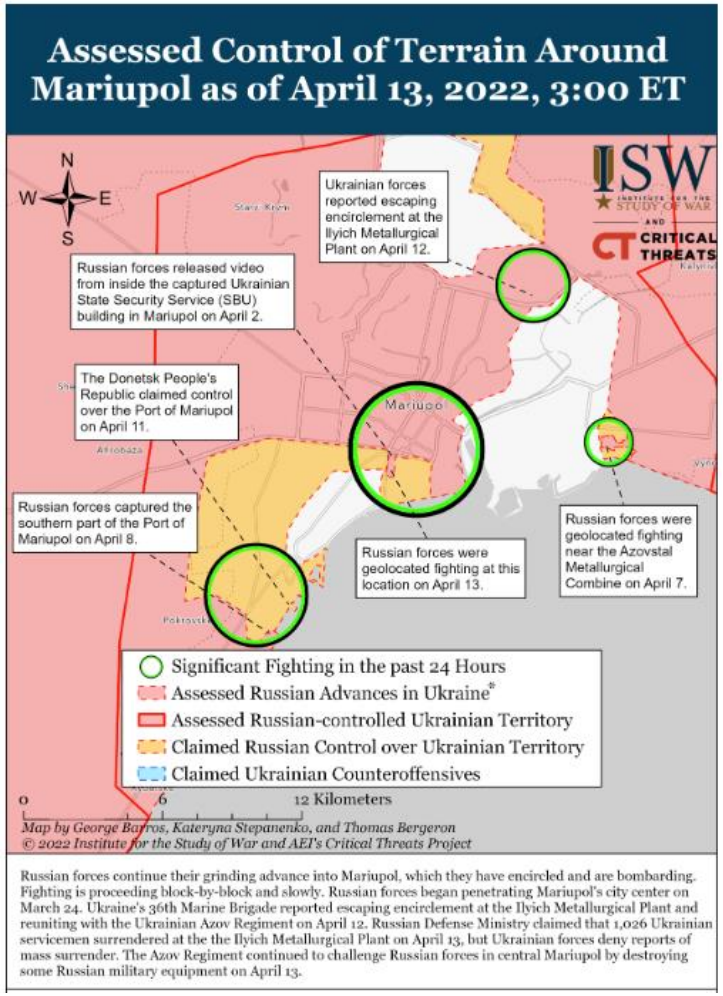

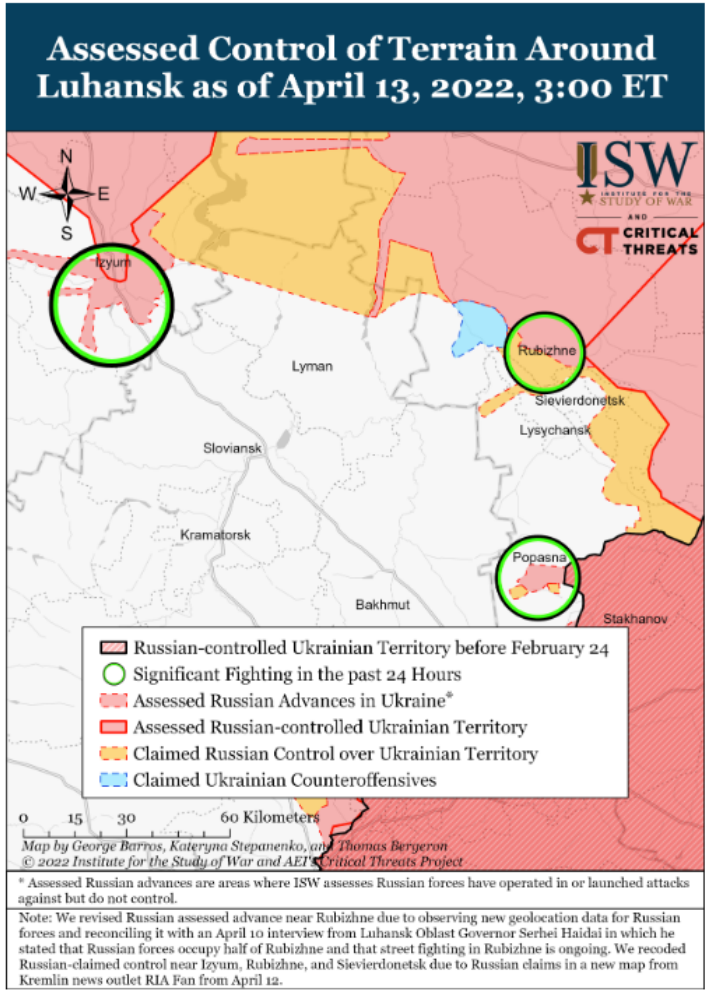

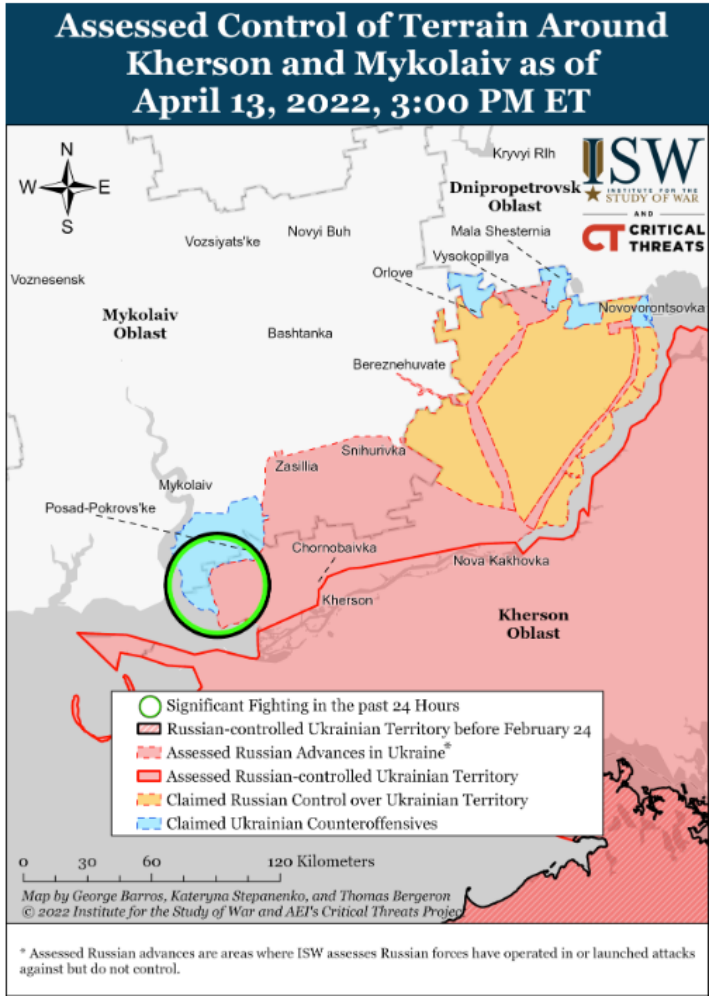

Source: Institute for the Study of War

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Humanitarian Developments

UN Secretary-General Antonio Guterres said a humanitarian cease-fire in Ukraine does not seem possible at the moment.

Nine humanitarian corridors have been agreed for Thursday to evacuate civilians should Russia shelling not shut down transportation routes.

Economic Developments

The UK government on Wednesday announced new sanctions on another 178 individuals linked to President Putin's regime, in a move coordinated with the EU.

Australia imposed sanctions on 14 Russian state-owned enterprises today, including truckmaker Kamaz, the shipping companies SEVMASH and United Shipbuilding Corp and Russian Railways.

Major global trading houses are planning to reduce crude and fuel purchases from Russia's state-controlled oil companies as early as May 15, to avoid falling foul of EU sanctions on Russia.

The Russian government plans to discuss giving subsidies to airlines and airports in light of the economic damage caused by Western sanctions.

Russian gold producer Petropavlovsk warned investors of potential business failure as the wave of sanctions against Moscow leaves the company struggling to refinance its debt. The company faces a $304 million convertible bond due in November.

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Coronavirus Condition Updates

As of 7:34 pm CEST on April 13, 2022

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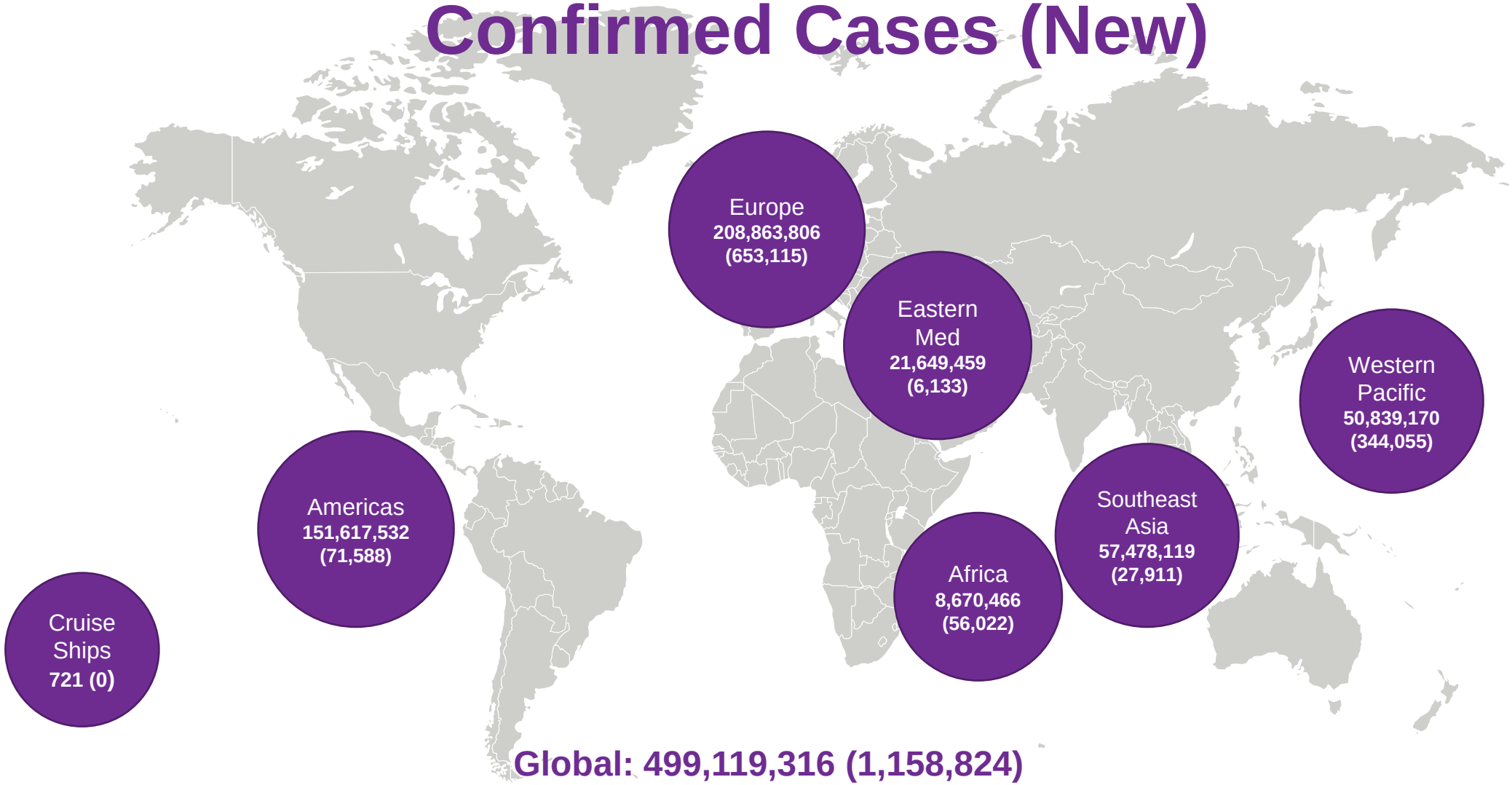
Confirmed Cases (New)



Global: 499,119,316 (1,158,824)

Reflects data as of 7:34 pm CEST on April 13, 2022.
Data Source: World Health Organization

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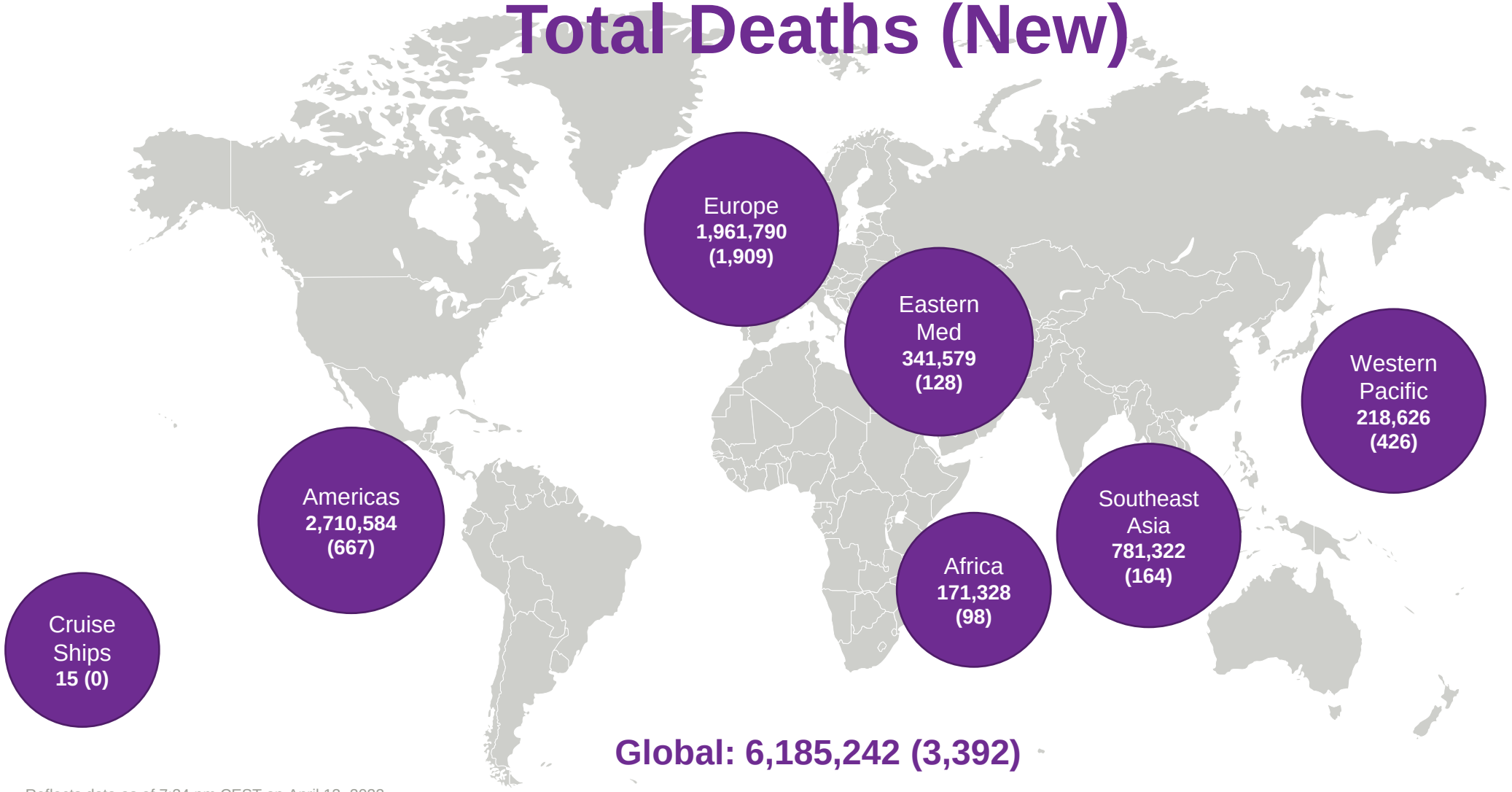
Total Deaths (New)



Global: 6,185,242 (3,392)

Reflects data as of 7:34 pm CEST on April 13, 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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