

Dentons Flashpoint

Daily Global Situation Report

August 1, 2022

Global Situation Update: August 1, 2022

KEY TAKEAWAYS

The first ship carrying Ukrainian grain departed the port of Odesa for Lebanon today.

China's factory activity contracted unexpectedly in July.

US Speaker Pelosi started a tour of four Asian countries, silent on status of a potential Taiwan visit.

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

Beginning today, the United States, South Korea and Japan will conduct a missile defense exercise off the coast of Hawai'i. The exercise, called "Pacific Dragon," will be led by the US Pacific Fleet and will last through August 14. Australia and Canada will also participate in the exercise.

The drill seeks to improve interoperability among participants in tracking, assessing and neutralizing ballistic missile threats. The US Navy will fire dummy ballistic missile projectiles which will then be intercepted by participating countries. While previous such exercises were not public knowledge, South Korean, Japanese and US defense officials agreed to publicize this year's exercises in order to deter North Korea. South Korea plans to dispatch their Sejong the Great-class Aegis destroyer to participate in the activities.



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Global

OPEC's new secretary general said that Russia's membership in OPEC+ is vital for the success of the agreement.

- A ship carrying **grain** left the **Ukrainian port** of Odesa for Lebanon today under a safe passage agreement, the first departure since the Russian invasion blocked shipping through the Black Sea five months ago. The agreement signed last week aims to allow safe passage for grain shipments in and out of Chornomorsk, Odesa and the port of Pivdennyi to alleviate the global food crisis. Per Ukrainian officials, 17 ships are docked in Black Sea ports with almost 600,000 tons of cargo, mostly grain.
- Ukrainian President Zelensky warned that the country's **grain harvest** could be half its usual amount this year due to the Russian invasion of Ukraine.
- A **Chinese rocket** fell back to Earth on Saturday over the Indian Ocean, amid criticism that Beijing had declined to share the "specific trajectory information" needed to know where possible debris might fall in order to safeguard people from harm.

Markets & Business

A Luxembourg bailiff has ordered banks to freeze assets held by Ecuador at accounts in the country as a result of a dispute over a \$391 million settlement award that Anglo-French oil company Perenco says remains unpaid.

- Adding to its economic stress, developer **China Evergrande Group** said that one of its subsidiaries, **Evergrande Group (Nanchang) Co, Ltd**, had been ordered to pay a guarantor 7.3 billion yuan (\$1.08 billion) for failing to honor its debt obligations.
- British businesses are **cutting ties with China** due to concerns about political tensions and the potential impact on supply chains, a shift that is likely to stoke inflationary pressures, the per the head of the Confederation of British Industry.
- The US is considering limiting shipments of **American chipmaking equipment** to memory chip makers in China including Yangtze Memory Technologies Co Ltd, part of a bid to halt China's semiconductor sector advances and protect US companies.
- **Alibaba Group Holding Ltd** said on Monday it would work to maintain its New York Stock Exchange listing alongside its Hong Kong listing after the Chinese e-commerce company was placed on a delisting watchlist by US authorities.

Environment, Sustainability & Governance

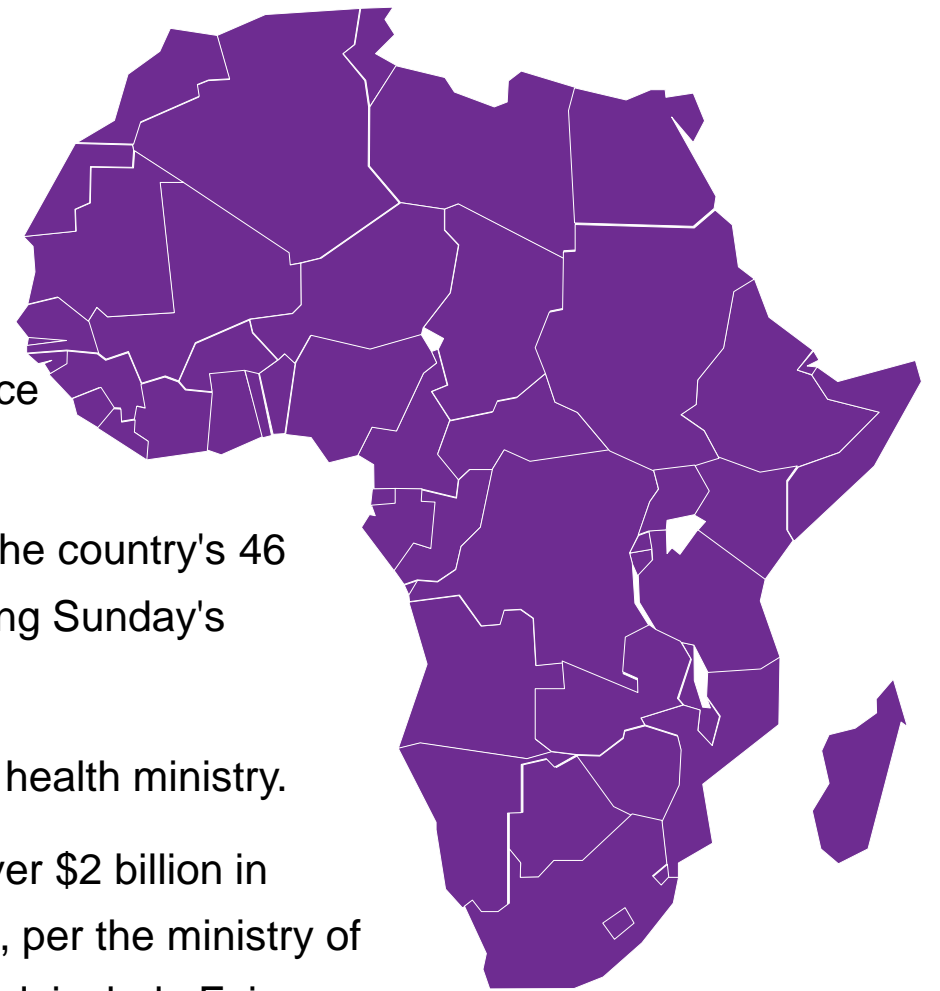
High temperatures across Europe this month have unleashed a prolonged marine heatwave in the Mediterranean Sea that could ravage ecosystems and kill off several species in the coming weeks, scientists have warned.

- Seeking an **increase in pay**, pilots at German carrier Lufthansa voted by a margin of 97.6 percent in favor of industrial action, threatening further disruption during the busy summer travel season. **Pilots** at Lufthansa's Swiss International Air Lines (SWISS) unit also rejected by an 80 percent margin a contract proposal.
- Britain's competition regulator will investigate whether fashion brands ASOS, Boohoo and George at Asda are misleading shoppers with their environmental claims as it scrutinizes retailers for evidence of "**greenwashing.**"
- The US Environmental Protection Agency (EPA) plans to use new limits on traditional **pollutants** like ozone and coal ash to help encourage the retirement of the nation's remaining **coal-fired power plants**, after the Supreme Court limited the agency's ability to impose sweeping climate regulations.

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Africa

- **South Africa** will cut gasoline prices from the middle of next week, aiming to ease the burden on consumers of soaring energy prices since the Ukraine war.
- **Senegal** President Macky Sall's ruling coalition said it has won 30 of the country's 46 administrative departments, giving it a slim majority parliament following Sunday's legislative election.
- **Sudan** reported its first confirmed Monkeypox case, per the country's health ministry.
- **Zambia** has engaged lenders to facilitate the formal cancellation of over \$2 billion in undisbursed loans as part of measures to address its debt challenges, per the ministry of finance. The creditors of undisbursed loans, which are being cancelled, include Exim Bank of China, Jiangxi Bank, Intesa Sanpaolo bank and Israel Discount Bank. This is part of an effort to “clear the way” for a \$1.4 billion IMF program, following Zambia’s default in 2020.



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How do You Manage Incident Response?

2022 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](#).

Asia

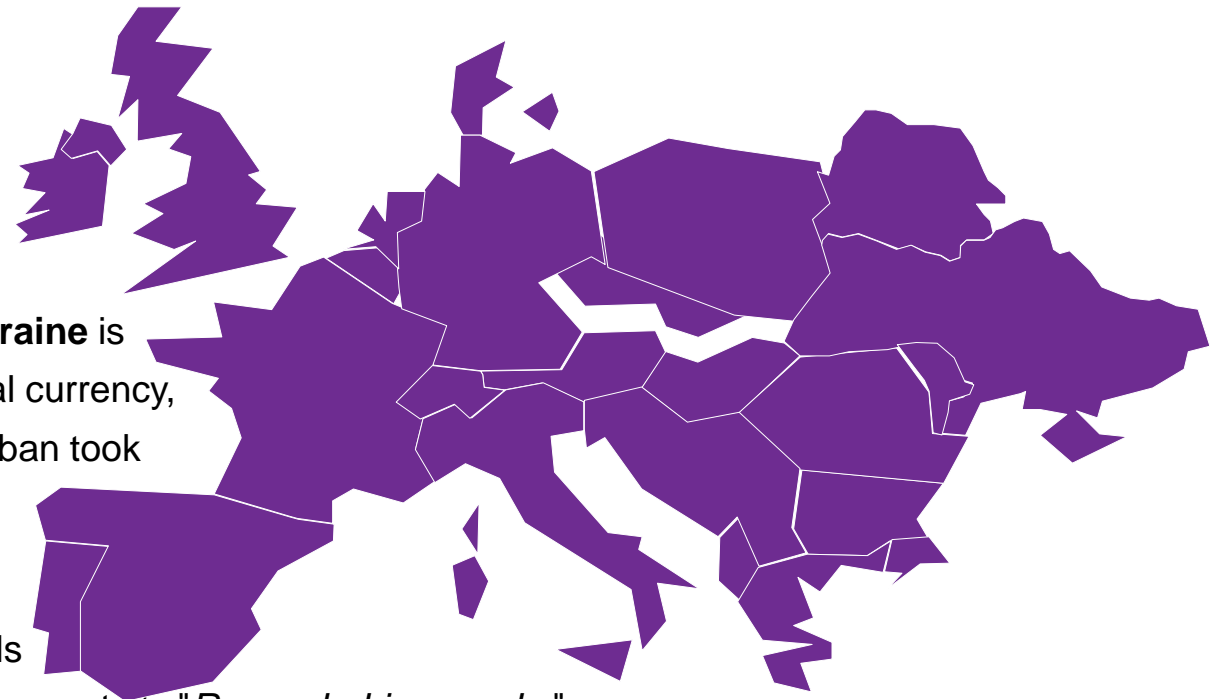
- **Sri Lankan** President Wickremesinghe said that an agreement with the IMF has been pushed back to September due to the unrest over the past weeks.
- **India** plans to ground all its Soviet-era **Russian** fighter jets, the MiG-21, by 2025, following the death of two officers in a crash, the latest in a series of casualties involving the single-engine jet's failure.
- **China's** factory activity contracted unexpectedly in July after recovering from COVID-19 lockdowns the month before, as new outbreaks and a darkening global outlook weighed on demand.
- The head of **Myanmar's** junta blamed instability for stalling efforts to implement a peace plan agreed with other Southeast Asian countries as he extended emergency rule for another six months. ASEAN agreed a five-point "*consensus*" to end hostilities last year, but there has been little sign of the junta implementing the five-point plan, which includes an end to violence and dialogue.



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Europe

- The **Hungarian** forint's decline following **Russia's** invasion of **Ukraine** is leading some Hungarians to embrace the euro instead of the local currency, which has lost more than half of its value since Prime Minister Orbán took power in 2010. Hungary has not adopted the single currency, disinclined to lose economic policy sovereignty.
- **Russia's** foreign ministry announced sanctions against 32 officials and journalists from New Zealand for supporting what it called the country's "*Russophobic agenda*."
- Manufacturing activity across the **euro zone** contracted last month with factories forced to stockpile unsold goods due to weak demand. **German** retailers ended the first half of 2022 with the sharpest year-on-year sales drop in nearly three decades, as inflation, the **Ukraine** war and the coronavirus pandemic take their toll.
- Intense **Russian** bombardment over the weekend targeted the **Ukrainian** port city of Mikolaiv and another southern city, Nikopol. Ukrainian forces struck the headquarters of the Russian Black Sea fleet in Sevastopol, a Crimean port city. Ukrainian President Zelensky called for the evacuation of the Donetsk region to minimize civilian casualties. Ukraine and Russia traded accusations for a missile strike or explosion early on Friday that appeared to have killed up to 50 Ukrainian POWs in the front-line town of Olenivka in eastern Donetsk.



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Middle East



- **Tunisia's** foreign ministry summoned an official from the **US** embassy after Secretary of State Blinken raised concerns about Tunisia's democracy, with Tunis accusing the US of interfering in the country's internal affairs.
- Supporters of **Iraqi** populist leader Moqtada al-Sadr erected tents and prepared for an open-ended sit-in at Iraq's parliament, escalating tensions and risking plunging the country into fresh violence.
- **Lebanon's** Hizballah issued a video on Sunday showing vessels involved in the **Israeli** offshore oil and gas industry and warned against "*playing with time*," reiterating its threat of military escalation amid maritime border demarcation talks.
- According to Mohammad Eslami, head of **Iran's** atomic energy organization, Iran has the technical capability to produce an atomic bomb but has no intention of doing so.

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Americas

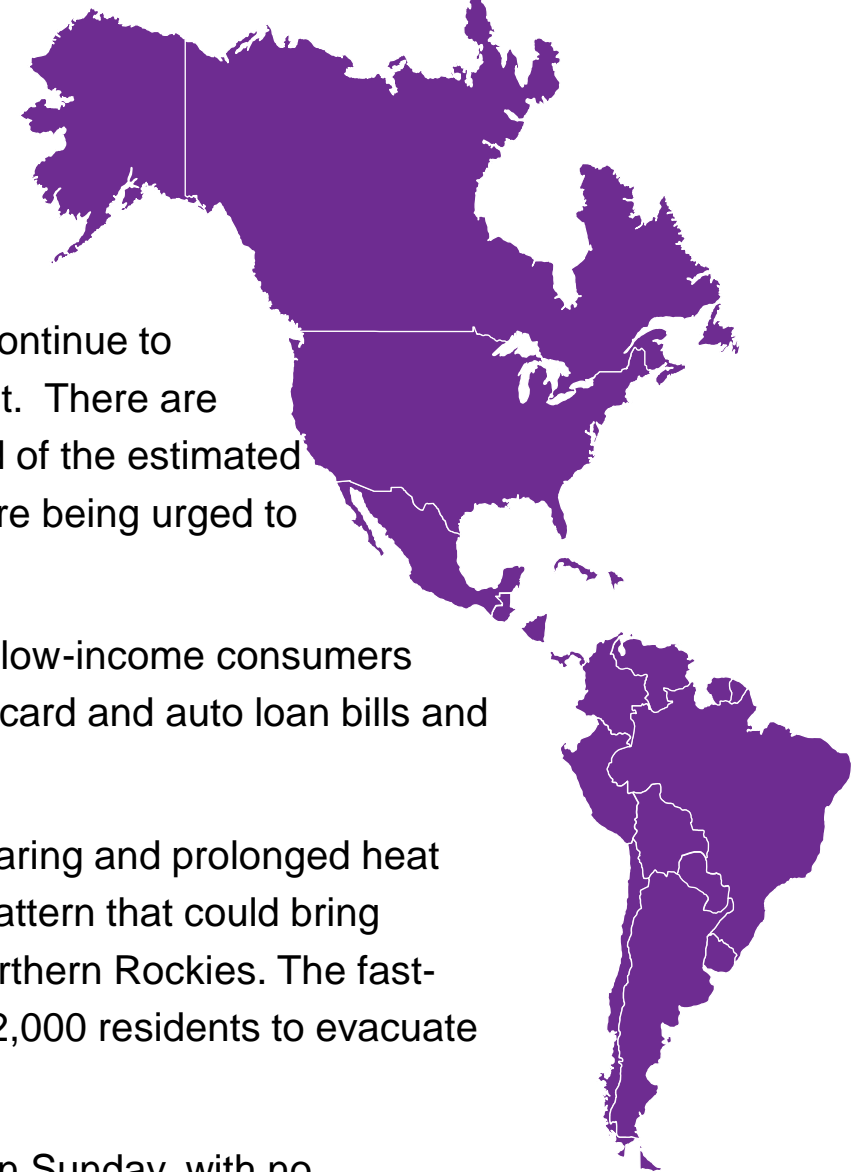
- **Guatemalan** authorities arrested Jose Ruben Zamora Marroquin, an outspoken government critic and well-known local journalist, on accusations of money laundering and blackmail, a move that has sparked outrage among human rights activists.
- The **Cuban** capital of Havana will begin electricity blackouts in August, has canceled carnival, as the country's energy crisis worsens. The capital had been spared daily power cuts of four hours imposed on the rest of the island for months.
- Pope Francis said that what happened at residential schools run by the Roman Catholic and other Christian Churches to forcefully assimilate **Canada's** indigenous children was genocide.



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Americas: US

- The US is entering a critical three-month period where **monkeypox** cases may continue to multiply, but no more vaccines are scheduled to arrive until October at the earliest. There are only enough vials in stock of the two-dose Jynneos vaccine to cover about a third of the estimated 1.6 million gay and bisexual men who officials consider at highest risk and who are being urged to get the shots.
- **High inflation** forces Americans to spend more on gas and bills, with young and low-income consumers feeling financial pressure. **Generation Z consumers** are falling behind on credit card and auto loan bills and accumulating credit card debt at a pace not seen since before the pandemic.
- The **Western wildfire season** has shifted into a higher gear on the heels of a searing and prolonged heat wave in the Pacific Northwest. Meteorologists are warning about a fire weather pattern that could bring abundant lightning and erratic winds to portions of California, Oregon and the Northern Rockies. The fast-moving McKinney Fire in northern California near the Oregon border has forced 2,000 residents to evacuate and has destroyed homes and critical infrastructure since it broke out on Friday.
- House of Representatives Speaker Pelosi started a tour of four Asian countries on Sunday, with no confirmation that she might visit **Taiwan**, amid warnings from **China** that it intends to defend “*its territory*.”



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The Future of Transportation: The EV Charging Infrastructure Build-out

By Matthew Gardell

Tesla's recent announcement that it is seeking to tap public funding to build more electric vehicle (EV) chargers and open its Supercharger network to other EVs has put a spotlight on EV public infrastructure. For EVs to gain future traction and help mitigate the effects of climate change, a capable charger network is needed both in the US and worldwide. However, building out a charging network does come with certain risks, such as cyber threats and a potential weakening of energy grid resilience.

Although a growing number of Americans are considering buying an EV, the public infrastructure that supports EVs is still inadequate. There are about 46,000 public EV charging stations in the US, a number that pales in comparison to the number of gas stations. There is also the problem of a lack of chargers in rural areas which means consumers often go long stretches on highways without an available EV charging station. US investment in EV charging infrastructure will help boost the number of stations, but some experts have questioned whether this will be effective. They argue that the key challenge is greater EV adoption and making the current charger network both affordable and equitable.

International Overview of EV charging networks

President Biden's infrastructure bill included \$7.5 billion toward building a nationwide network of 500,000 EV charging stations by 2030. Last month, the Biden Administration announced additional actions with plans to set up the National Electric Vehicle Infrastructure (NEVI) program to help states build out charging networks. The Departments of Energy and Transportation will also adopt new standards to ensure all types of EVs have equitable access to the charger network. The new standards will also help guide the states so that the charging stations function the same from state-to-state.

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The Future of Transportation: The EV Charging Infrastructure Build-out

Although the US is increasing investments into building out a more extensive EV charging network, other countries have made more progress. China has the world's most extensive EV charging network, and the Chinese government has an ambitious plan to build more charging stations. China plans to build enough charging stations for 20 million EVs by 2025. Beijing's EV charger plan also seeks to mandate that all newly built residential complexes offer charging stations. For Europe, building out a stable EV charging network is essential as the EU considers banning sales of new petrol or diesel cars from 2035 onward. Europe has more EV charger stations than the US (330,000 publicly accessible charging points), but also faces the issue of uneven deployment; Germany, France and the Netherlands account for most of those charging stations. Given the increasing consumer appetite and aggressive EU policy action on climate change, analysts expect Europe to increase investment in building out EV charger stations in the coming years.

EV Charging Infrastructure Risks and Challenges

Although building out EV charging infrastructure is key for leveraging the benefits of EVs, there are certain risks and challenges for both businesses and consumers. One of the main reasons consumers buy

an EV is that they are environmentally conscious, so those consumers may be surprised to learn that the EV stations themselves usually do not get their energy from renewable sources, but rather fossil fuels such as natural gas or coal. Most EV charging stations are connected to the energy grid, which is already stressed by extreme weather and decaying infrastructure (increasing the number of charging stations could add even more stress on the grid). Companies like Tesla, Shell and Chevron are looking at this as a market opportunity to build more environmentally friendly stations.

Some investors and retailers question whether there is a business case for building more EV-charging stations. The Biden Administration is pouring massive public investment in stations, but some private business groups that host EV chargers, such as the National Association of Convenience Stores, argue that more private investment is needed. There is also the continued problem of access and "EV charging deserts" as some businesses (and rural states) contend that it does not make economic sense to build out stations in more secluded areas (where EV ownership is often lower). The level of private investment and continued tensions between the government and private retailers will be flashpoints to watch on this issue.

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The Future of Transportation: The EV Charging Infrastructure Build-out

Businesses and investors involved in the EV charger industry face the distinct risk of cyber threats; for consumers, there are privacy issues when accessing an EV charging station. Hackers view EV charging stations as targets because public stations collect a variety of sensitive data such as personal data, credit card information and geolocation. Public stations are often connected using cloud networks, and this level of connectivity could entice hackers and malign actors to steal information and disrupt operations. EV charging stations attacks are becoming more common. For example, earlier this year a Ukrainian company hacked into the charging stations along a major highway in Russia to display pro-Ukrainian imagery and slogans. Given the increasing focus on energy security and bolstering the grid against attacks, policymakers may have to strengthen the defenses of EV charging stations as the technology proliferates.

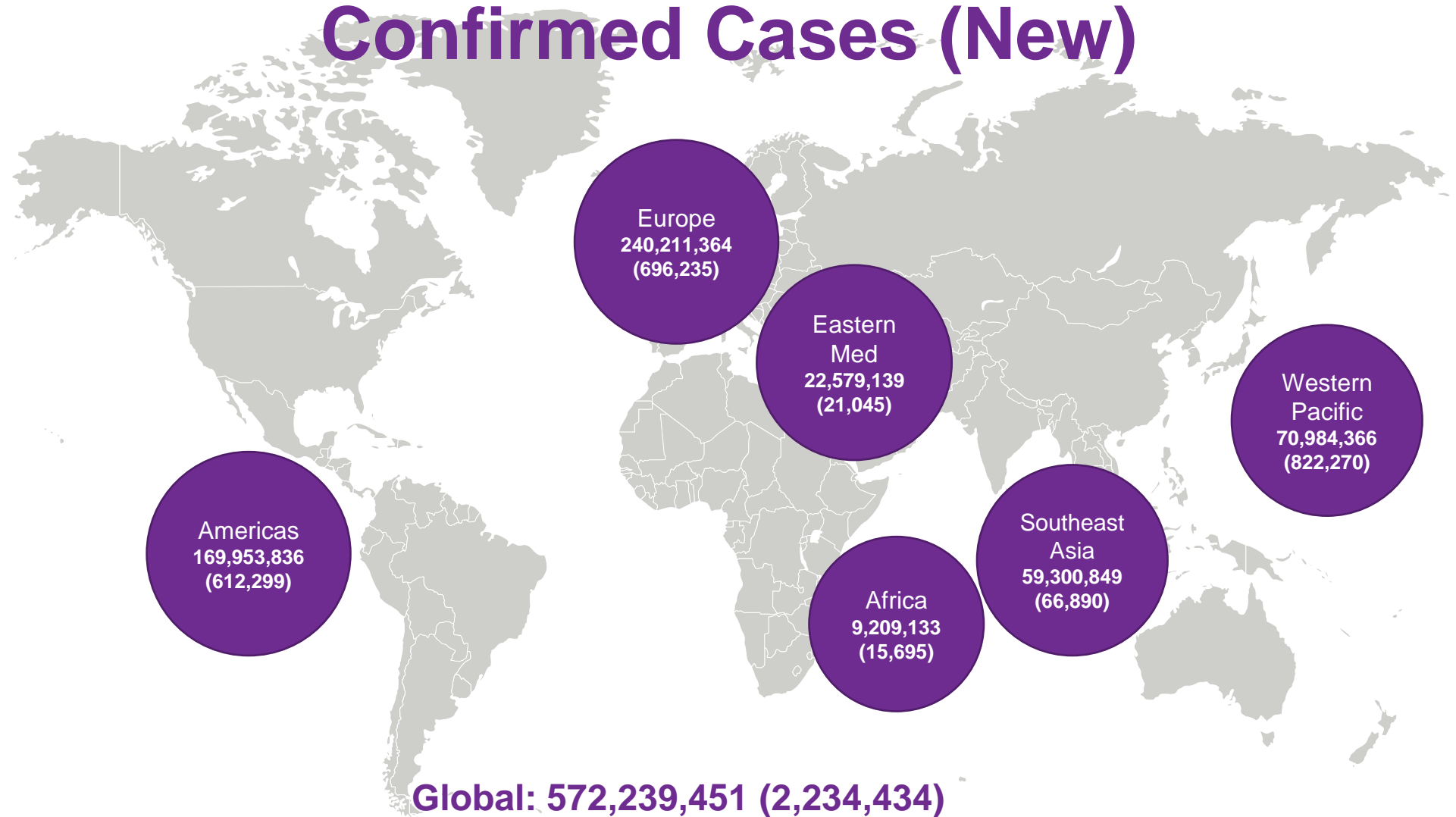
EV charging infrastructure is also connected to broader issues such as economic competitiveness and innovation. A robust, secure charging network is imperative for a successful roll-out of EVs—a key technology of the future. EV charging infrastructure is being built up around the world, but concerns over privacy, cyber threats, equitable access and the energy grid will linger.

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Coronavirus Condition Updates

As of 5:33 pm CEST on July 29, 2022

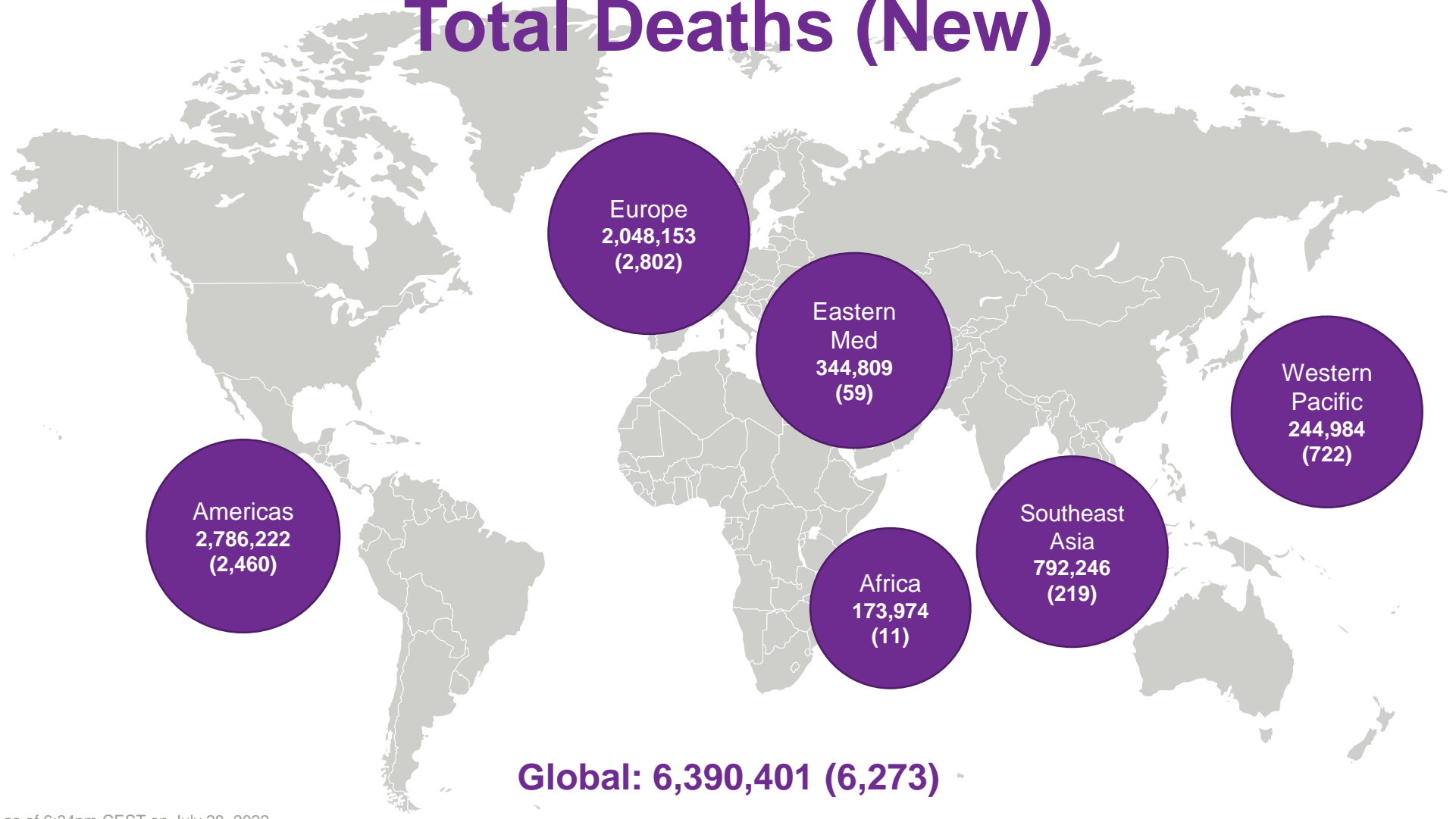
Confirmed Cases (New)



Reflects data as of 6:34pm CEST on July 28, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 6:34pm CEST on July 28, 2022.
Data Source: World Health Organization

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Contacts

This summary is based on reports sourced from among the 75 countries in which Dentons currently serves clients as well as from firms in other locations, some of which will formally join Dentons later in 2020. We are pleased to share this complimentary summary and contemporaneous assessment, with the caveat that developments are changing rapidly. This is not legal advice, and you should not act or refrain from acting based solely on its contents. We urge you to consult with counsel regarding your particular circumstances.

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