

Dentons Flashpoint

Daily Global Situation Report

August 22, 2022

Global Situation Update: August 22, 2022

KEY TAKEAWAYS

Workers at Britain's biggest container port strike over pay, with shutdown expected to disrupt supply chains.

Terrorism charges against former Pakistani Prime Minister Khan prompt street protests.

Facing extreme heat and a crippling drought cutting hydropower, Chinese cities are dimming lights, shutting factories and vehicle recharging stations.

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WHAT WE'RE WATCHING

Today, Washington and Seoul begin their biggest combined military training in years. Named Ulchi Freedom Shield, the field exercises involve aircraft, warships, tanks and potentially tens of thousands of troops. The live fire drills take place in the face of an increasingly aggressive North Korea and will train for drone attacks and other new developments in warfare shown during Russia's war on Ukraine.

A recent Pew Research Center poll found that nearly nine out of every 10 South Koreans hold a favorable view of the US, which they consider a reliable partner. Overall security risks on the Korean peninsula will remain low, but companies should anticipate escalating tensions throughout 2022.



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

Global

Severe droughts across the Northern Hemisphere, across the western US, Europe and China, are snarling supply chains and driving up the prices of food and energy, adding pressure to a global trade system already under stress.

- Europe's energy crisis has unleashed a global battle over **natural-gas tankers**, leading to a shortage of ships and further boosting the fuel's record prices. Rates to charter existing tankers have jumped too, which helped push gas prices to records in Europe and Asia last week.
- Moscow sees no possibility of a diplomatic solution to end the **war in Ukraine** and expects a long conflict, per a senior Russian diplomat.
- Russian state-owned energy exporter Gazprom announced a shut down the **Nord Stream natural-gas pipeline** to Germany for three days of maintenance later this month, increasing pressure on energy-dependent Europe.

Markets & Business

European budget carrier Wizz Air suspended plans to resume flights from the Russian capital of Moscow to Abu Dhabi in the UAE, amid mounting criticism over the relaunch plans.

- **Apple** supplier **Foxconn** signed a \$300 million MOU with Vietnamese developer Kinh Bac City to expand its facility in the north of the country to diversify and boost production.
- The CEO of Israeli spyware firm **NSO Group** is stepping down with immediate effect, as the company undergoes a reorganization of the company before a successor will be named.
- **Cineworld** states its operations will be unaffected by its planned restructuring as it seeks bankruptcy protection in the US.
- **Vodafone** is selling its Hungarian business to a Hungarian state holding company, for \$1.8 billion, in a deal that will streamline its global operations and allow it to reduce debt. The combination of with **4iG** will create the second-largest mobile and fixed operator in Hungary.

Environment, Sustainability & Governance

Canada is urging farmers to reduce fertilizer emissions to curb greenhouse gases, triggering a backlash from farmers and concerns amid global food shortages.

- The US Justice Department seeks to block a \$2.2 billion merger of Penguin Random House and Simon & Schuster, two of the "Big Five" book publishers, to **protect competition** in the market.
- The EU's markets watchdog said that a **"quality label"** for market benchmarks would help prevent investors being misled by environmental, social and governance claims.
- The world's largest asset manager BlackRock Inc. warned the US Securities and Exchange Commission that its proposed rules aimed at fighting **"greenwashing"** by fund managers will confuse investors.
- More than 1,900 workers at Britain's biggest container port, Felixstowe, on the east coast of England, started an eight-day strike on Sunday which is expected to seriously affect trade and supply chains. Union members are **demanding higher wages**.
- Lawyers in England and Wales involved in criminal trials have voted to begin striking indefinitely starting September 5, in a **dispute over government funding**.

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Africa

- **Somali** forces have ended a deadly siege at a hotel in the capital Mogadishu which saw more than 20 people killed and dozens of hostages freed. The al Qa'ida-linked al Shabaab group, which has been fighting to topple the Somali government for more than a decade, claimed responsibility for the attack.
- Health authorities in the **Democratic Republic of Congo** are investigating a suspected case of Ebola in the country's east, per the World Health Organization.
- **Angolans** head to the polls on Wednesday in what is likely to be a tense standoff between a ruling party in power for nearly five decades and an opposition with growing appeal to a frustrated, impoverished youth.
- **Kenya's** veteran opposition leader Raila Odinga filed a challenge to the results of the presidential election in the Supreme Court today, escalating a political clash that has gripped East Africa's nation.



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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:

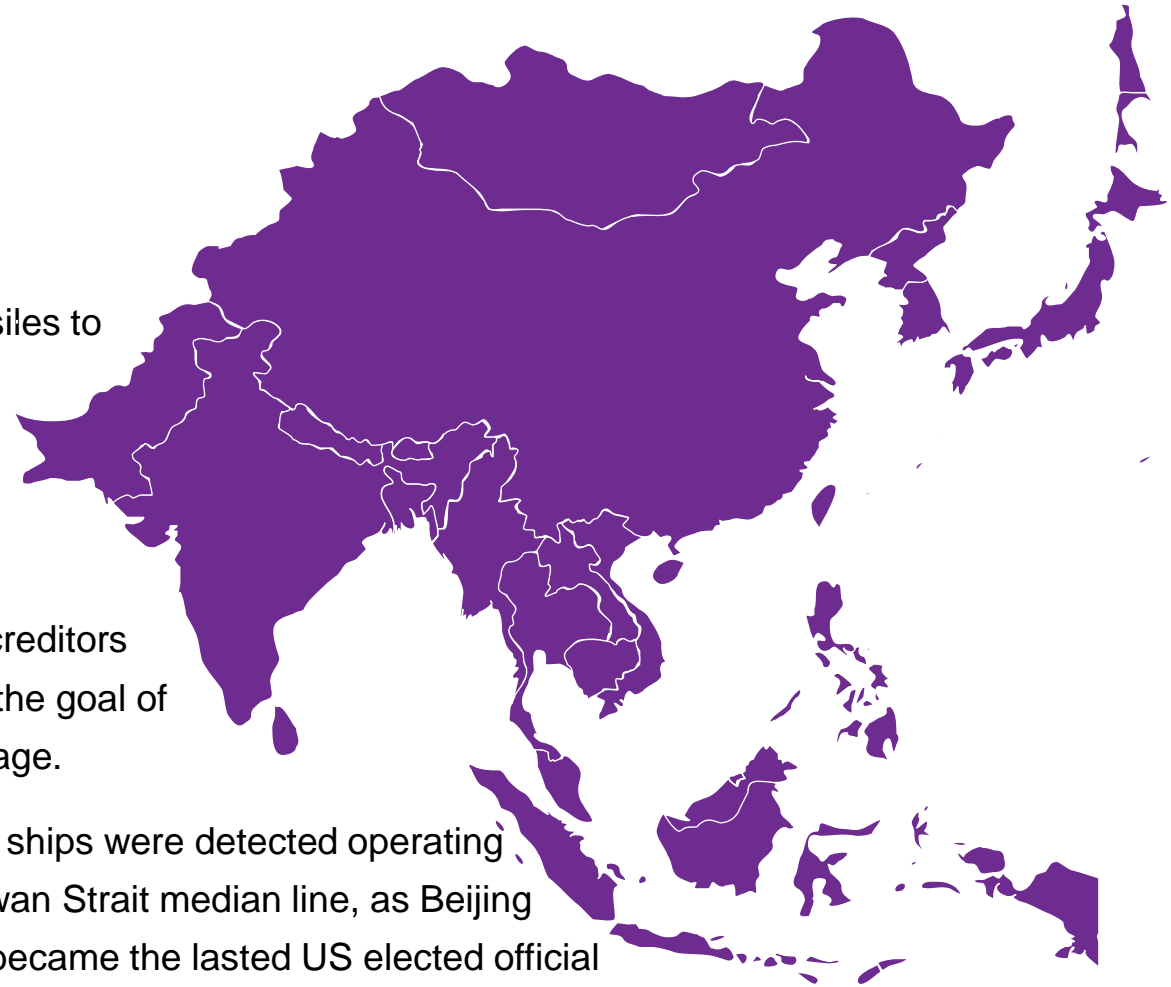
- ❖ Ransomware tabletop exercises
- ❖ Post-tabletop action reports
- ❖ Maturity assessments for preparedness
- ❖ Supply-chain attack simulation
- ❖ Comprehensive incident response plan
- ❖ Threat analysis and monitoring

All interaction with Dentons is attorney-client privileged

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

Asia

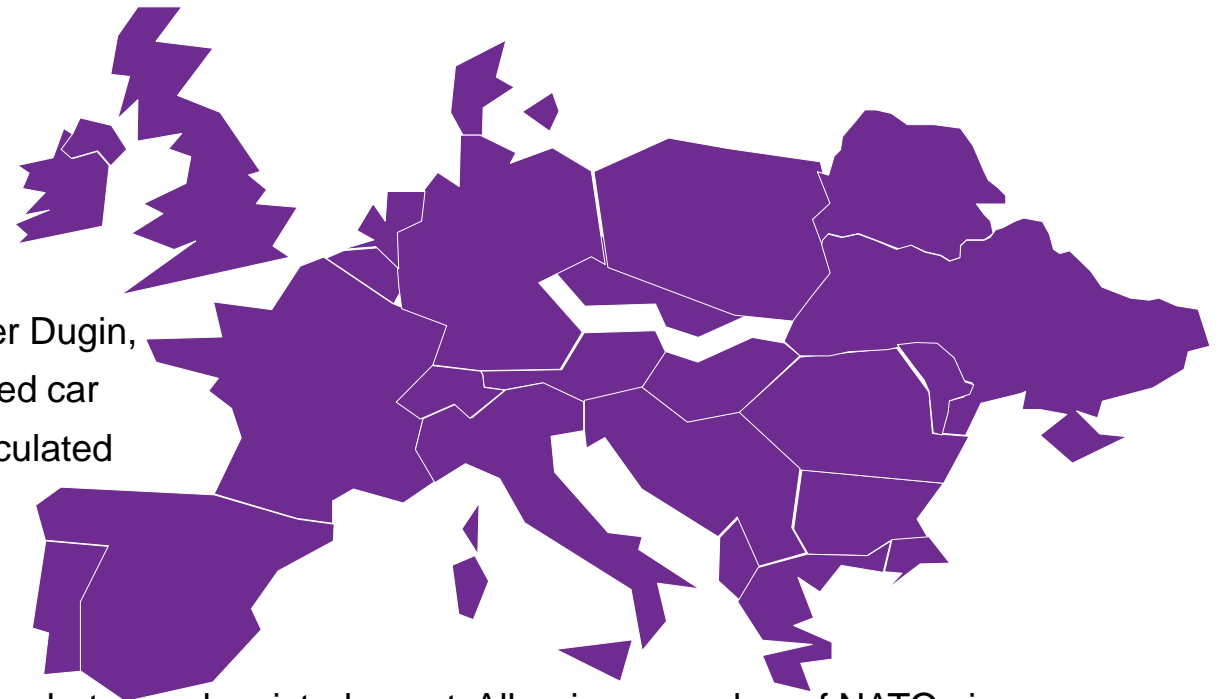
- **Japan** is considering the deployment of 1,000 long-range cruise missiles to boost its counterattack capability against China, per media reports. The arms, launched by ships or aircraft, would be stationed mainly around the southern Nansei islands and capable of reaching the coastal areas of **North Korea** and **China**.
- The IMF said it will need "**adequate assurances**" from **Sri Lanka's** creditors for a new program as it prepares a visit to Colombo later this month, the goal of which is to make progress on a staff-level agreement for an aid package.
- **Taiwan's** defense ministry said 12 **Chinese** aircraft and five Chinese ships were detected operating around Taiwan on Sunday, including five aircraft that crossed the Taiwan Strait median line, as Beijing continued military activities near the island. The governor of Indiana became the last US elected official to visit Taiwan, in a show of support to the self-rule islands.
- **China** cut its benchmark lending rate and lowered the mortgage reference by a bigger margin today, adding to last week's easing measures, as Beijing seeks to counter effects of the property crisis and a resurgence of COVID cases. Chinese authorities have stepped up emergency measures to deal with extreme heat and a crippling drought that has emptied rivers and dams in Hubei and Sichuan provinces, which rely on hydropower, forcing cities to dim lights, shut factories and vehicle recharging stations.



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Europe

- The daughter of an ultra-nationalist **Russian** ideologue, Alexander Dugin, who advocates Russia absorbing Ukraine was killed in a suspected car bomb attack outside Moscow. The Russian Foreign Ministry speculated that **Ukraine** was behind the attack. Ukraine denied any involvement.
- **Albania** is investigating why two **Russians** and a **Ukrainian** had tried to enter the Gramsh military factory. The Russian was taking photos and resisted arrest. Albania, a member of NATO since 2009, has condemn Russia's invasion of Ukraine and has introduced sanctions against Moscow.
- **Montenegro's** parliament passed a no-confidence motion on the cabinet of Prime Minister Abazovic related to a disputed deal regulating ties with the powerful Serbian Orthodox Church. President Djukanovic will now have to nominate a new prime minister-designate to form a new government of the NATO member nation that seeks to join the **EU**. There is also the chance of a snap election.
- **Turkey** doubled its imports of **Russian** oil this year, per Refinitiv Eikon data. Trade between Turkey and Russia has been booming since spring as Turkish companies not banned from dealing with Russian counterparts stepped in to fill the void created by **EU** businesses leaving Russia after its invasion of **Ukraine**.



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Middle East



- The **UAE** said that its ambassador to **Iran** would return to Tehran "in coming days," more than six years after the Gulf Arab state downgraded ties with the Islamic Republic.
- **Iran** accused the **US** of "procrastinating" in indirect talks aimed at reinstating Tehran's 2015 nuclear deal and said a prisoner swap with Washington was not linked to the negotiations.
- Tens of thousands of **Palestinians** employed in **Israel** staged a one-day strike on Sunday in protest at a decision to pay their salaries into bank accounts rather than in cash. The new payment method was agreed between Palestinian and Israeli authorities looking for a more efficient and secure way to pay salaries, but workers fear that hidden fees and new taxes will cut into their wages.
- Hundreds of supporters of **Pakistan's** former prime minister, Imran Khan, gathered on Monday outside his hilltop mansion in the capital, vowing to prevent his arrest on anti-terrorism accusations. The police filed a case against Khan on Saturday for threatening government officials in a public speech about the alleged police torture of one of his aides, who faces sedition charges for inciting mutiny in the powerful military.

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Americas

- **Colombia's** new president suspended arrest warrants and extradition requests for members of the left-wing guerrilla group the National Liberation Army (ELN) in an effort to restart peace talks to end nearly 60 years of war.
- **Mexican** officials made the first high-level arrest in the notorious 2014 disappearance of 43 students, accusing a former top prosecutor of crimes in one of Mexico's worst human rights abuses that current officials have called a state crime. A judge also released 83 more arrest orders - for soldiers, police, Guerrero officials and gang members - in relation to the case.
- Pope Francis called for an "*open and sincere*" dialogue to resolve a stand-off between the Church and government in **Nicaragua**, following the arrest of a bishop who is a leading critic of President Ortega.



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Americas: US

- Early academic studies on **workforce dynamics** indicated that remote work stabilized at an extraordinarily high level in the US in 2021 and 2022, at around of workdays. Other data suggests that more **remote workers** are switching to a hybrid schedule. The highest rates of remote work appear among technology, communications, professional services, and finance and insurance workers.
- Scientists report that that Alaskan snow crab stocks are down 90 percent, linking their disappearance from Alaskan waters to **climate change**.
- Education Secretary Cardona said Sunday that Americans can expect a decision from the Biden Administration on **student loans** in the “*next week or so*” as a pause on federal student loan payments is set to expire on August 31.
- In a phone call, US Deputy Treasury Secretary Wally Adeyemo warned **Turkish** Deputy Finance Minister Yunus Elitas that Russian entities and individuals were attempting to use Turkey to bypass Western sanctions imposed over Moscow's war in Ukraine.



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Existing and Emerging Hotspots: Next Steps in Kenya's 2022 Elections

By Matt Skros

On August 9, Kenyan voters went to the polls to select a new president. Following several days of tabulation, Deputy President William Ruto was declared the winner over former Prime Minister Raila Odinga by a margin of 50.5 percent to 48.8 percent. Several election commissioners, though, disavowed the vote, and Odinga plans to challenge the results in court. The risk of unrest will persist so long as this legal process stretches out, complicating the presidential transition in one of Africa's strongest democracies.

Kenya's August 9 general election was initially lauded as one of the country's most peaceful and well-organized polls in recent years. On August 15, Kenya's electoral commission declared Deputy President William Ruto the winner with 50.5 percent of the vote. Mr. Ruto's Kenya First coalition also appears to have secured a majority in Kenya's Senate. However, opposition leader and former Prime Minister Raila Odinga, who secured 48.8 percent of the vote, has called the election *"a travesty and a blatant disregard of the constitution and the laws of Kenya."* Additionally, four members of the electoral commission disowned the results minutes before Electoral Commission Chairperson Wafula Chebukati made a statement

declaring Ruto the winner. Vice Chairperson Juliana Cherera told media representatives that while the elections were conducted properly, the results that gave Ruto his narrow victory were not tabulated properly. These statements by commissioners and by Odinga caused alarm and concerns about unrest. Indeed, a New York Times article indicated that some of Odinga's supporters were prepared to take to the streets in support of their candidate. One Odinga supporter was quoted as saying, following Odinga's statements, *"We had gathered stones and tires to burn; we were ready to go."* The past several elections in Kenya have ended in violence, including unrest in 2007 sparked by claims that the election

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Existing and Emerging Hotspots: Next Steps in Kenya's 2022 Elections

was rigged against Odinga. That unrest led to the deaths of over 1,200 people and resulted in the adoption of a new constitution in 2010 that changed some governmental and judicial processes.

Odinga, though, has called for calm. *“Let no one take the law into their own hands,”* he said. He has instead chosen to challenge the results of the election in Kenya's court system, causing many to breathe a sign of relief. Within seven days of the results being declared, petitioners are required to submit their claims to Kenyan Supreme Court, which will then confer with the parties to hammer out a schedule for hearings. The court will then have 14 days from the petition's filing to issue its decision. If the court finds that Odinga's claims have merit, the court can void the election results and order that a new election be held within 60 days. It can also criticize the process, but simultaneously find that there are insufficient grounds for calling a new election. The court previously invalidated the 2017 presidential election and called for a new one in which incumbent President Uhuru Kenyatta, who was declared the winner in the first 2017 election, also won the second one. Three of the justices who nullified the 2017 poll remain on the seven-judge court, while one dissenting judge has retired. The chief justice has also been replaced.

Because of the changes on the court, it is difficult to predict how the court will rule.

If the court affirms Ruto's victory, and the opposition accepts the result, Kenya's electoral process could become a model for the rest of the continent. It will also cement Kenya's role as a dominant player in East Africa and the Horn of Africa. Kenya constitutes more than 40 percent of the region's Gross Domestic Product, and that percentage could rise if Ruto is able to move smoothly into the process of governing and earns the trust of the Kenyan business community. Kenya could also play a role in brokering a peace deal between Ethiopia and the Tigrayan rebels, as Nairobi has previously done in Sudan's civil war in the early 2000s.

Perhaps the most difficult outcome, though, would be for the court to criticize the result but decline to call for new elections. This could fire up Odinga's supporters as they perceive their candidate as having been denied the presidency once again (this is Odinga's fifth time seeking Kenya's highest office). This result could also harm the mandate of President-elect Ruto, who already has a very narrow endorsement from the Kenyan electorate. Kenyan voters are deeply

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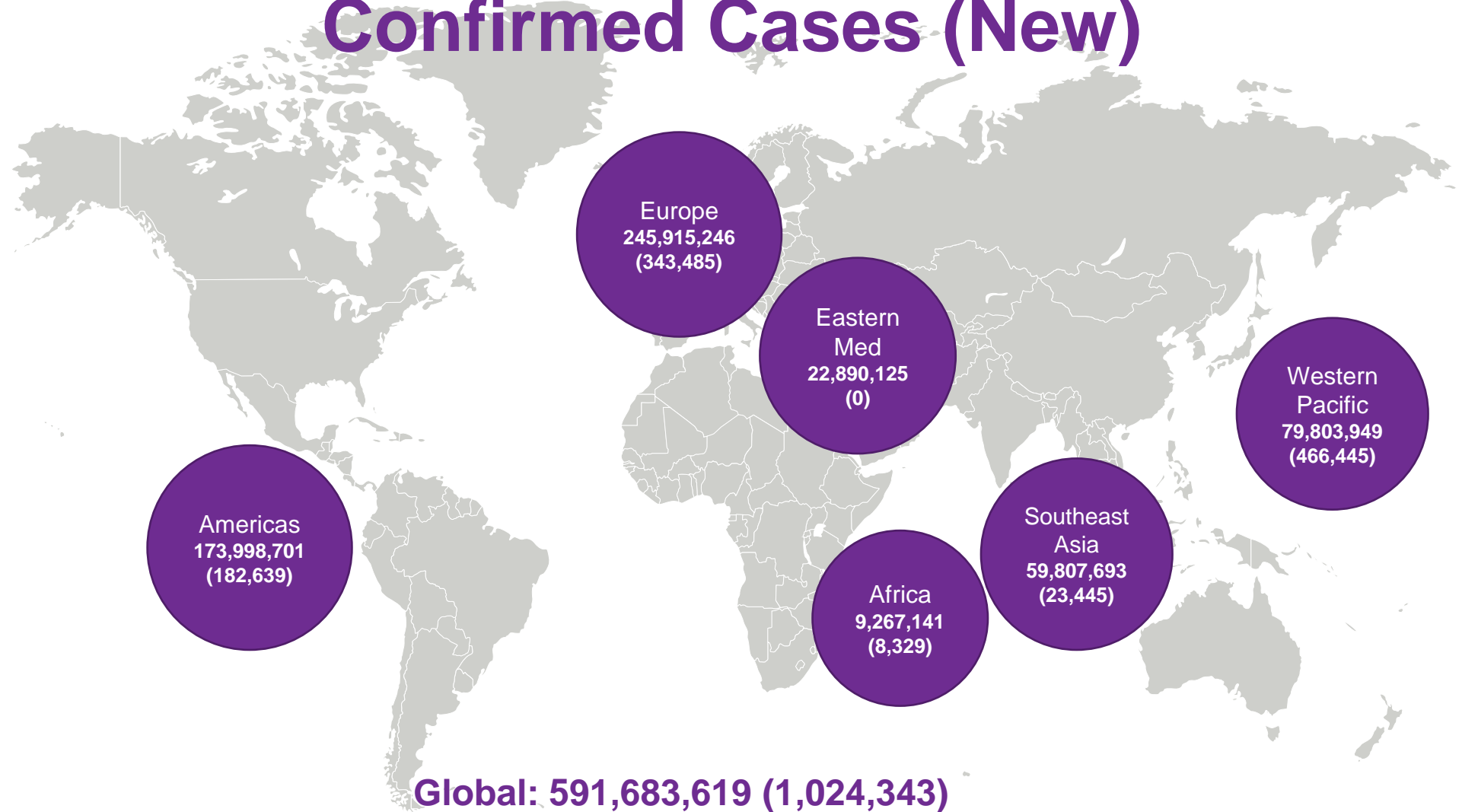
concerned about the status of social spending, education and healthcare, and a controversial election could hamper the Ruto administration's ability to tackle those challenges. Additionally, Ruto will need to show that he has the support of the Kenyan people as he attempts to wrangle new foreign investment for his country. Until the high court delivers its ruling, risks to one of Africa's main powerbrokers will continue to persist.

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Coronavirus Condition Updates

As of 4:41 pm CEST on August 19, 2022

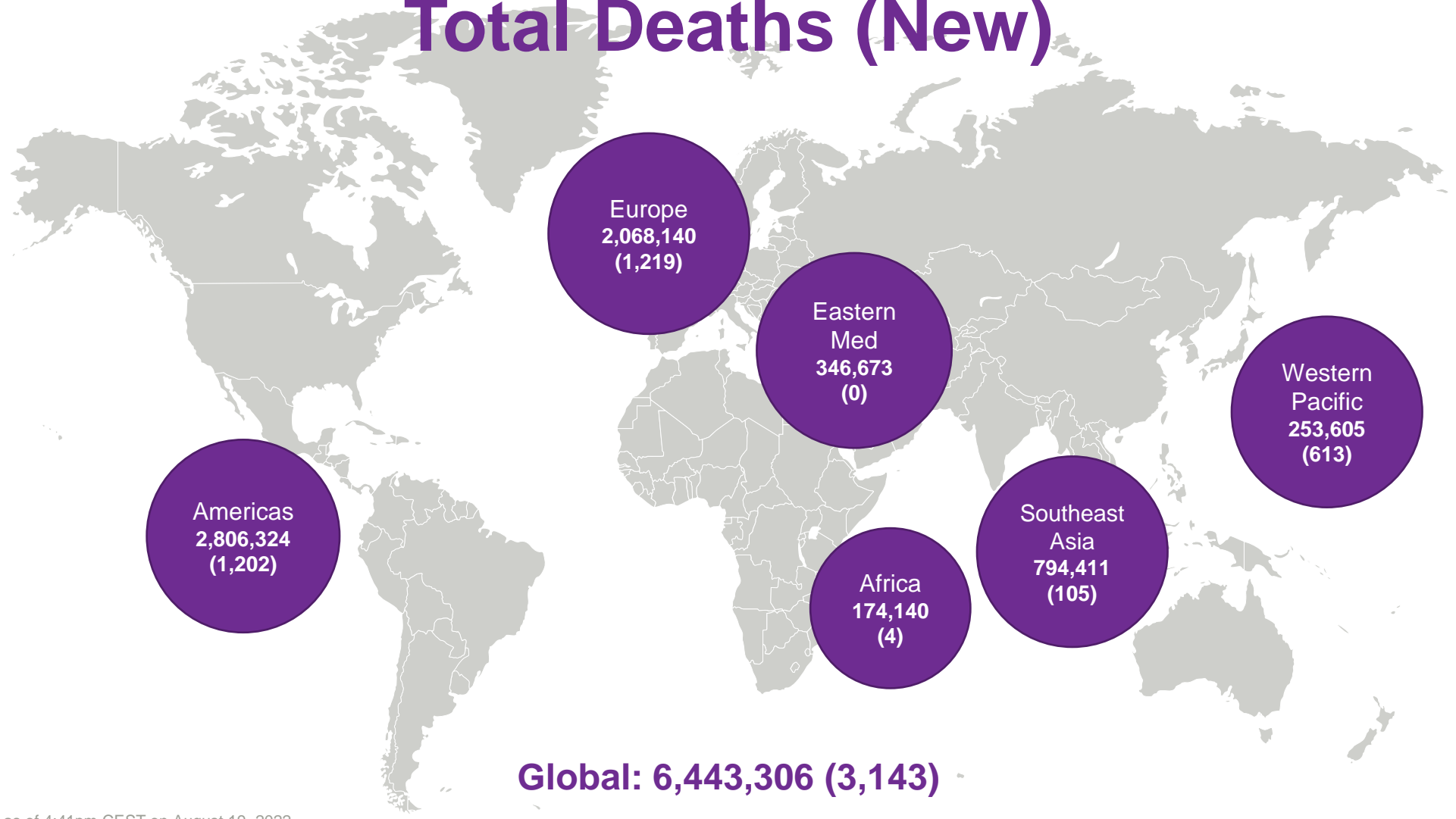
Confirmed Cases (New)



Reflects data as of 4:41pm CEST on August 19, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Global: 6,443,306 (3,143)

Reflects data as of 4:41pm CEST on August 19, 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.

Karl Hopkins

Partner and Global Chief Security Officer
Dentons
Washington, DC

D +1 202 408 9225
karl.hopkins@dentons.com

Melissa Mahle

Senior Analyst
Dentons
Washington, DC

D +1 202 408 6383
melissa.mahle@dentons.com