

# Dentons Flashpoint

## Daily Global Situation Report

August 4, 2022

# Global Situation Update: August 4, 2022

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## KEY TAKEAWAYS

Amid international calls for de-escalation, China conducts live fire military drills around Taiwan.

OPEC approves one of the smallest oil production increases in the group's history.

Russia will launch a satellite into space on behalf of Iran on August 9.

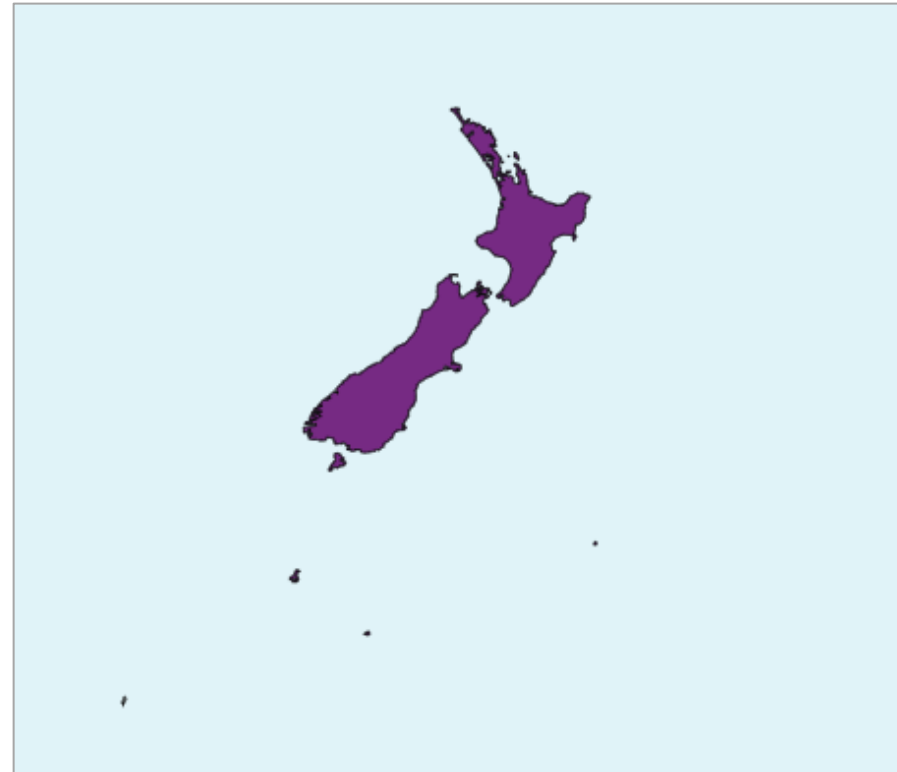
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# Global Situation Update: August 4, 2022

## WHAT WE'RE WATCHING

The first-ever climate adaptation plan released by New Zealand aims to move certain communities to higher ground over the coming years to avoid coastal flooding. The National Adaptation Plan could serve as a role model for other climate affected nations worldwide, but there are few details on how much the proposed changes will cost and who will pay.

The first half of 2022 was among the hottest ever on record and rising sea levels and severe flooding will spur island nations and affected regions to consider similar climate adaptation plans. Businesses that generate most of their revenue in high-risk coastal areas could be asked to assist with the financial burden of relocation to higher ground.



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# Global

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**China plans to launch an unprecedented live fire military drill that effectively blockades Taiwan from air and sea until Sunday afternoon following US House Speaker Nancy Pelosi's visit to the island.**

- G7 foreign ministers called on China to resolve tension around the **Taiwan Strait** in a peaceful manner.
- The **Chinese** foreign ministry said on Thursday that a meeting between China's Foreign Minister Wang Yi and his Japanese counterpart on the sidelines of ASEAN events in Cambodia had been cancelled, signaling pique at the G7 statement on Taiwan.
- Japan's health ministry approved Japanese pharmaceuticals company KM Biologics Co's freeze-dried smallpox vaccine LC16 KMB for use against **monkeypox**.
- OPEC and its allies have agreed one of the smallest **oil production increases** in the group's history, just 100,000 barrels a day, as Saudi Arabia attempts to appease western allies without using up all its unused capacity.
- The IMF has urged European governments to pass on rising energy costs to consumers to encourage "**energy saving**" and a shift towards greener power while protecting poorer households.

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# Markets & Business

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**Lucid Motors halved its 2022 production target, citing “*extraordinary supply chain*” challenges as it tries to ramp up production and meet demand.**

- **Airbus** has revoked its entire outstanding order from **Qatar Airways** for A350 jets, severing all new jetliner business with the Gulf carrier, ending a prolonged dispute and presenting a challenge to Qatar’s World Cup preparations.
- Russians queued up in a Moscow shopping center, waiting to get into **H&M** as the fashion retailer opened its doors for a final time to sell inventory before making a full exit from the Russian market.
- **Unilever** has ceased paying **Ben & Jerry’s** independent board members, the latest escalation of a dispute over the brand’s attempt to stop selling its products in the occupied Palestinian territories.
- The top US financial regulator has been probing **Robinhood** over its compliance with short selling rules since October 2021, the retail broker disclosed.

# Environment, Sustainability & Governance

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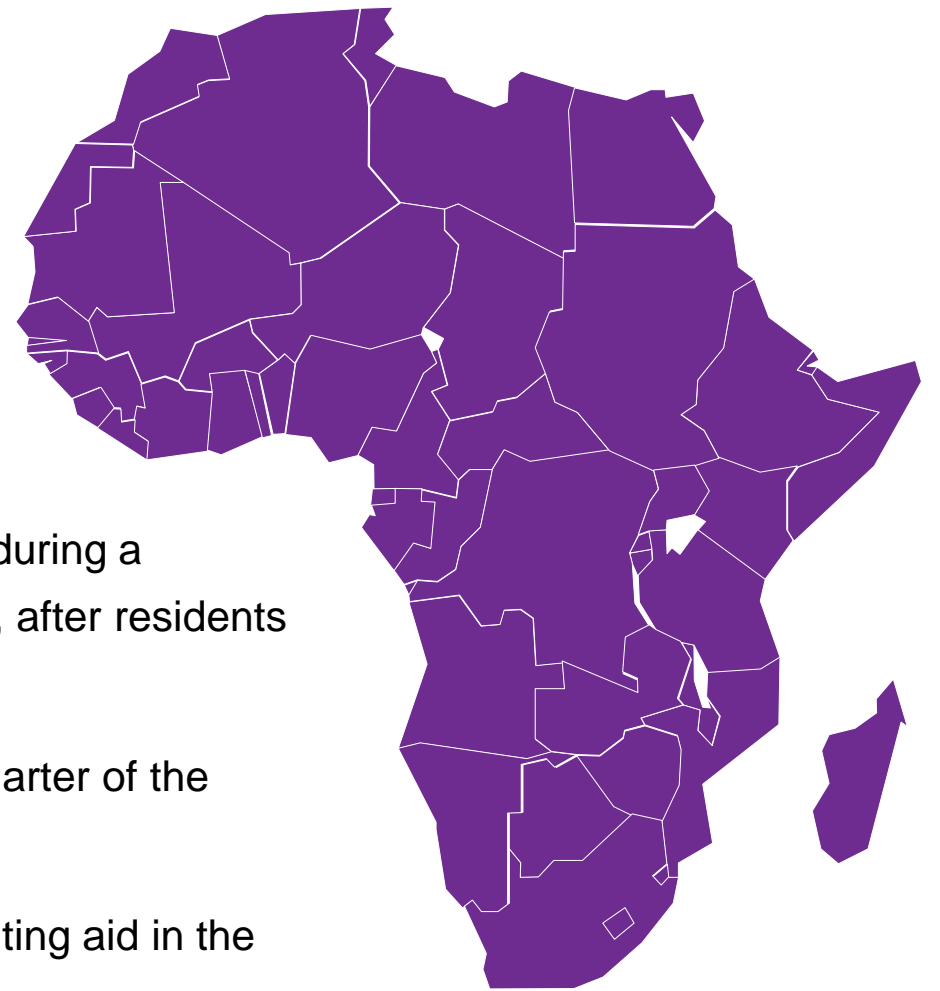
**United Nations Secretary-General Antonio Guterres called for increased national and global taxes on the "grotesque greed" of oil and gas companies.**

- Missouri Attorney General Schmitt launched an investigation into whether Morningstar Inc violated a state consumer-protection law through its **evaluations of environmental, social and governance (ESG) issues**.
- The Dutch government on Wednesday declared a **water shortage**, following an unusually dry summer with no rain forecast for the coming two weeks.
- Lufthansa Group announced the launch of a new "Green Fare," offering passengers the ability to book **carbon neutral travel**, with the cost of fully compensating the CO2 emissions of flights embedded in the price.
- Hilton announced accelerated sustainability goals, **reducing greenhouse gas emissions** intensity by 75 percent in its managed hotels by 2030.

# Africa

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- **Democratic Republic of Congo** asked the spokesman of the UN peacekeeping mission, MONUSCO, to leave the country, blaming him for stoking tensions that led to deadly protests last week.
- **Burkina Faso's** army admitted that it had accidentally killed civilians during a counter-terrorist operation in the country's southeast earlier this week, after residents told media that as many as 37 civilians died in the strike.
- The UN estimated that about 11 million people **in Sudan** – about a quarter of the population – are facing acute hunger.
- The US blamed **Ethiopian** restrictions on fuel for difficulties in distributing aid in the embattled Tigray region.
- **Rwanda** announced an 88 percent pay increase for primary school teachers in a bid to respond to calls for higher wages and avoid the teacher strikes that have plagued the region.



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# Asia

- **Taiwan** scrambled jets on Wednesday to warn away 27 **Chinese** aircraft in its air defense zone, with 22 of them crossing the median line separating the self-ruled island from China amid rising tensions. Taiwan pledged to step up security against possible disruptions, including cyber-attacks.
- The **US** Navy said the USS Ronald Reagan aircraft carrier was conducting scheduled operations in support of a free and open Indo-Pacific in the **Philippine Sea** in the Western Pacific, a 5.7 million square kilometer (2.2 million square mile) stretch of ocean that includes waters southeast of Taiwan.
- **Malaysia's** ban on chicken exports is expected to end on August. 31. The export ban triggered a supply shortage in neighboring Singapore and Thailand, driving up food prices.
- **Hong Kong** is expected to relax quarantine rules for travelers next week at the earliest after receiving a report that more than 80 percent of arrivals infected with COVID-19 tested positive on the fourth or fifth night of their week in isolation. The government is considering replacing hotel quarantine with home quarantine.



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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:*

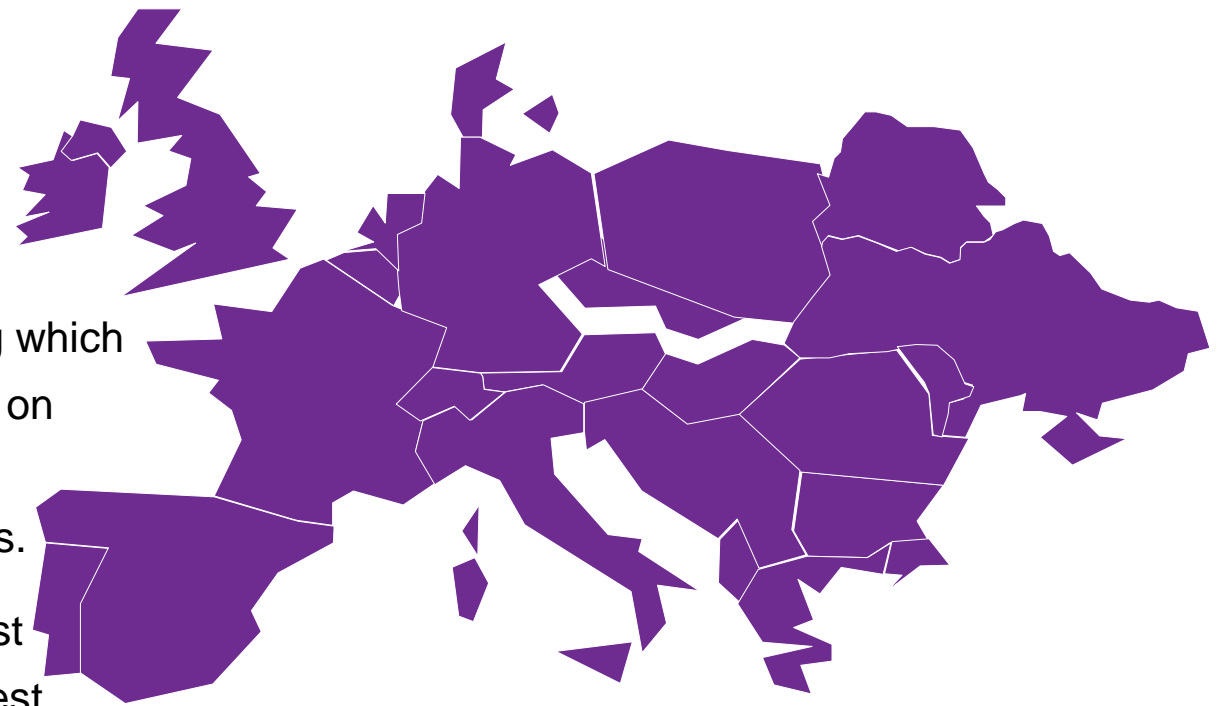
- ❖ Ransomware tabletop exercises
- ❖ Post-tabletop action reports
- ❖ Maturity assessments for preparedness
- ❖ Supply-chain attack simulation
- ❖ Comprehensive incident response plan
- ❖ Threat analysis and monitoring

*All interaction with Dentons is attorney-client privileged*

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

# Europe

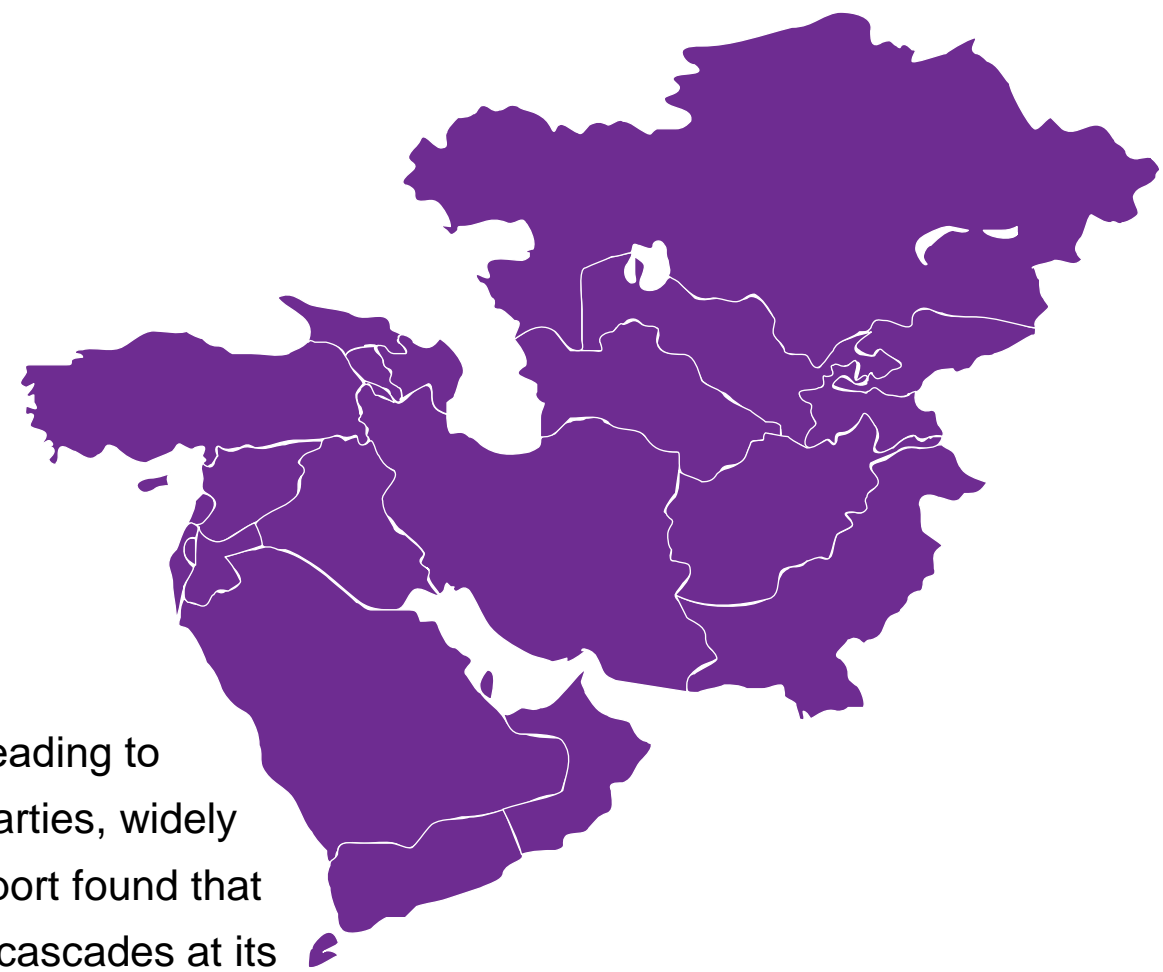
- **Azerbaijan** and **Armenia** traded accusation over fighting which erupted near the disputed enclave of Nagorno-Karabakh on Wednesday, prompting international calls for an end to fighting in a region that has been a flashpoint for 30 years.
- The **Swiss** government imposed further sanctions against **Russia** over the war in **Ukraine**, in line with the **EU's** latest measures on gold and gold products.
- The **UK** services sector has posted the weakest performance since last year's lockdown as inflation hits demand.
- **Ukraine** dismissed comments by former **German** Chancellor Gerhard Schroeder that **Russia** wanted a "*negotiated solution*" to the war and said any dialogue would be contingent on a Russian ceasefire and withdrawal of its troops.



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# Middle East

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- **Ukraine** called on **Lebanon** to reverse a decision by a court in Tripoli to authorize the departure of a seized **Syrian** ship carrying what Kyiv says is stolen Ukrainian grain.
- **Russia** will launch a satellite on behalf of **Iran** into space on August 9, per the Roscosmos space agency.
- **Iran** announced that the country's top nuclear negotiator is heading to Vienna to begin another round of nuclear talks with JCPOA parties, widely seen as unlikely to be successful. Meanwhile, a new IAEA report found that Iran has completed installing three advanced IR-6 centrifuge cascades at its Natanz fuel enrichment plant.
- The **Tunisian** government began a new investigation into the leader of opposition Ennahda party allegedly for calling security forces “*tyrannical*,” the investigation would be the latest in a series of probes the party describes as politically motivated.

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# Americas

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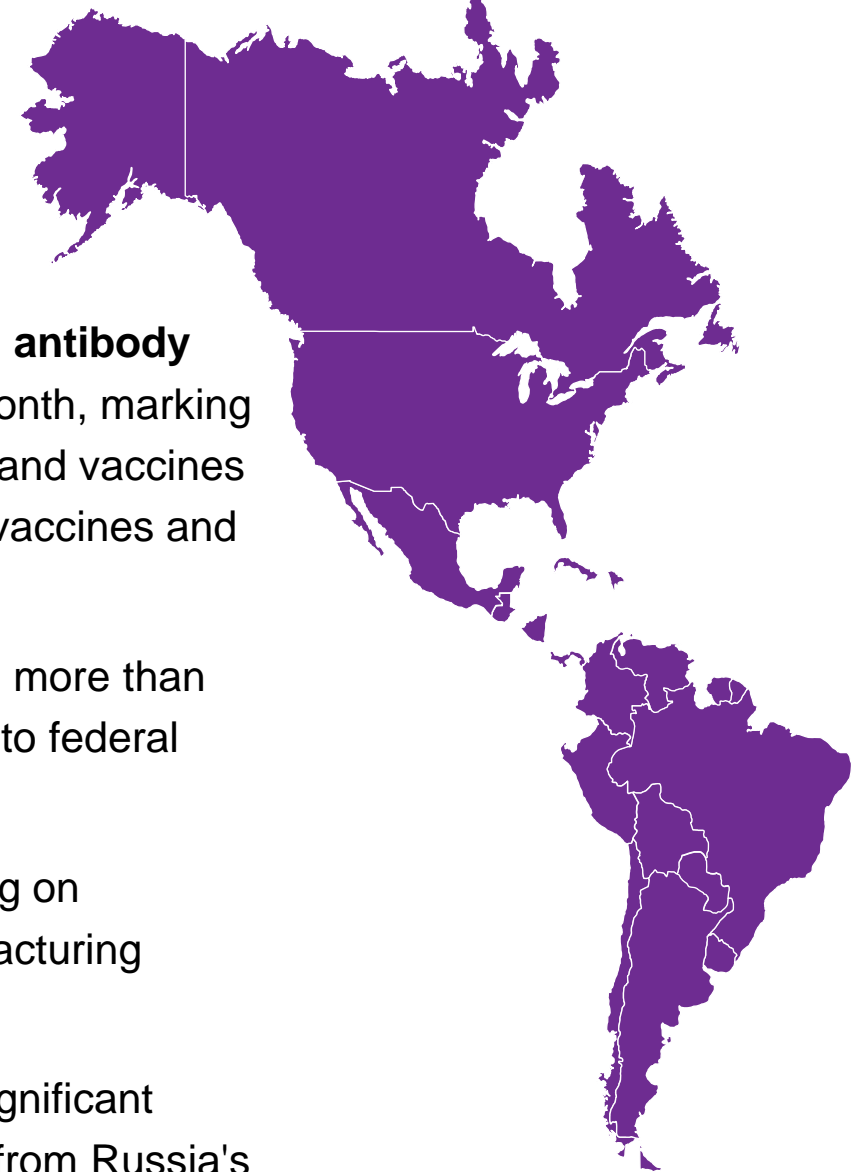
- **Peruvian** Prime Minister Anibal Torres suddenly resigned amid widening criminal probes centered on President Pedro Castillo.
- A **Mexican** journalist and three other people were killed when gunmen stormed into a liquor store, adding to the country's longstanding plague of violence against journalists.
- **Argentina's** next economy minister is expected to announce spending cuts to calm markets amid a deepening economic crisis after taking the reins yesterday.
- **Cuba** more than quadrupled the dollar/peso exchange rate in an effort to undercut the informal money market and capture hard currency. The new exchange rate will not apply to most activities of the state-dominated economy. Cuba stopped accepting dollars in 2020 citing US sanctions and stopped selling convertible currency for pesos to the public soon after, stating it simply did not have the cash.



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# Americas: US

- Eli Lilly & Co. plans to begin commercial sales of its **COVID-19 monoclonal antibody treatment** directly to states, hospitals and other healthcare providers this month, marking a shift away from the way Lilly's drug and most other COVID-19 treatments and vaccines have been distributed in the US. It will likely be the first test of whether the vaccines and treatments would remain accessible if shifted to a commercial market.
- In congressional testimony, the Justice Department reported it has reviewed more than 1,000 hostile **threats against election workers** over the past year, leading to federal charges in five cases and one conviction.
- New orders for **US factory goods** increased in June, and business spending on equipment was stronger than first thought, reflecting resilience in the manufacturing sector against a backdrop of rising interest rates and high inflation.
- The Senate ratified **Finland and Sweden's** accession to NATO, the most significant expansion of the 30-member alliance since the 1990s as it faces the fallout from Russia's invasion of Ukraine.



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# Risk of Insider Threats Increases as Global Economic Outlook Worsens

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

***A looming global recession will have implications for insider threats and cybercrime over the near and medium term as employees seek alternative sources of income and become disgruntled as wage increases fail to keep up with inflation.***

Insider-facilitated breaches and hacks receive oscillating levels of attention from the cyber security community, but a recent report from Palo Alto's Unit 42 suggests that the dire economic outlook, driven by supply chain shortages, inflation and eroding wages, and the war in Ukraine will push more employees to consider becoming malicious insiders. Thankfully, there are several key ways organizations can prevent insider threats from causing widespread damage.

## ***Recruitment Drive***

Threat actors are recruiting potential insiders on dark web forums, offering significant sums of money to employees for access to networks and for valuable data. Attempts by threat actors to enlist insiders are increasing in volume, with 3,988 unique discussions about recruitment of insiders on the dark web between January and

November 2021, according to recent research from leading cybersecurity company Flashpoint.

Threat actors are also directly approaching staff at target organizations via email, social media, and direct phone calls. Ransomware gangs have unsurprisingly jumped on this bandwagon. According to a 2022 survey conducted by Hitachi-ID, 65 percent of respondents acknowledged that employees were approached by cybercriminals to help facilitate ransomware attacks, a 17 percent increase compared to the same survey conducted in Q4 2021. This coincides with a downturn in the global economic forecast.

## ***Dangerous Threat Vector***

Cybercriminals, including ransomware gangs, are pursuing insiders for attacks because they can help to evade security measures in

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# Risk of Insider Threats Increases as Global Economic Outlook Worsens

place at the perimeter of a target organization by providing direct and legitimate access into the network. Such intrusions are more difficult for security teams to detect, as they appear to be legitimate, and allow attackers to evade controls such as multi-factor authentication, which might be protecting the network.

Insider attacks are taking place against a wide range of industries via a variety of methods. In December 2021, for example, ransomware gang LAPSUS\$ offered to pay Brazilian Federal Police insiders USD \$15,000 for access to the computer network of the country's national police. LAPSUS\$ specializes in data exfiltration and extortion and regularly leverages insiders to access the virtual networks of targets. They particularly target telecoms companies, software providers, and hosting services providers. In late 2021, the US FBI arrested an employee from technology company Ubiquiti for exfiltrating data and demanding a ransom not to publish it. In summer 2021, a threat actor connected with the DemonWare ransomware group offered the employee of a potential victim organization USD \$1 million to directly install malware on the company network.

## *Motivations for Insider Threats*

Employees can become an insider threat by accident, through negligence or with deliberate malicious intent. The desire for financial gain is an obvious motivation for many, but surprisingly a majority are largely conducted by disgruntled employees, with 75 percent of insider attacks investigated by Palo Alto's Unit 42 thus far in 2022 committed by discontented employees with sufficient document and system access to cause harm to their organizations. With large portions of the global workforce now able to work remotely as a result of the COVID-19 pandemic, employees find themselves with greater access and less oversight than ever before, making it even easier for them to sell access to eager cybercriminals.

## *Protection for Organizations*

There are several ways organizations can prevent malicious insiders from causing damage:

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- Robust access management practices prevent network access for staff across an entire organization. Employees should only access data they require for their job.
- Comprehensive logging and monitoring procedures to better detect suspicious behavior by end users.
- Comprehensive employee screening for new hires to enable organizations to identify individuals who may be more likely to become insiders, based on their previous employment and criminal records.
- Finally, employee education remains an invaluable tool for security teams; colleagues should be informed of the risk of insider threats, how to spot an approach by a malicious actor, and the legal consequences of colluding with cybercriminals.

Dentons offers business leaders a full complement of counseling and advice for cyber risk management, including insider threats, and also offers regulatory and litigation services. Analysis and intelligence products from Dentons can help to better understand fast-changing complex operating environments and, importantly, all interaction 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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# Coronavirus Condition Updates

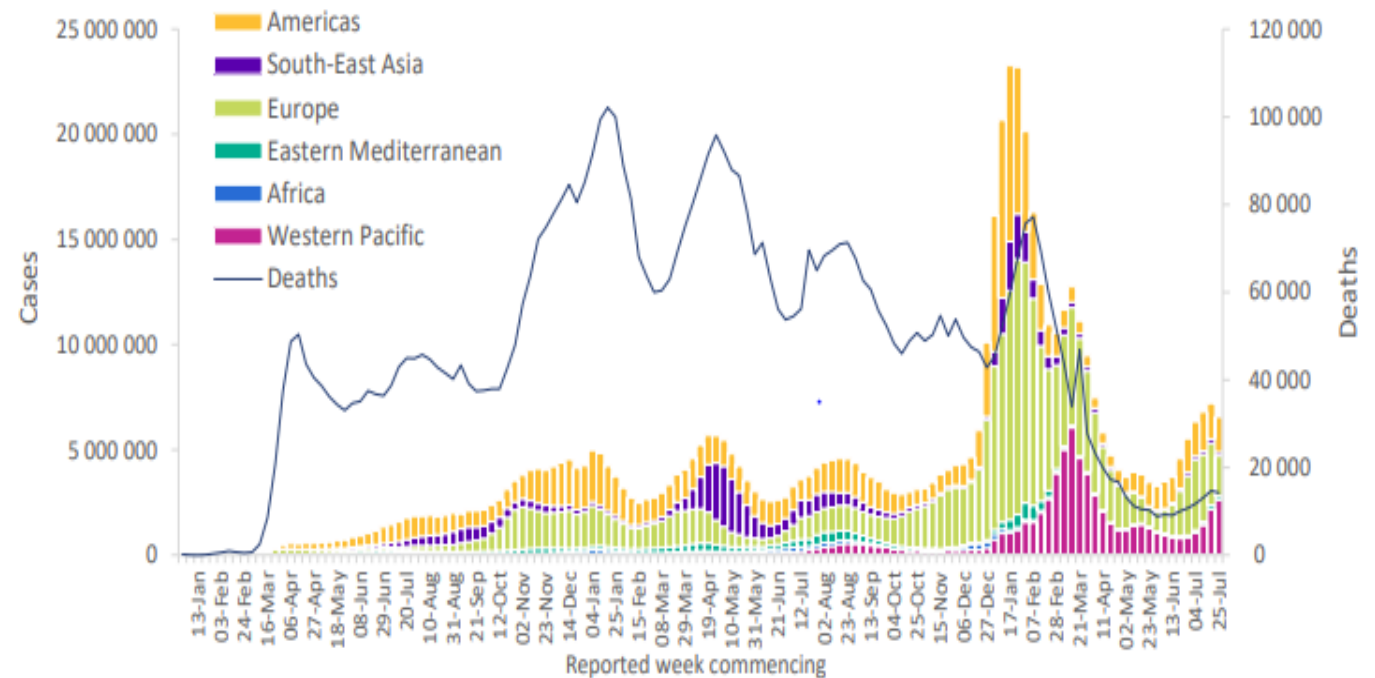
As of 6:22 pm CEST on August 3, 2022

# Coronavirus Snapshot

**Globally, confirmed coronavirus cases topped 577.0 million with 6.4 million deaths; more than 12.2 billion vaccine doses have been administered.**

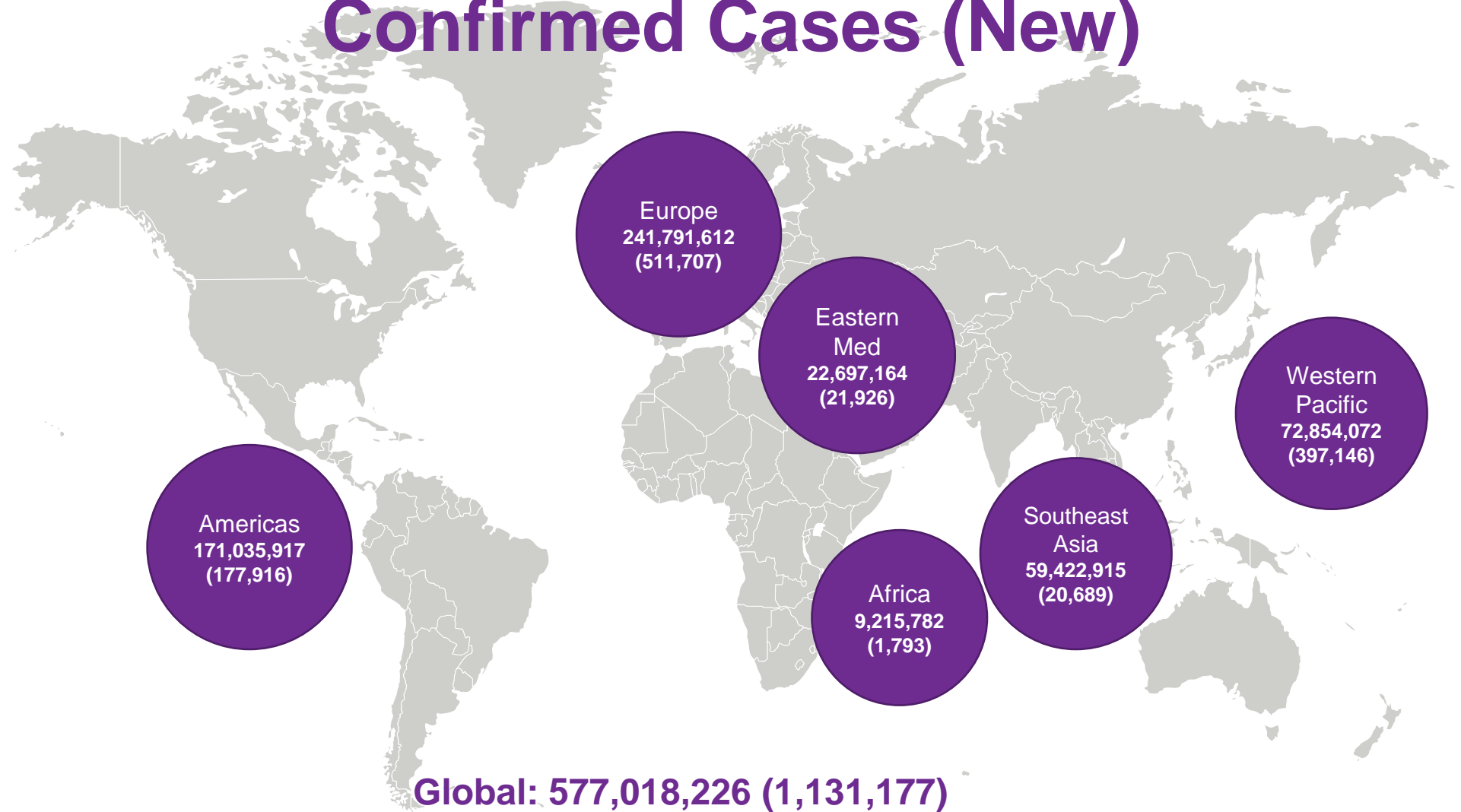
- Globally, the number of weekly cases decreased by 9 percent during the week of 25 to 31 July 2022 as compared to the previous week, with over 6.5 million new cases reported.
- The number of new weekly deaths remained stable this week as compared to the previous week, with over 14,000 fatalities reported

Figure 1. COVID-19 cases reported weekly by WHO Region, and global deaths, as of 31 July 2022\*\*



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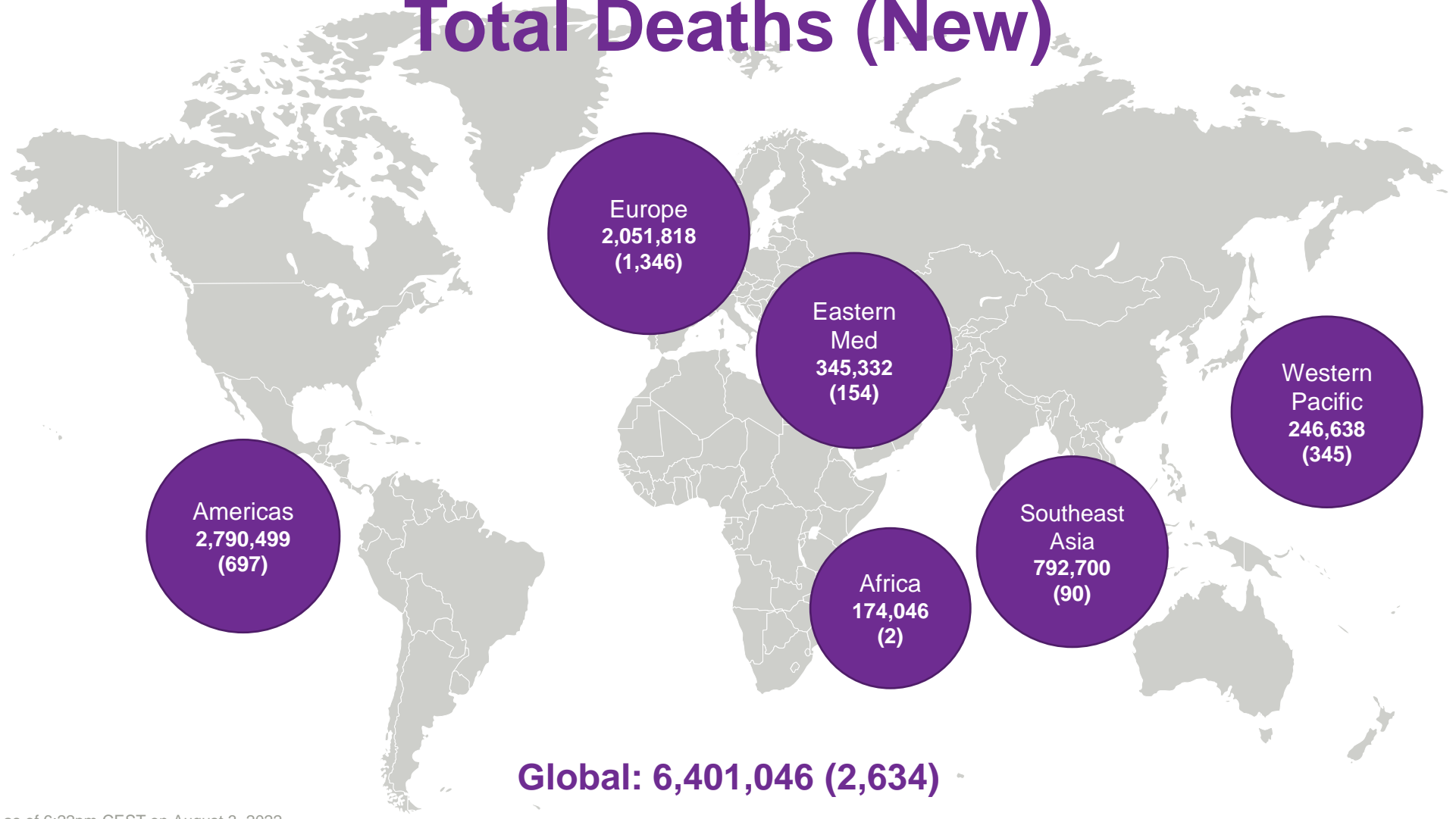
# Confirmed Cases (New)



Reflects data as of 6:22pm CEST on August 3, 2022.  
Data Source: World Health Organization

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# Total Deaths (New)



Reflects data as of 6:22pm CEST on August 3, 2022.  
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.*

*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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