

# Dentons Flashpoint

## Global Situation Report

December 16, 2022

# Global Situation Update: December 16, 2022

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## KEY TAKEAWAYS

Japan begins a \$320 billion military build-up to counter Russia and China.

The central banks of the eurozone, the UK and Switzerland increased interest rates by 0.5 percentage point, matching the US policy.

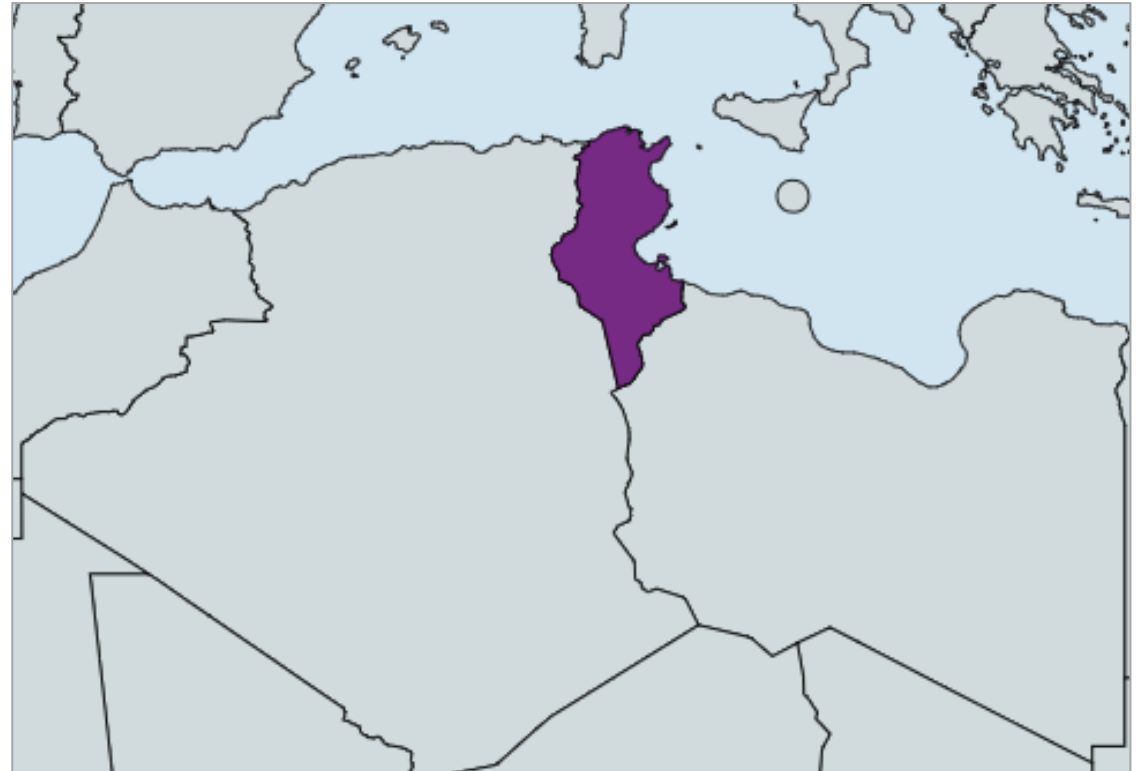
The European parliament will ban all unofficial “friendship groups” with third countries in anti-corruption move.

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## WHAT WE'RE WATCHING

Legislative elections in Tunisia will take place tomorrow, the first since President Saied in July 2021 suspended parliament. Pro-Saied political parties and independent candidates will gain a majority in the new parliament as most opposition parties will boycott the polls. Saied will remain the country's most powerful political figure given his considerable constitutional powers and control of the security apparatus.

Saied will continue efforts to attract FDI as he seeks to address the ongoing fiscal crisis, but these will have limited success amid ongoing political uncertainty. Opposition parties and labor unions will continue to organize frequent protests, but ideological and political disagreements will prevent the emergence of large-scale nationwide demonstrations.



*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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**Russian crude oil is being shipped to India on tankers insured by western companies, in the first sign Moscow has reneged on its vow to block sales under the G7-imposed price cap.**

- EU leaders met in Brussels to discuss the escalation of Russia's attacks on **Ukraine's infrastructure** and the fallout from the war and approve an 18 billion euro package of aid to rebuild the country. The US imposed sanctions on one of Russia's richest men.
- The central banks of the eurozone, the UK and Switzerland increased **interest rates** by 0.5 percentage point, matching the US Federal Reserve in slowing the pace of increases as inflation edges lower.
- Countries in the EU are set to start collecting additional taxes in 2024 under a long-stalled **global deal to set a minimum rate** on company profits, after Hungary and Poland dropped their objections to the move. The UK also will start collecting the tax in 2024. The Biden Administration failed in its attempt to pass the necessary legislation this year.

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# Markets & Business

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**Global stocks tumbled after a broad group of central banks raised interest rates and warned of further increases to come in the fight to tame inflation.**

- The **Intercontinental Exchange** has warned it will consider relocating its gas trading hub to outside of the EU, if Brussels agrees a plan to cap gas prices.
- The US accounting watchdog said it has obtained full access to inspect and investigate firms in China for the first time ever, removing the risk that around 200 Chinese companies could be kicked off **US stock exchanges**.
- Microsoft said its EU cloud customers will be able to process and store parts of their data in the region from January 1.
- **Citigroup** will wind down its consumer banking business in China, a move that will affect about 1,200 local employees.

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# Environment, Sustainability & Governance

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**The head of a body setting a global standard for corporate sustainability disclosures said it expects to weave in guidance for more transparency on biodiversity immediately after publishing climate rules next year.**

- National Health Service nurses in Britain staged their first ever **national walkout** amid a bitter dispute with the government over pay.
- Brazilian pilots and flight attendants voted for a **partial strike** starting on Monday.
- Meta was accused in a **lawsuit** filed in Kenya of letting **violent and hateful posts** from Ethiopia flourish on Facebook, inflaming the Ethiopian civil war.
- Germany's Gascade, Ontras and terranets have agreed to convert high-pressure gas pipelines to **transport low-carbon hydrogen** from the Baltic Sea all the way the south of the country by 2025.
- Norway's sovereign wealth fund said on Thursday it would exclude from its portfolio two Thai companies and one Israeli firm that it said held "*unacceptable risk*" of **human rights' violations**.

# Africa

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- The CEO of Eskom, South **Africa's** power utility, resigned amid months-long power outages that have stirred public discontent.
- **Nigeria and Rwanda** became the first countries to join the Artemis Accords, which deal with peaceful space exploration.
- **Nigeria** expects oil production to rise to 1.6 million barrels per day by the first quarter of next year, Finance Minister Zainab Ahmed said, an increase of over 400,000 bpd.
- Violence in **South Sudan's** Upper Nile state has killed 166 civilians and displaced more than 20,000 since August amid an escalation in clashes between armed groups, per the UN.



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# Asia

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- **India's** air force announced aerial training exercises yesterday and today in the country's east but said it is not connected to last week's border scuffles with China in the region.
- The ruling **Fiji** First party led provisional national election results, boosted by a 31.42 percent vote for Prime Minister Bainimarama, with half of polling stations counted in the Pacific island nation.
- With COVID-19 infections surging, **Chinese** families are choosing self-isolation, staying home with stockpiles of food and medicine, hoping to avoid infection, with hoarding leaving shelves empty at pharmacies in big cities. Chinese crematoriums are reporting increased deaths, even though government statistics are not.
- Reversing the post-World War II demilitarization policy, **Japan** is beginning a \$320 billion military build-up that will arm it with missiles capable of striking **China** and ready it for a sustained conflict as regional tensions and **Russia's Ukraine** invasion stoke war fears.

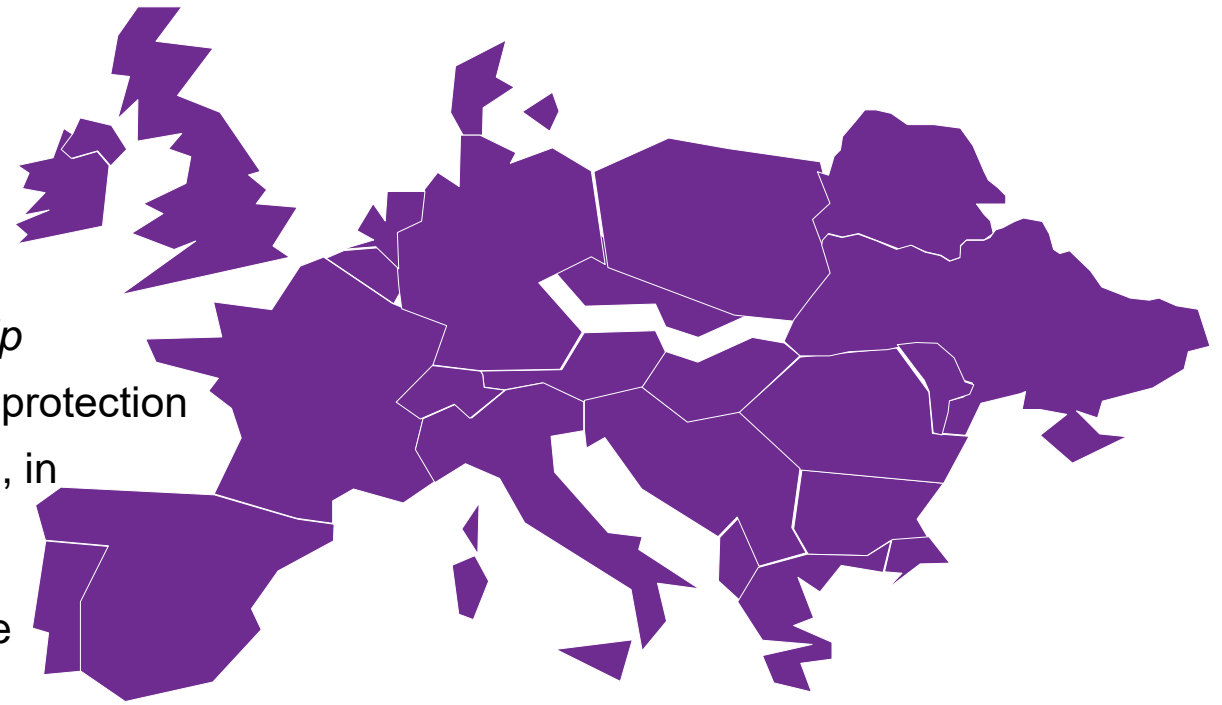


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# Europe

- The **European** parliament will ban all unofficial “*friendship groups*” with third countries, strengthen its whistleblower protection systems and conduct a full review of all recent legislation, in response to a **Qatar**-linked corruption scandal.
- **Slovakia’s** minority government lost a parliamentary vote of no confidence, raising the prospect of a snap election amid rising inflation and an economic slowdown.
- **China** has withdrawn six **UK** diplomats, ahead of their likely expulsion following an attack on a pro-democracy protester in the grounds of the Chinese consulate in Manchester.
- **Denmark's** Social Democratic Prime Minister Mette Frederiksen appointed right-leaning political rivals as key ministers in her new reform-oriented bipartisan government.



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# How do You Manage Incident Response?

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*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

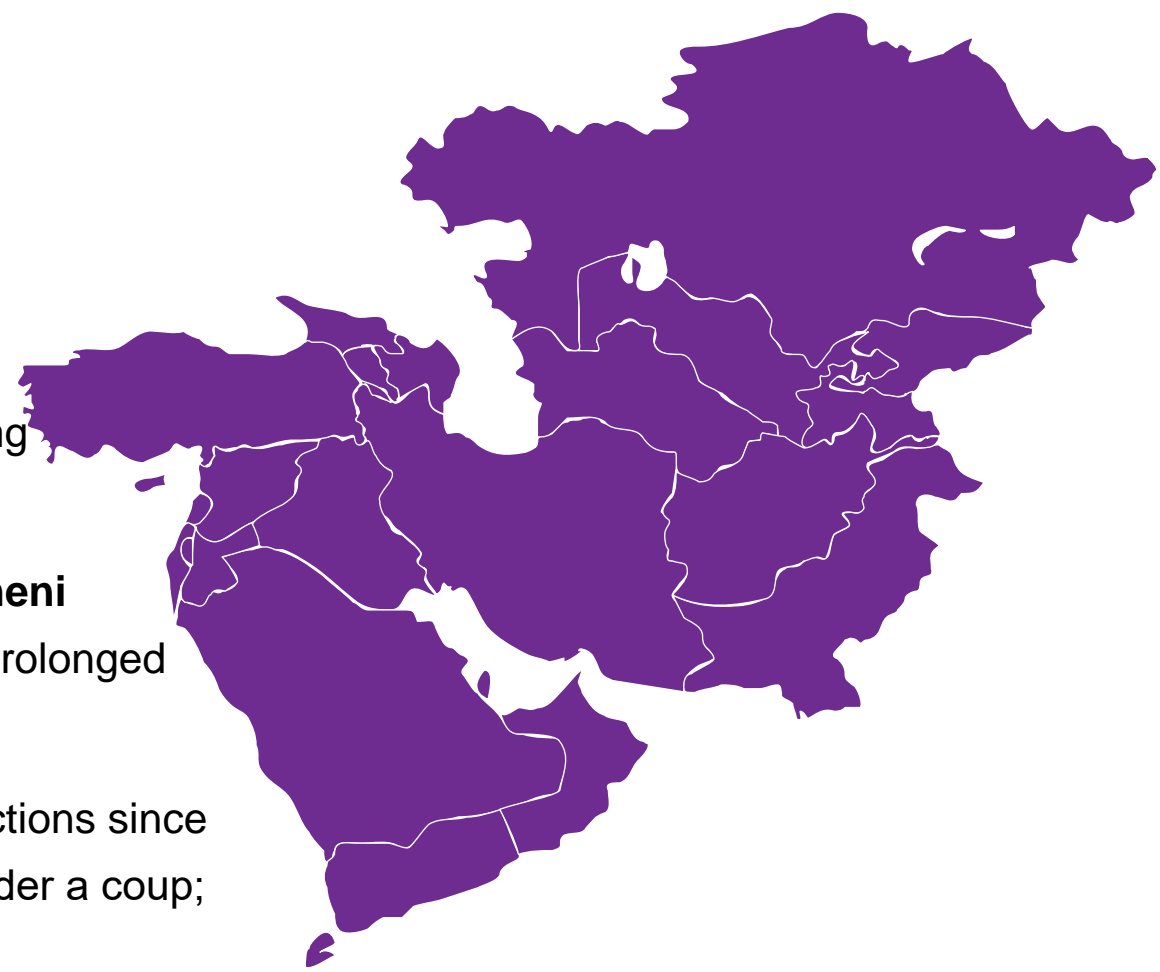
*All interaction with Dentons is attorney-client privileged*

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

# Middle East

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- An **Irish** soldier was shot and killed and a second injured after encountering a “*hostile crowd*” on a UNIFIL peacekeeping mission in **Lebanon**. Hizballah claimed not to be involved.
- Human rights groups report that nearly 75 percent of the **Yemeni** population is without water and sanitation services amid the prolonged humanitarian crisis there.
- **Tunisian** voters are preparing for their first parliamentary elections since the body’s dissolution by President Saied in what many consider a coup; the opposition plans to boycott.
- Thousands of truck drivers in **Jordan** are on strike over high fuel prices; some shops shuttered in solidarity throughout the country.



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# Americas

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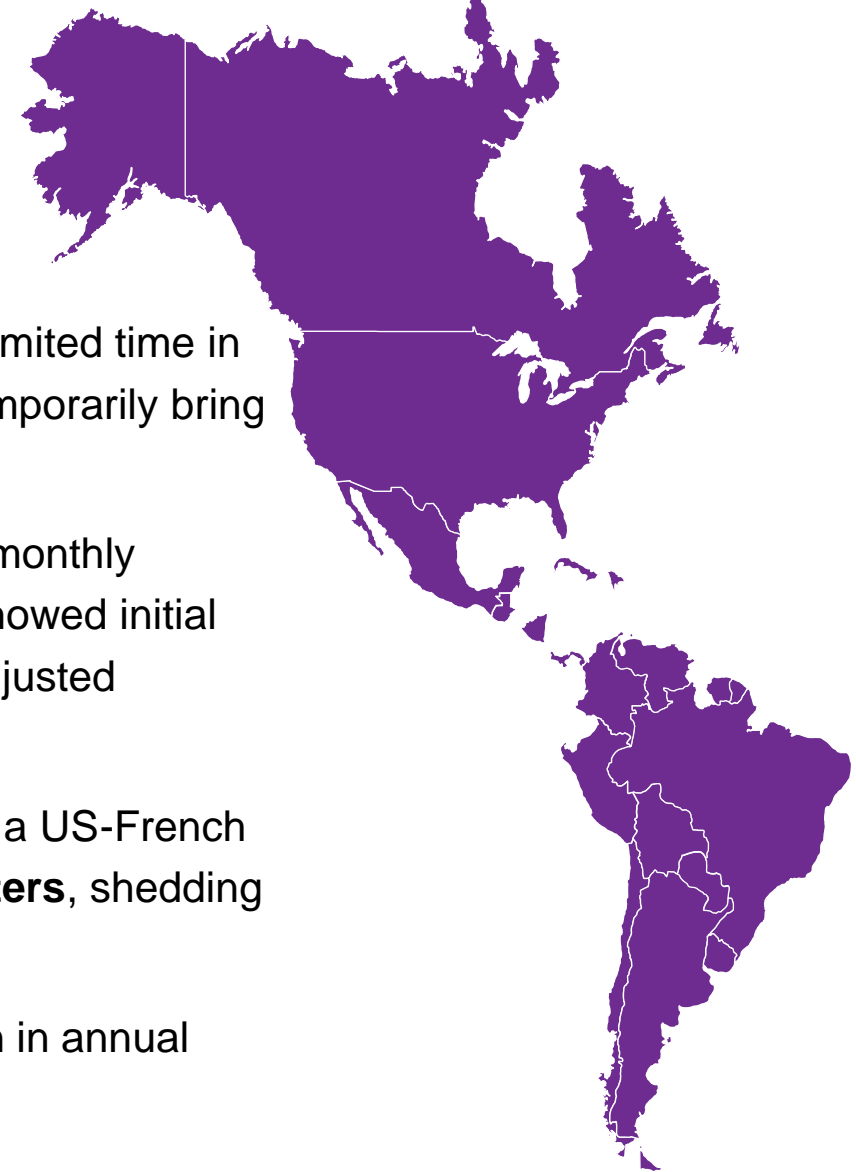


- **Peru** announced a nationwide state of emergency, granting police special powers and limiting freedoms including the right to assembly, after a week of fiery protests that have left at least eight dead. The rift between Peru and other leftist Latin American countries deepened as Peru called back its ambassadors from **Mexico and Argentina**, which have criticized the ouster of President Castillo.
- **Honduras** and the United Nations signed an agreement that paves the way for a new international anti-corruption commission in the Central American nation, where widespread graft has fueled violence and spurred mass migration.
- Many of the hundreds of migrants who crossed the Rio Grande from Ciudad Juarez into El Paso this week were part of a group kidnapped for ransom in **Mexico** as they made their way to the **US**.
- **Mexico's** Congress yesterday passed legislation that will reduce the powers of the National Electoral Institute, a government agency that has won praise internationally for putting an end to decades of blatant voting fraud and setting the country on a course to democracy in the 1990s.

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# Americas: US

- The US will resume its free at-home rapid **Covid-19 testing** program for a limited time in anticipation of a potential winter surge in cases. Philadelphia schools will temporarily bring back **face masks**.
- US **retail sales** fell more than expected in November, notching the biggest monthly decrease since December 2021. A fifth report from the Labor Department showed initial claims for state **unemployment** benefits declined 20,000 to a seasonally adjusted 211,000.
- A SpaceX rocket is scheduled to launch from California early today carrying a US-French satellite designed to conduct the first **global survey of Earth's surface waters**, shedding new light on the mechanics and consequences of climate change.
- The Senate passed legislation on Thursday authorizing a record \$858 billion in annual **defense spending**, \$45 billion more than proposed by President Biden.



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# Event Goers in the New Year Must Be Aware of Unique Cyber Threat Vectors

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

***Attendees at international conferences and events in 2023 should be mindful that event-related apps and certain swag items such as USB sticks can be exploited by hostile nation states and cyber criminals to hack private emails, texts, and even voice conversations.***

Apps that purport to help participants navigate a particular event, for example, can provide foreign intelligence agencies with a goldmine of information from phones, while removable USBs give hostile actors a unique vector to target closed-off networks and systems. In the New Year, as usual, humans will remain the most vulnerable aspect of cybersecurity. Security teams should provide international travelers with situational awareness and also conduct regular audits of apps and USB devices used on the devices of an organization.

## ***Hackable Apps***

Ahead of the recent United Nations Climate Change Conference (COP 27) held in Sharm el-Sheikh, Egypt, cybersecurity advisers from several Western nations cautioned participants that an official Android app for the event may not be safe. They warned that once downloaded, the app could grant Egyptian authorities permission to read users' emails and messages and even messages shared via encrypted

services like WhatsApp. In the past, conference apps have also been hacked to expose the names of all attendees and other user information. In 2023, summits held in locales worldwide will similarly provide foreign powers opportunities to spy on the sensitive communications of companies and organizations.

## ***USB Threat***

The use of infected USB keys is gaining traction among profit-seeking cyber criminals in addition to intelligence agencies. In January 2022, the Federal Bureau of Investigation (FBI) warned the US private sector about criminal hackers that mail infected USB devices to businesses and deceive them into installing malware onto systems. It is plausible that USB devices handed out at conferences and events in 2023 could help bad actors to infiltrate computer networks. Event hosts that give away USB sticks might even be unaware that after insertion, the removable device could register itself as a keyboard and execute

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pre-configured keystrokes on compromised machines. Once inside, the attackers could gain administrator access and move laterally across a victim's network.

One ongoing cyber espionage campaign that utilizes removable USB storage keys as the initial attack vector was recently revealed by security firm Mandiant. Although there is yet little information on the exact attacker, Mandiant believes the actors to be Chinese in origin, a suspicion based on its targeting of systems in the Philippines for the purposes of intelligence collection. Conference goers in 2023 should know that USBs can be especially useful when targeting air-gapped systems, which are isolated from any Internet connection, and international events may serve as an unsuspecting arena in which to disperse them.

## ***Look Ahead***

As geopolitical tensions around the world escalate in 2023, cyber criminals and hostile governments will consider novel ways to obtain

sensitive information they deem as valuable. In the past, attacks made possible by USB devices, such as the 2010 Stuxnet malware incident that infected more than 14 Iranian nuclear facilities and incapacitated approximately 900 centrifuges, were mostly intended to destroy the infrastructure of adversaries. Looking ahead, however, exploitable apps and infected USBs might be embraced as low-cost, low-risk tools for cyber espionage or other types of cyber malfeasance.

## ***What Should Organizations Do?***

Event goers in the new year must be aware that they might be seen as potential avenues into a sensitive network. Conference-related apps should be vetted by cybersecurity teams, while those traveling on behalf of organizations should know that inserting unfamiliar USB or other removable media devices into the corporate network is never a good idea. Creating and socializing a removable media policy is a good way for organizations to start to address how their workplaces think and use removable media.

# Event Goers in the New Year Must Be Aware of Unique Cyber Threat Vectors

Other best practices for USB risk mitigation include but are not limited to:

- Perform an audit on current USB devices in the organization.
- Scan organizational network for removable media devices to determine where USB devices are being used.
- Identify authorized personnel allowed to use removable media.
- Create an encryption process for all removable devices.
- Require regular reporting to ensure safeguard policies are in place.

Dentons offers business leaders a full complement of counseling and advice for cyber risk management 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

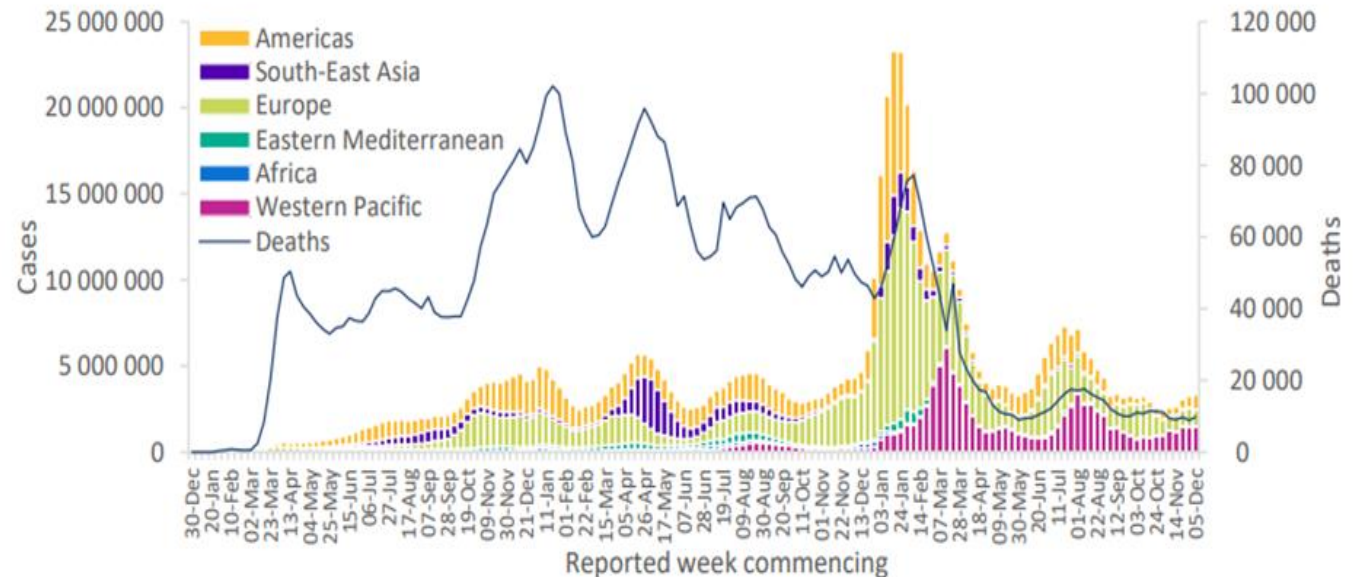
As of 6:09 pm CEST on December 15, 2022

# Coronavirus Snapshot

**Globally, confirmed coronavirus cases topped 646.7 million with 6.6 million deaths; more than 13.0 billion vaccine doses have been administered.**

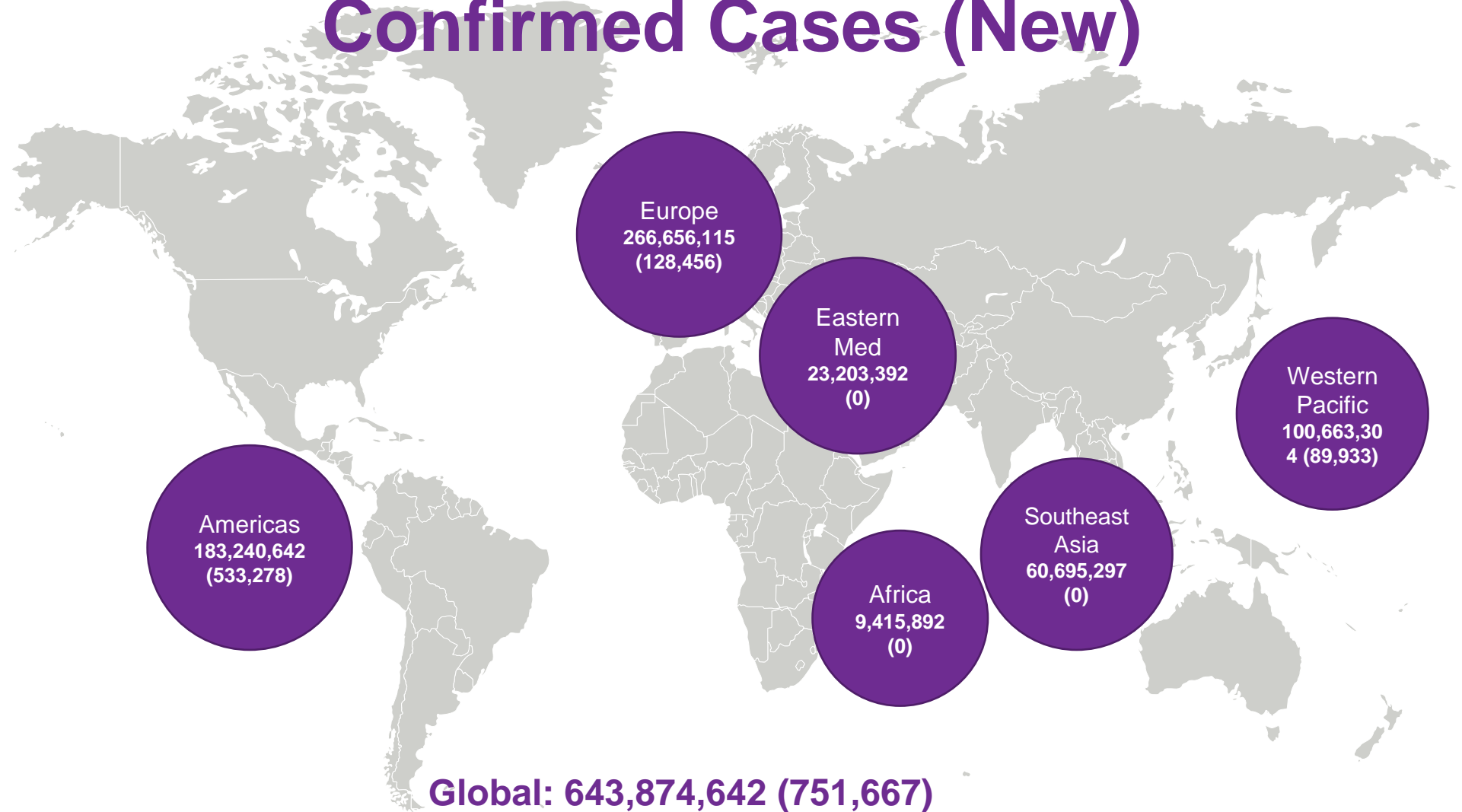
- Globally, the number of new weekly cases remained stable (+2 percent) during the week of 5 to 11 December 2022 as compared to the previous week, with over 3.3 million new cases reported.
- The number of new weekly deaths increased by over 10 percent as compared to the previous week, with over 9,700 new fatalities reported.

Figure 1. COVID-19 cases reported weekly by WHO Region, and global deaths, as of 11 December 2022\*\*



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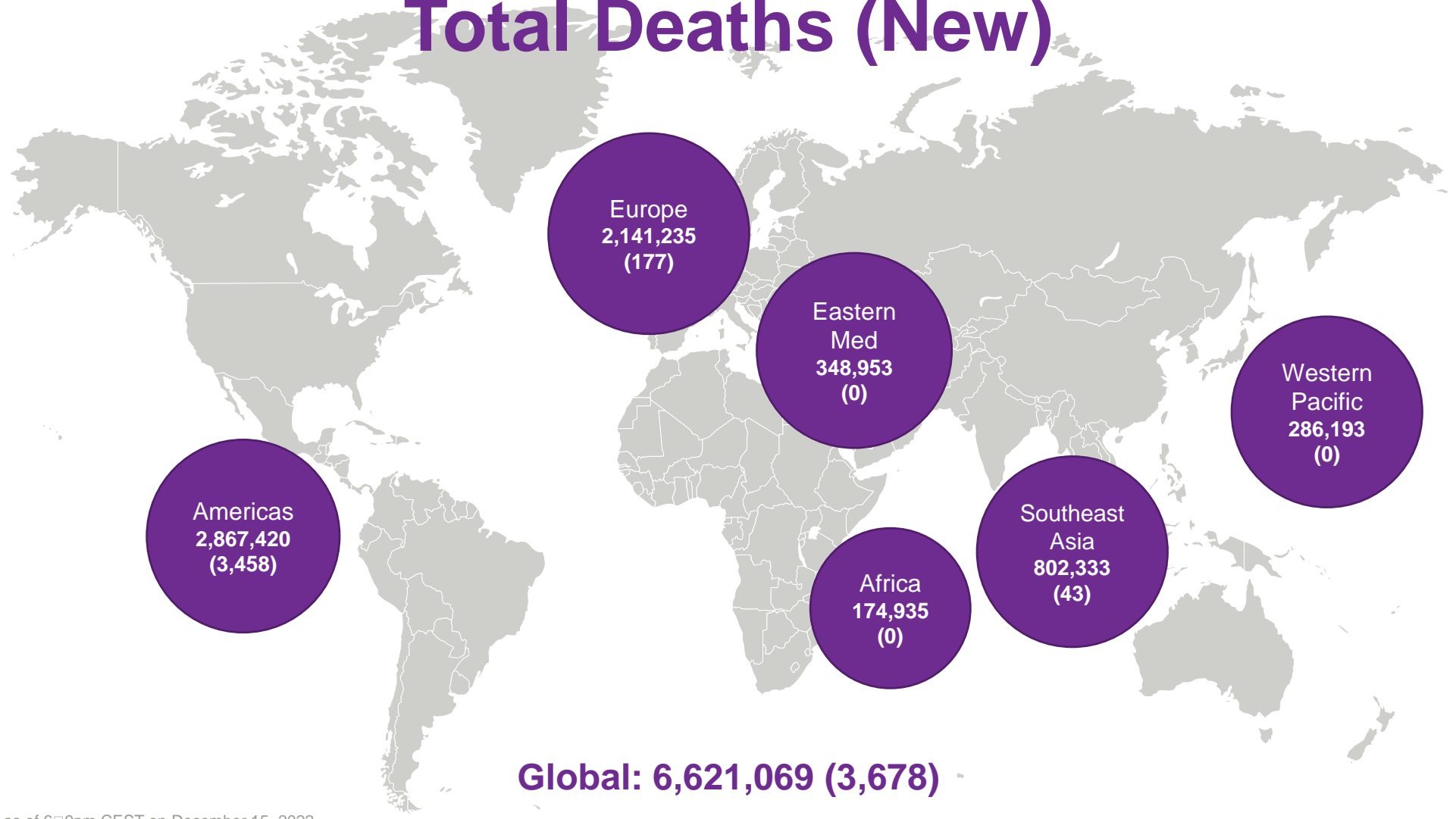
# Confirmed Cases (New)



Reflects data as of 6@9pm CEST on December 15, 2022.  
Data Source: World Health Organization

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# Total Deaths (New)



Reflects data as of 6:09pm CEST on December 15, 2022.  
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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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