

Dentons Flashpoint

Global Situation Report

December 21, 2022

Global Situation Update: December 21, 2022

KEY TAKEAWAYS

Ukrainian President Zelensky travels to the US seeking added air defense capabilities.

The US and WHO warn of global risks of COVID-19 surge in China.

The World Bank cuts its China growth outlook for this year and next.

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

Ghana's precarious economic position will drive heightened civil unrest and stability risks in the weeks ahead as major labor unions vow to strike in response to the government's acceptance of a \$3 billion bailout with the IMF. Laborers are angry as Ghana, a top cocoa and gold producer with oil and gas reserves, may include workers' pensions in a debt swap program as part of the IMF loan terms.

The political opposition accuses the government in Accra of begging the West and will capitalize on weaknesses to boost its chances of returning to power after the December 2024 elections. In Africa, as a whole, 2023 will be a crucial year for the credibility of debt restructuring by China and the West as Chad and Zambia also seek debt relief.



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Global

Ukrainian President Zelenskiy is travelling to the US to meet President Biden and address Congress today in his first known overseas trip since Russia invaded in February.

- US President Biden is expected to announce a new package of military assistance for **Ukraine** valued at nearly \$2 billion that will include a Patriot missile battery to help it defend itself against barrages of Russian missiles.
- Britain accused **Russia** of planning to give **Iran** advanced military components in exchange for hundreds of drones, calling on the West to do more to expose the trade.
- Chinese president Xi Jinping has reiterated a call for peace talks between **Russia and Ukraine** after surprise talks with Dmitry Medvedev, Russia's deputy security council chief.
- The US offered to share vaccines with China to stem **soaring COVID-19 cases**, saying containing the outbreak was in the interest of the world. The WHO assesses new COVID surges in China could prolong the pandemic, spawning new variants. Modeling suggests up to 1 million Chinese could die, given low immunity and vaccination levels.

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Markets & Business

The US Consumer Financial Protection Bureau fined Wells Fargo & Co with the largest ever civil penalty on Tuesday as part of a \$3.7 billion agreement to settle charges over widespread mismanagement of car loans, mortgages and bank accounts.

- Elon Musk announced he will step down as **Twitter Inc** CEO once he finds a replacement but will still run some key divisions of the social media platform.
- The **Bank of Japan** caught investors by surprise with an unexpected change to its yield control policy, a core tenet of its monetary policy, sending shockwaves across the currency, bond and equity markets. Japanese government bond prices have lurched lower for the second straight day as markets react.
- EU officials launched an antitrust investigation into **Broadcom's** \$69 billion acquisition of cloud software company **VMware**, claiming that the combined group could harm competition in the technology industry.
- **Amazon** reached a deal with EU regulators to settle competition concerns around its use of non-public data through new measures aimed at levelling the playing field for sellers in its marketplace.

Environment, Sustainability & Governance

Investors pulled more money from funds marketed as "*sustainable*" than they added for the first time in more than a decade in 2022, hit by fallout from the Ukraine war, tumbling financial markets and a political backlash against the industry.

- The **UN Biodiversity Conference** ended in Montreal, Canada with a landmark agreement to guide global action on nature through to 2030, including commitments to manage the remaining 70 percent of the planet to prevent losing areas of high importance to biodiversity and to ensure that big businesses disclose biodiversity risks and impacts from their operations.
- The US Environmental Protection Agency announced it is finalizing new emissions standards to drastically cut smog- and soot-forming **emissions from heavy-duty trucks**.
- 3M set a 2025 deadline to stop producing PFAS, "**forever chemicals**," used in everything from cell phones to semiconductors which have been linked to cancers, heart problems and low birth weights.
- EU countries voted day in favor of weakening the bloc's planned law to cut **methane emissions** in the oil and gas sector.

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Africa

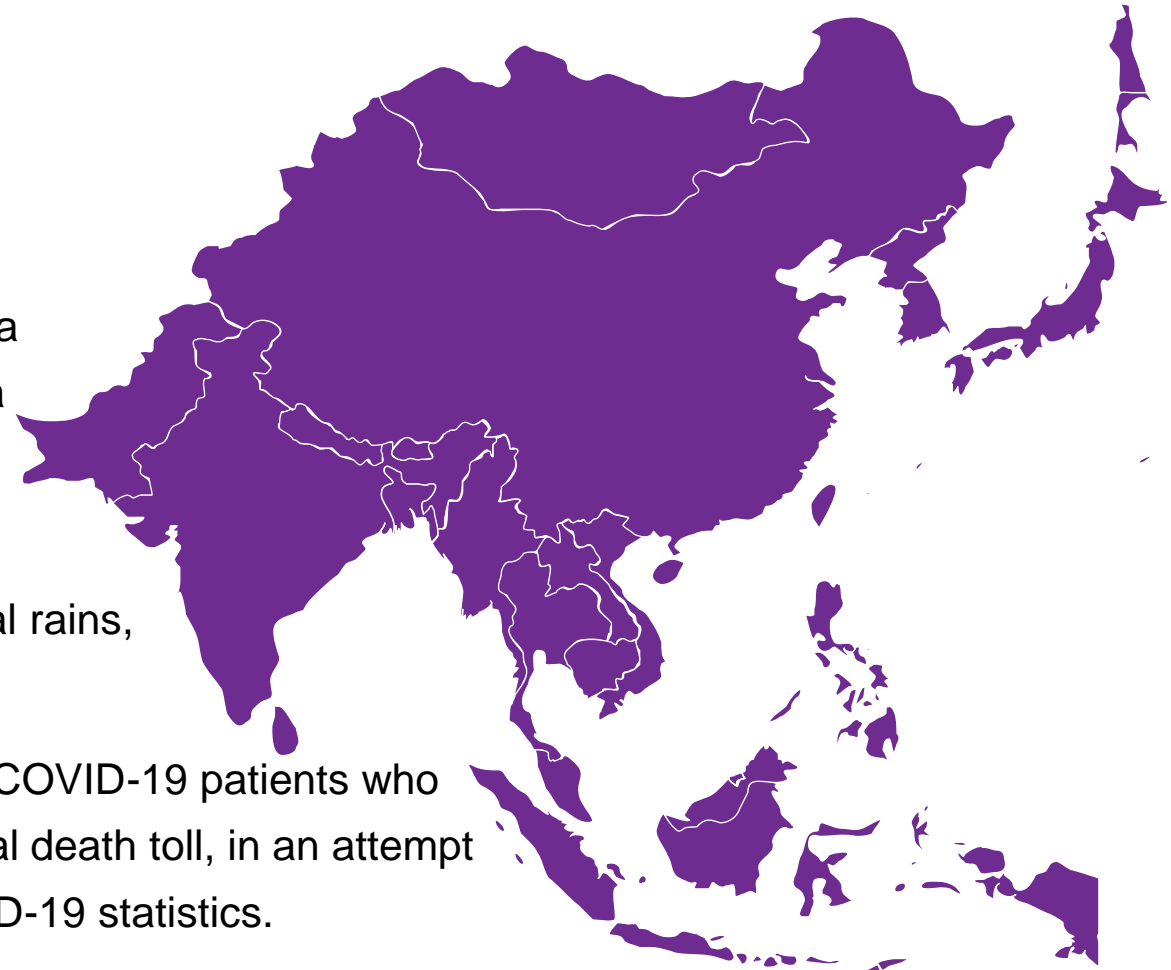
- **Somalia's** President Hassan Sheikh Mohamoud said that soldiers who have been training in Eritrea for months (or rumored to be involved in the offensive against Tigray) would begin returning to the country in the coming days.
- **Ethiopia's** largest bank, the Commercial Bank of Ethiopia, announced that it had resumed financial operations in some towns in the troubled Tigray region after a shutdown of more than a year.
- The UN Security Council voted to ease a weapons embargo meant to stem rebel fighting in eastern **Democratic Republic of Congo** and renewed a peacekeeping mission there for another year.
- The World Bank is releasing \$100 million for **Zambia** amid substantial delays in its debt restructuring efforts as its creditors drag their feet. Zambia became the first African country to default in the COVID-19 era in 2020, but the restructuring of its external debts of almost \$15 billion with creditors including China and Eurobond holders has been greatly delayed.



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Asia

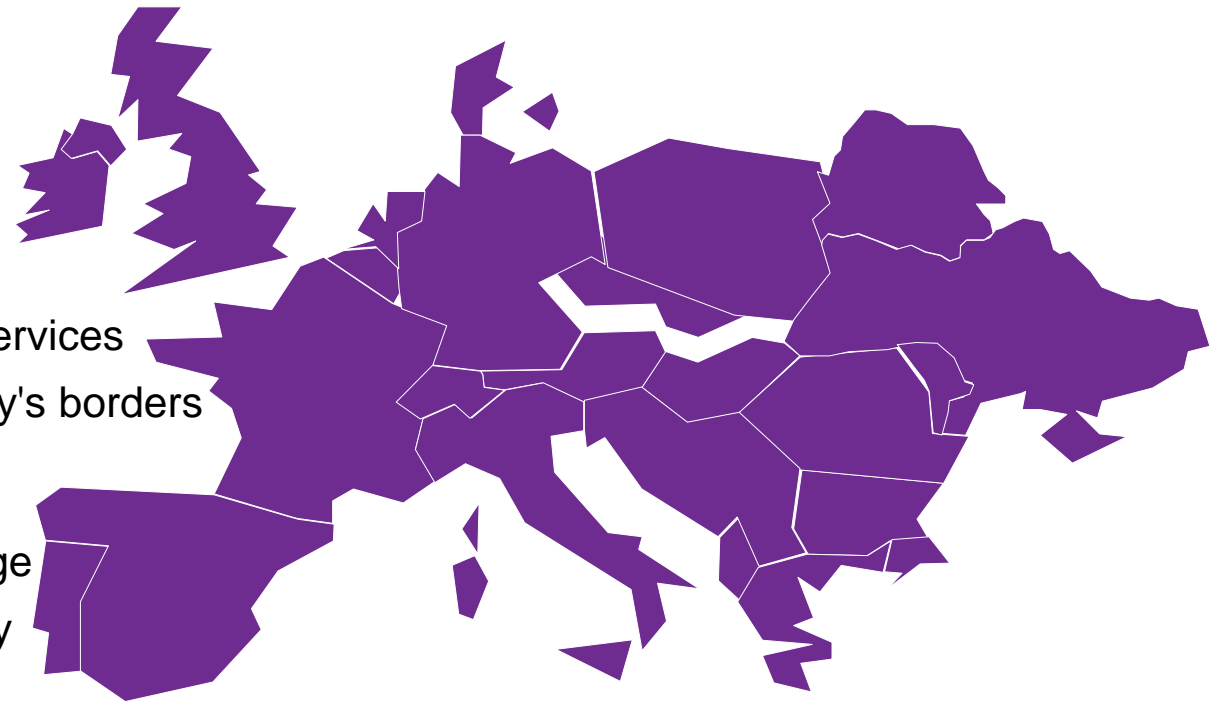
- **Fiji** will have a new leader for the first time in 16 years after a national election resulted in three parties joining up to form a government in the Pacific island nation, dislodging Frank Bainimarama's Fiji First party.
- **Malaysian** towns were left inundated in the wake of torrential rains, forcing more than 72,000 people to evacuate.
- **China's** National Health Commission has clarified that only COVID-19 patients who die from respiratory failure will be counted towards the official death toll, in an attempt to address the gap between recent deaths and official COVID-19 statistics.
- The World Bank cut its **China** growth outlook for this year and next, citing the impact of the abrupt loosening of strict COVID-19 containment measures and persistent property sector weakness, forecasting that China's economy will grow 2.7 percent in 2022, before recovering to 4.3 percent in 2023 as it reopens following the worst of the pandemic.



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Europe

- **Russian** President Putin ordered the Federal Security Services to step up surveillance of Russian society and the country's borders to prevent risks from abroad and traitors at home.
- The World Bank approved an additional financing package totaling \$610 million to address urgent relief and recovery needs in **Ukraine** as the war with **Russia** continues.
- Buckling under-inflation of 10 percent, **Britain** is currently experiencing the largest spate of industrial action since the 1970s and 80s, with railway workers, ambulance drivers, postal services, border police and airport staff with strike actions through the end of the year and there are further walkouts planned at the start of 2023.
- Disgraced **Greek** politician Eva Kaili has reportedly given a partial confession of guilt in a high-profile corruption scandal that has rocked the **EU**, according to media reports. Kaili's husband Giorgi reportedly told authorities that he was part of a group that facilitated the funneling of bribes from **Qatar and Morocco** to parliamentarians in exchange for influence on EU policy.



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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](#).

Middle East



- **Afghanistan's** ruling Taliban released two **American** nationals in what appeared to be a goodwill gesture, per the US State Department. Afghan militants are holding other US citizens.
- **US** President Joe Biden said last month that the **Iran** nuclear deal was “*dead*,” but he would not announce that publicly, according to a new video.
- The Pentagon announced that **US** forces conducted their second operation against ISIS militants in **Syria** over the last week, capturing six terrorists, including a senior official.
- Runoffs will be held in most **Tunisian** regions after only 21 candidates secured victory in the first round of parliamentary elections, the electoral commission said.

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Americas

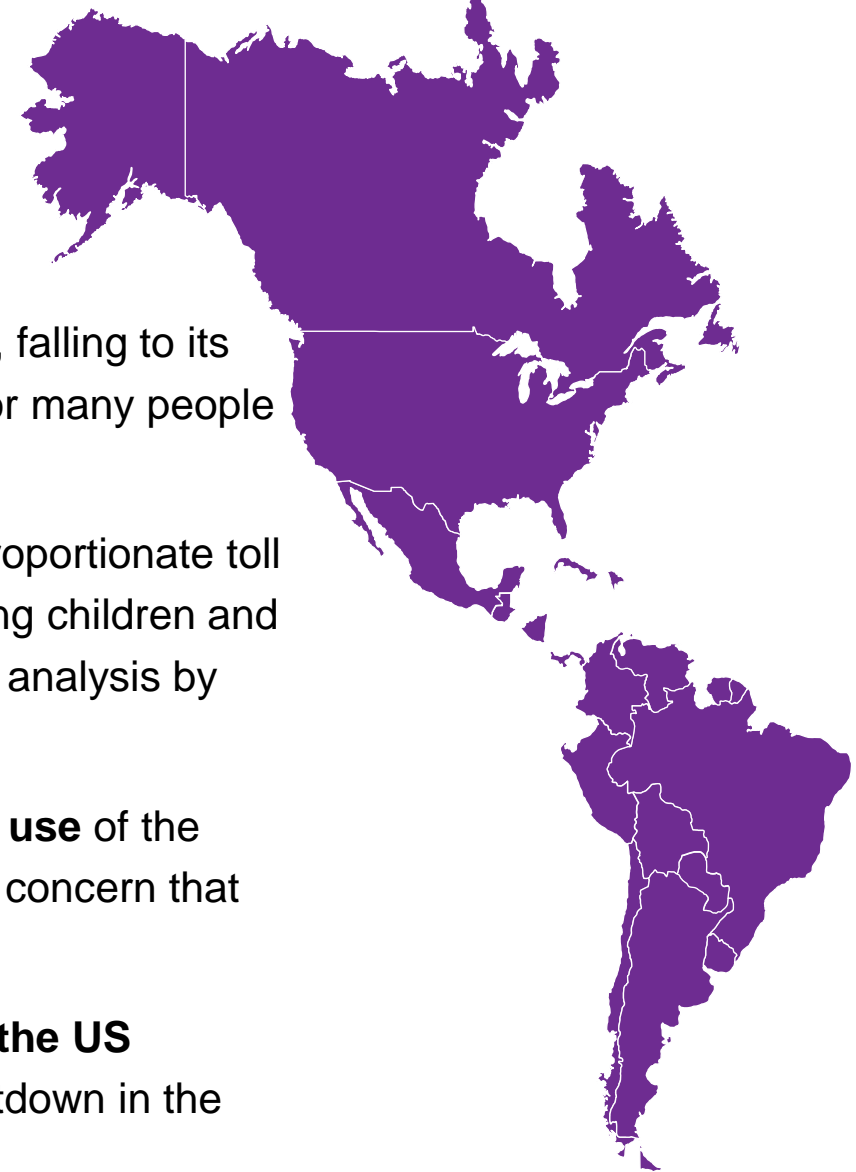


- The head of **Peru's** electoral jury gave Congress the provisional green light to bring forward a general election to the end of 2023.
- **Mexico** has granted asylum to the family of the former **Peruvian** President Pedro Castillo after he was removed from office, arrested and charged with a “rebellion” for attempting to shut down congress earlier this month.
- **Brazilian** lawmakers reached an agreement yesterday to cut the length of a proposal to expand the country's spending cap to fund social welfare payments. Brazilian President-elect Luiz Inacio Lula da Silva said that **Russian** President Vladimir Putin had congratulated him on his recent election win and talked of stronger relations between the two countries.
- The **US** is requesting new dispute settlement consultations under the US-Mexico-Canada Agreement (USMCA) trade deal related to **Canadian** dairy import tariff policies.

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Americas: US

- The rate of **new home construction** in the US declined again in November, falling to its lowest level since July as mortgage rates remained high, making it harder for many people to buy a home.
- The increase in **firearm-related fatalities** among US youth as taken a disproportionate toll in the Black community, which accounted for 47 percent of gun deaths among children and teens in 2020 despite representing 15 percent of that age group overall, per analysis by the CDC.
- State agencies in Louisiana and West Virginia became the latest to **ban the use** of the popular social media service **TikTok** on government-managed devices over concern that China could use it to track Americans and censor content.
- The Senate began debating a bipartisan, roughly **\$1.7 trillion deal to fund the US government**, as Democrats and Republicans raced to avert a potential shutdown in the final days of the year.



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Key Takeaways from the US-Africa Summit

By Anni Coonan

Last week, President Joe Biden hosted the leaders of 49 African countries and the African Union in Washington, DC, for a wide-ranging three-day conference intended to boost US-Africa cooperation and demonstrate US commitment to the continent after several years of inattention.

Washington's unstated goal of the summit was also to counter Chinese influence in Africa, where the US is on the back foot after failing to keep up with the rate of Chinese investment over the last two decades. A week after the summit kicked off, the convening appears to have been a modest success, with significant investments and bilateral commitments, but time will only tell if Washington's bid against Beijing will begin to bear fruit.

American Ambitions

As the US continues to see itself locked in a global great power competition with China, the driving forces behind ambitions for closer African ties are clear. The US is eager to capitalize on Africa as a large market for US exports, as well as gain more access to resources like cobalt and lithium that are increasingly crucial as the world pivots toward renewable technology. The US also

sees security concerns in Africa, where al-Qaida and Islamic State affiliates have proliferated. Additionally, Washington thinks that a large African voting bloc could potentially act as a potent ally in multilateral fora – although the feasibility of this is in doubt, as many African nations have historically chosen to side with China or simply not take a side in past politically-charged United Nations votes, for example.

Overlaying specific concerns and opportunities is the US desire to counter significant Chinese influence on the African continent in a bid to reduce China's global power and chip away at its spheres of influence. China is Africa's largest individual lender, and China-Africa trade was almost four times the volume of US-Africa trade in 2021 (per a Eurasia Group analysis). The US is also concerned about potential Chinese military presence on the continent, including China's new naval bases in Equatorial Guinea and Djibouti.

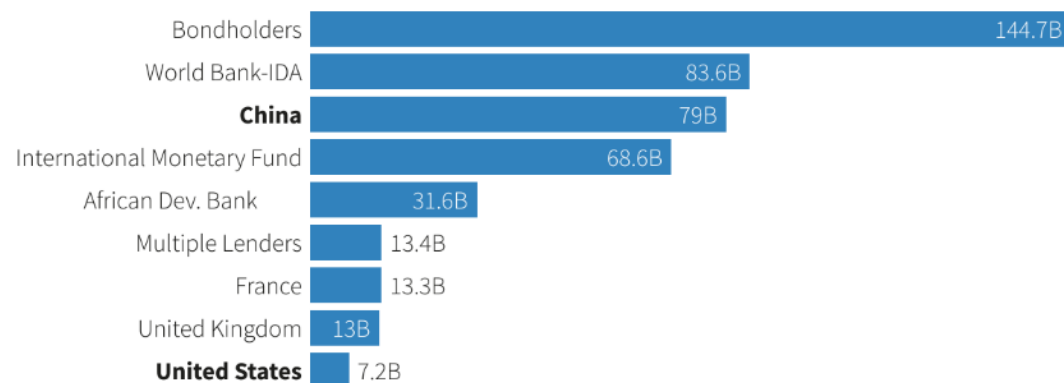
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Key Takeaways from the US-Africa Summit

Sub-Saharan Africa's largest lenders (USD)

Total loans outstanding in 2021

● Total debt in 2021 (USD)



Source: World Bank

Key Developments

The headline number from the summit was the US' announcement of \$55 billion in investments over the next three years. The package, which brings with it a new Special Presidential Representative for US-Africa Leaders Summit Implementation, will invest the sums in

various efforts encompassing technology and innovation, food security, climate, health, democracy and governance, and peace and security. Key initiatives include a Memorandum of Understanding between the US and the African Continental Free Trade Area (AfCFTA) Secretariat, which will expand trade between the US and AfCFTA, and some \$21 billion in lending funds made available to low- and middle-income countries for recovery from the COVID-19 pandemic. During the three-day convening, Biden also hinted at a presidential tour in 2023. Ahead of the summit, US officials also affirmed the US' previously-stated ambition to secure a permanent G20 seat for the African Union.

Prospects for Great Power Competition

Africa is arguably the region where the US faces its steepest uphill climb to compete with China, as Beijing has spent the last twenty years significantly increasing its economic investment, physical footprint, and soft power there. Despite positive outcomes from the summit, African leaders will certainly be waiting for the proverbial checks to clear before sincerely reassessing their bilateral ties and commitments to China. The US is largely competing against its own legacy: the last US-Africa Summit was hosted in 2014 by President

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Key Takeaways from the US-Africa Summit

Barack Obama, and most African countries remember it as an empty promise – shortly after the meeting, Washington cut foreign aid, including lifesaving funding to PEPFAR. While competing with China has become Washington's number one priority, incentivizing the US to be a steadier partner in all areas, Biden will face roadblocks regardless of the sincerity of his commitment: several of the investment vehicles agreed upon at the summit, including the \$21 billion in COVID-19 recovery funds, will require Congressional sign-off, and the three-year plan could easily be disrupted by Democrats losing the Senate or White House in 2024.

China is also not going down without a fight in Africa. One area where the US will struggle to compete is on human-rights related issues. China remains an attractive investment partner the world over in part due to its doctrine of noninterference, while the US is seen throughout much of the developing world as overly invested in internal issues of governance and social norms. Indeed, four African leaders (those of Mali, Guinea, Sudan, and Burkina Faso) were not invited to Washington due to recent coups, while China has had no issues maintaining economic relations with all four. China is also making efforts to push back on debt-trap accusations, notably by forgiving 23 loans for 17 African countries in August, and

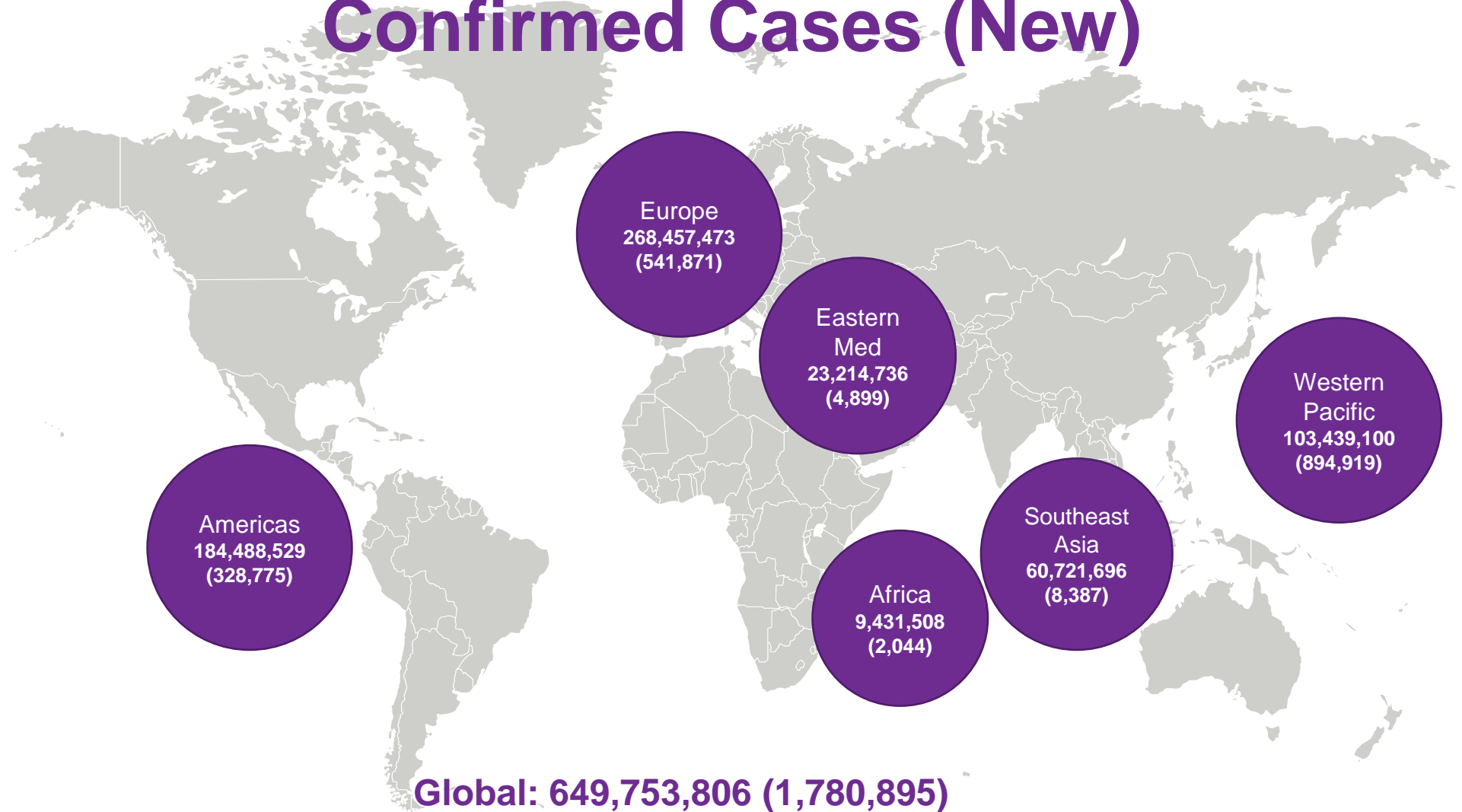
participating in debt restructuring talks for Zambia, the first time Beijing has partnered with other creditors to consider a debt haircut. Africa will remain a contested site for China and the US for some time to come, despite the continent's stated ambitions that they do not wish to be drawn into great power competition.

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Coronavirus Condition Updates

As of 4:54 pm CEST on December 20, 2022

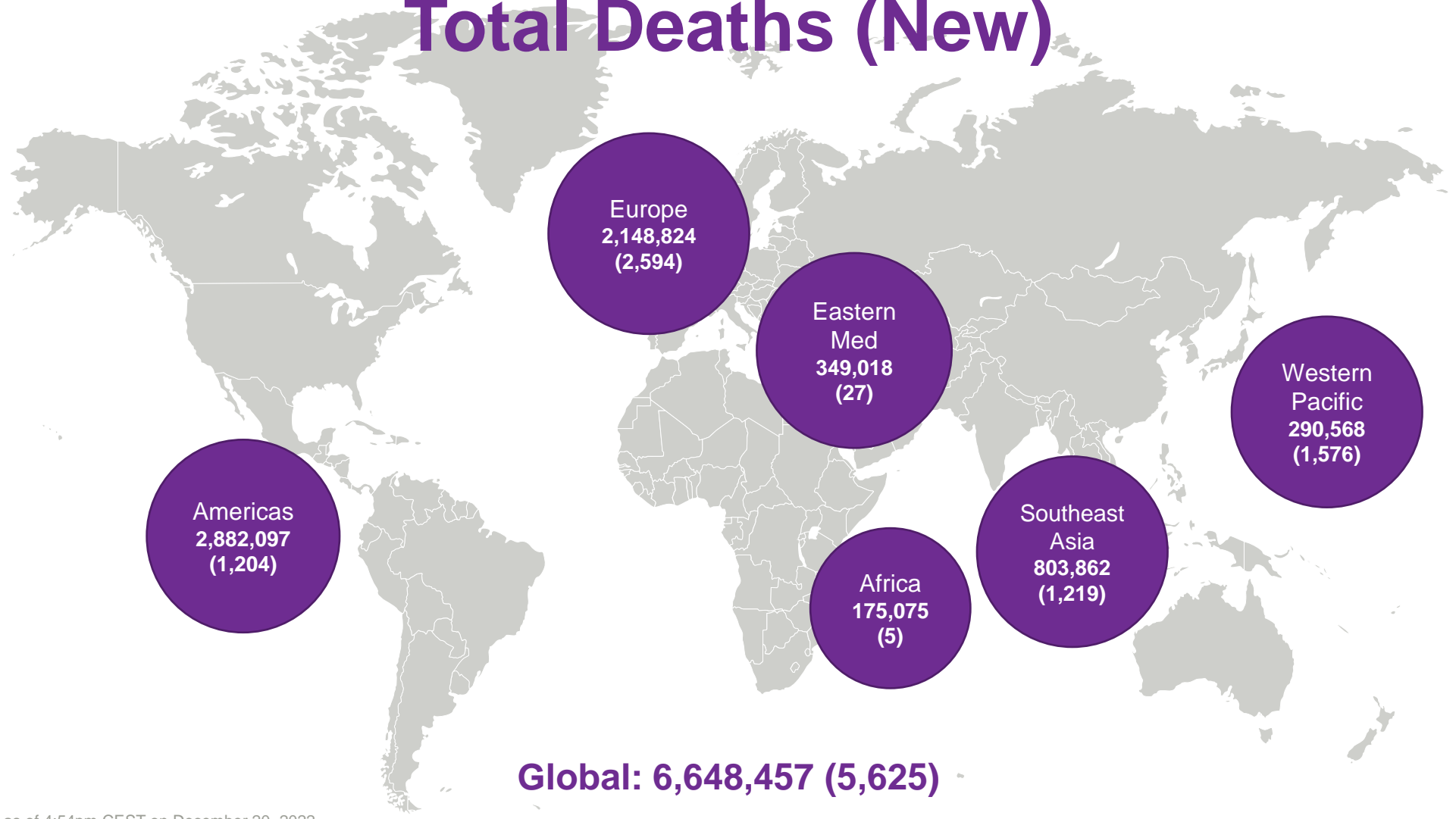
Confirmed Cases (New)



Reflects data as of 4:54pm CEST on December 20, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 4:54pm CEST on December 20, 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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