

# Dentons Flashpoint

## Daily Global Situation Report

January 13, 2022

# Global Situation Update: January 13, 2022

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## KEY TAKEAWAYS

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The Forest 500 report found that financial institutions and companies with the most influence are doing little or nothing to address deforestation.

The OSCE is meeting in Vienna today in the latest attempt to avert a major European crisis as Russia masses troops on Ukraine's border.

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## WHAT WE'RE WATCHING

Tensions are running high between Armenia and Azerbaijan once again after clashes killed three Armenian soldiers and one Azerbaijani, with several others injured on both sides. Artillery and drone attacks are also reportedly occurring along the disputed border in the most serious outbreak of fighting in months. Any further escalation of violence could threaten the ceasefire that Russia brokered in late 2020.

The threat of periodic skirmishes along the Armenia-Azerbaijan shared border and in and around Nagorno-Karabakh remains high as both parties continue to use military activity as a means of pressuring the other side to make concessions. A peace agreement and bilateral business-friendly accords on energy and transportation are now unlikely in coming months despite recent talks.

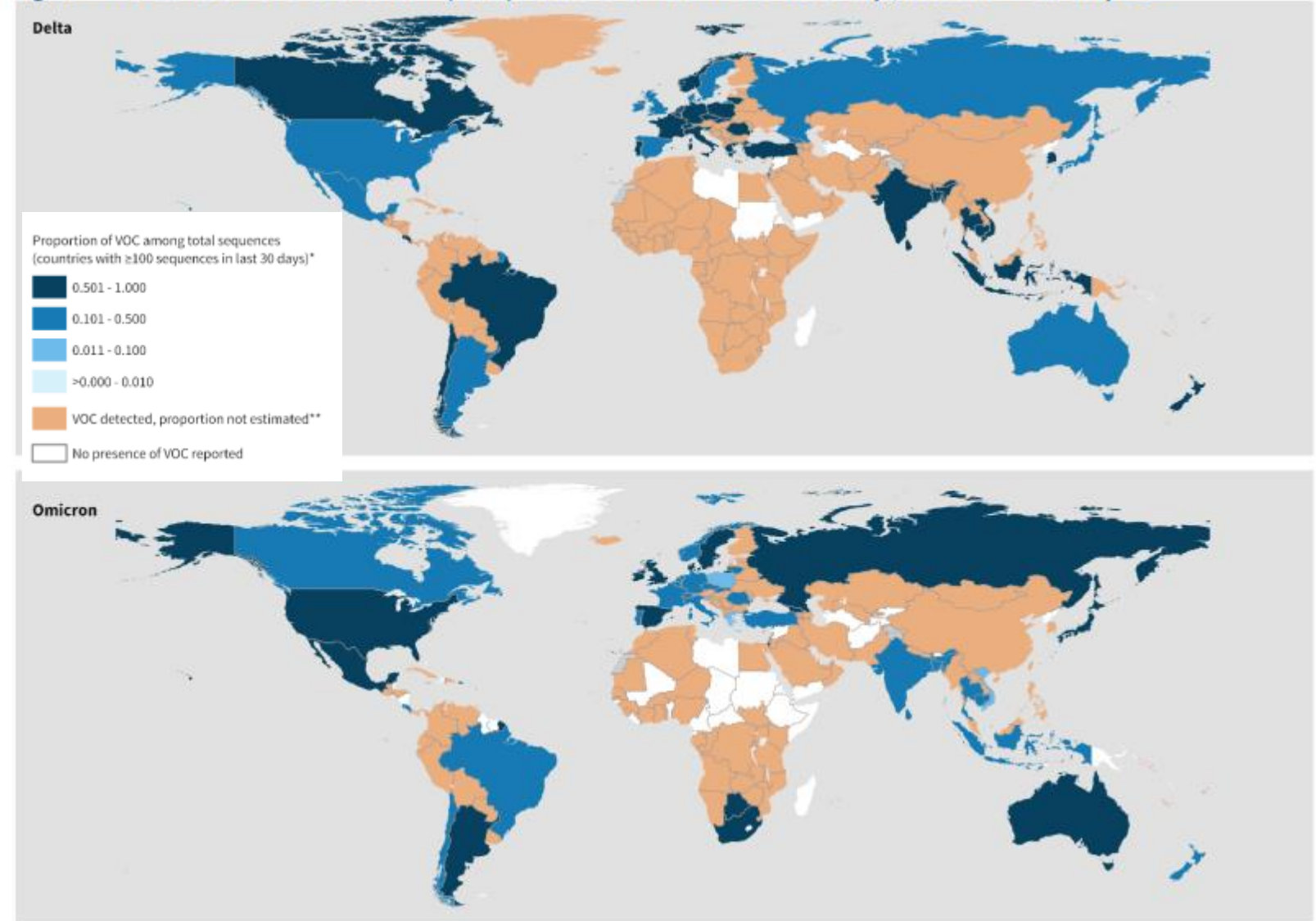


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# Global

The WHO reports that the Omicron variant has a substantial growth advantage and is rapidly replacing other variants. This variant has been shown to have a shorter doubling time as compared to previous variants, with transmission occurring even amongst those vaccinated or with a history of prior; there is increasing evidence that this variant is able to evade immunity.

Figure 4: Prevalence of variants of concern (VOCs) Delta and Omicron in the last 30 days, data as of 11 January 2022



See also Annex 2 for reported VOC detections by country/territory/area

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# Global

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**Globally, confirmed coronavirus cases topped 312.1 million with 5.5 million deaths; almost 9.1 billion vaccine doses have been administered.**

- Eight countries - Iran, Sudan, Venezuela, Antigua and Barbuda, Congo, Guinea, and Papua New Guinea – lost their **right to vote at the UN** over unpaid dues.
- **Pirate attacks** on ships fell to their lowest level in nearly three decades last year, driven by a steep decrease off West Africa, per watchdog International Maritime Bureau.
- AstraZeneca reported that preliminary data from a trial showed that its **COVID-19 shot, Vaxzevria**, generated an increase in antibodies against the Omicron and other variants when given as a third booster dose.
- Pfizer Inc said **booster doses of its COVID-19** vaccine can be administered along with its pneumonia vaccine and produced strong safety and immune responses in people aged 65 and above.

# Markets & Business

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**The global life insurance industry was hit with reported claims due to COVID-19 of \$5.5 billion in the first nine months of 2021, up from \$3.5 billion for the whole of 2020.**

- The US Securities and Exchange Commission is investigating **Hyzon Motors**, after a short-seller reported the hydrogen fuel-cell truck maker's largest customer Shanghai HongYun was a "fake company" and that it was formed days before announcement of a deal to supply 500 fuel-cell vehicles.
- **Coinbase** is buying **FairX**, a fledgling futures exchange, to gain a foothold in cryptocurrency derivatives, complementing its presence as the biggest US-based spot exchange for digital currencies.
- **Crown Resorts** has agreed to enter into exclusive takeover talks with **Blackstone Group** after the US private equity group increased its bid to buy the Australian gaming company for about A\$8.9 billion (US\$6.5 billion).
- Container logistics giant **Maersk** moved its net-zero emissions target from 2050 to 2040.

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# Environment, Sustainability & Governance

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**Activist investor group Engine No. 1, which secured seats on Exxon's board, launched a new platform that will allow investors in its ETF to see the fund's votes on every company proposal, increasing transparency for ESG-focused investors.**

- The Dutch wing of environmental group Friends of the Earth is targeting 30 major corporate emitters of **greenhouse gases in a campaign** launched on Thursday. Friends of the Earth won a landmark court victory against Royal Dutch Shell last year.
- Sustainable investing-focused group the Institutional Investors Group on Climate Change published an open letter to the EU urging the bloc to exclude gas from the **EU Taxonomy classification system** in ESG, a sticking point for the development of the EU's ESG system.
- BlackRock announced the establishment of the BGF Climate Action Multi-Asset Fund and the BGF Climate Action Equity Fund, both of which will integrate **ESG criteria into the investment process.**
- The Forest 500 report found that financial institutions and companies with the most influence are doing little or nothing to address deforestation; a third of the 350 companies examined had no policies in place to guarantee that their products are not driving **deforestation.**

# Africa

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- The **US** threatened sanctions if **Somalia** misses its latest deadline for elections, on February 25, following several months of delays due to a dispute between the prime minister and president.
- **Nigeria** lifted a ban on Twitter from midnight yesterday after Twitter agreed to open a national office; the site was suspended from June 4 after removing a post by President Buhari.
- South African countries agreed to extend their deployment to **Mozambique**, where troops from the region are helping Mozambique combat an Islamist insurgency.
- Separatist rebels claimed that they had killed a **Cameroonian** soldier in the city of Buea, which is hosting the Africa Cup of Nations soccer tournament, casting into doubt Cameroon's security assurances to the tournament.



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# Asia

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- Crowds at the **Australian** Open tennis competition will be capped at 50 percent capacity under updated COVID-19 restrictions.
- The **US** imposed new sanctions over **North Korea's** weapons programs following a series of North Korean missile launches, including two since last week, targeting six North Koreans, one **Russian** and a Russian firm for involvement in procuring goods for the programs from Russia and **China**.
- The **Chinese** port city of Tianjin reported an increase in COVID-19 infections on Thursday as it stepped up efforts to rein in an outbreak before the start of the Winter Olympics. China has detected Omicron in port city Dalian, seven million population, deepening concern that the vastly more infectious variant could spread quickly, upending global supply chains.
- **Malaysia** will review this year several Acts under the Home Ministry including the controversial security law Sosma, a British era law that allowed for indefinite detention without trial.



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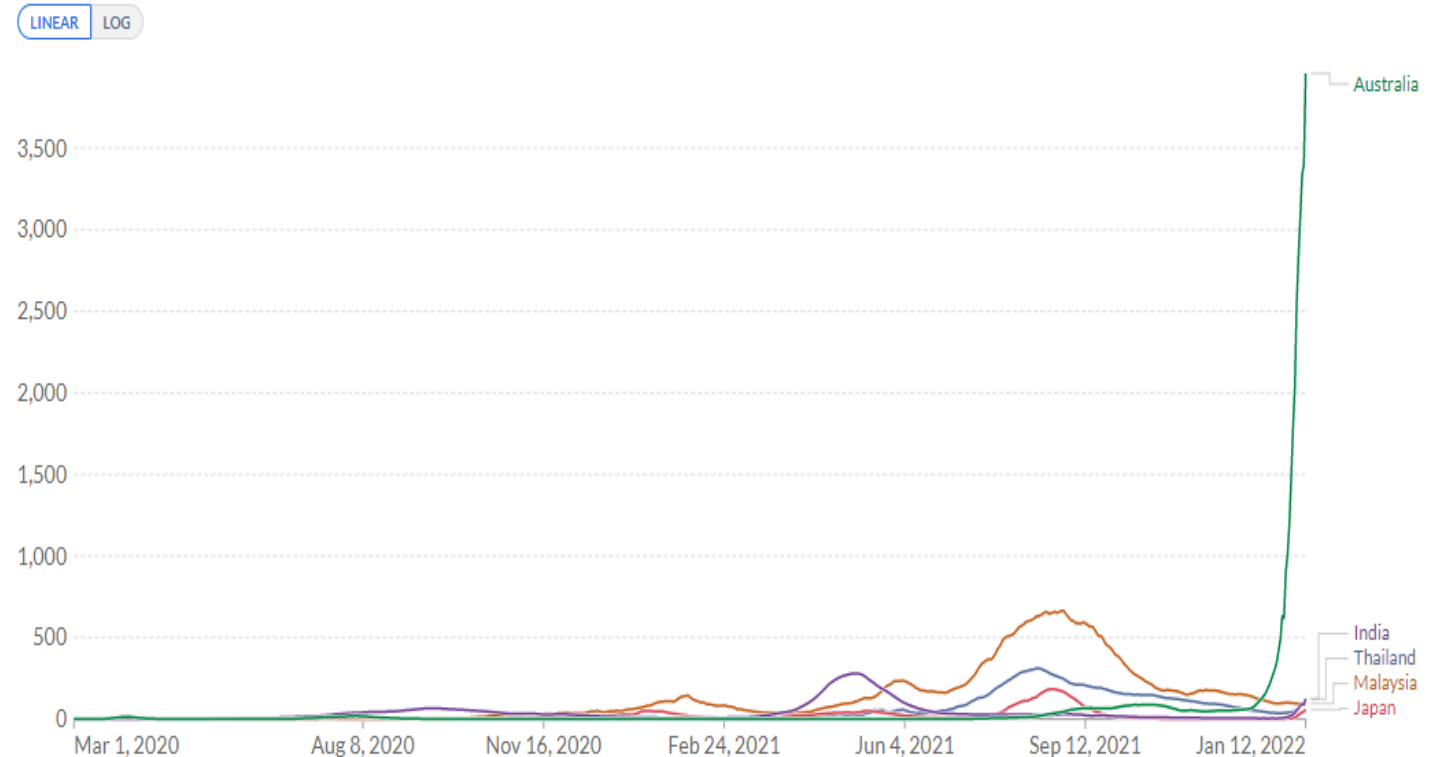
# Asia

**Australia reported its biggest pandemic caseload with the Omicron outbreak driving up hospitalization rates, stressing supply chains and forcing authorities to ease quarantine rules for more workers.**

Daily new confirmed COVID-19 cases per million people

7-day rolling average. Due to limited testing, the number of confirmed cases is lower than the true number of infections.

Our World in Data

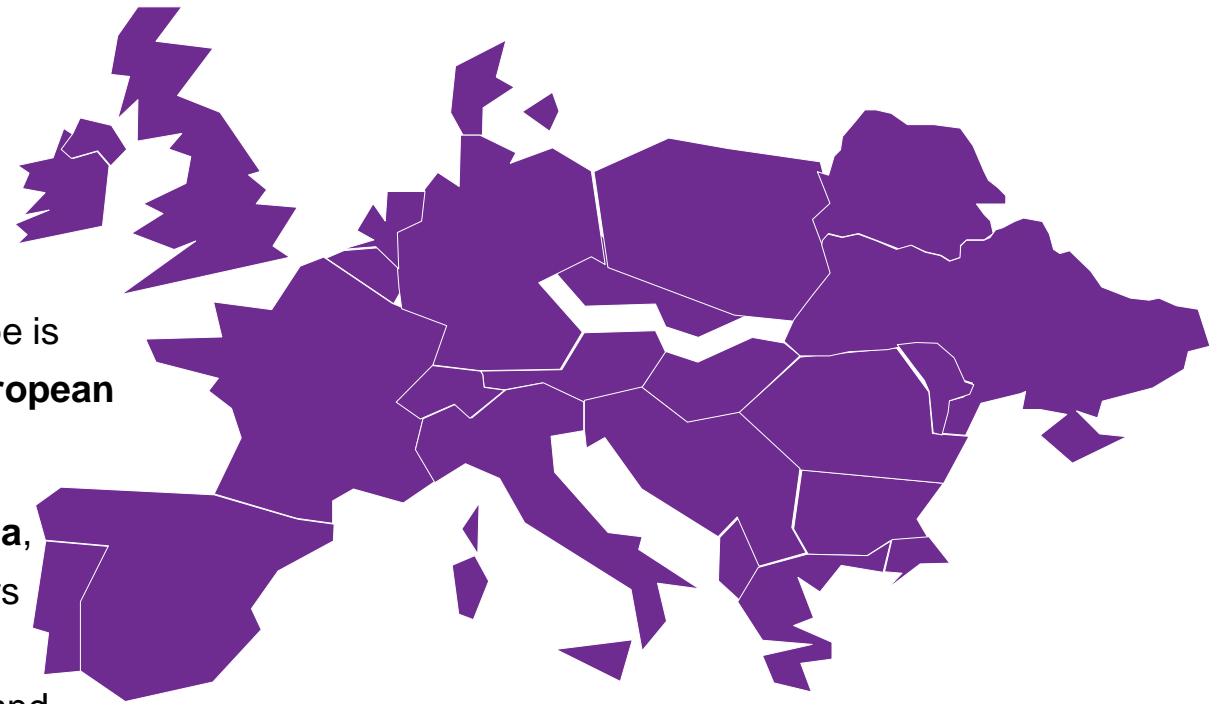


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# Europe

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- The Organization for Security and Co-operation (OSCE) in Europe is meeting in Vienna today in the latest attempt to avert a major **European** crisis as **Russia** masses troops on **Ukraine's** border.
- **Denmark** warned of a rising espionage threat from **Russia, China, Iran** and others, including in the Arctic region where global powers are jostling for resources and sea routes. Foreign intelligence services were trying to make contact with students, researchers and companies to harness information on Danish technology and research.
- **French** teachers walked off the job over the government's failure to adopt a coherent policy for schools to manage the COVID-19 pandemic and protect pupils and staff against infection. France has lifted most of its restrictions on vaccinated travelers from the **UK**, which will pave the way for tourists to return starting on Friday. Anti-vaccine protesters tried to storm the **Bulgarian** parliament yesterday during a massive rally against coronavirus restrictions in downtown Sofia. Amid calls for his resignation, **UK** Prime Minister Johnson apologized over a party held at Downing Street during the first coronavirus lockdown.
- **India and Britain** are launching talks on pursuing a free trade agreement that is expected to boost bilateral trade by billions of dollars in one of the most ambitious negotiations to take place after Brexit.



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# How do You Manage Risks?

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*The coronavirus pandemic has not just added a new layer of risk for business leaders to navigate, but has accelerated drivers of change, including disruptive technologies, political and economic realignments and cultural priorities on equality, justice and conservation, while increasing vulnerabilities that bad actors seek to exploit.*

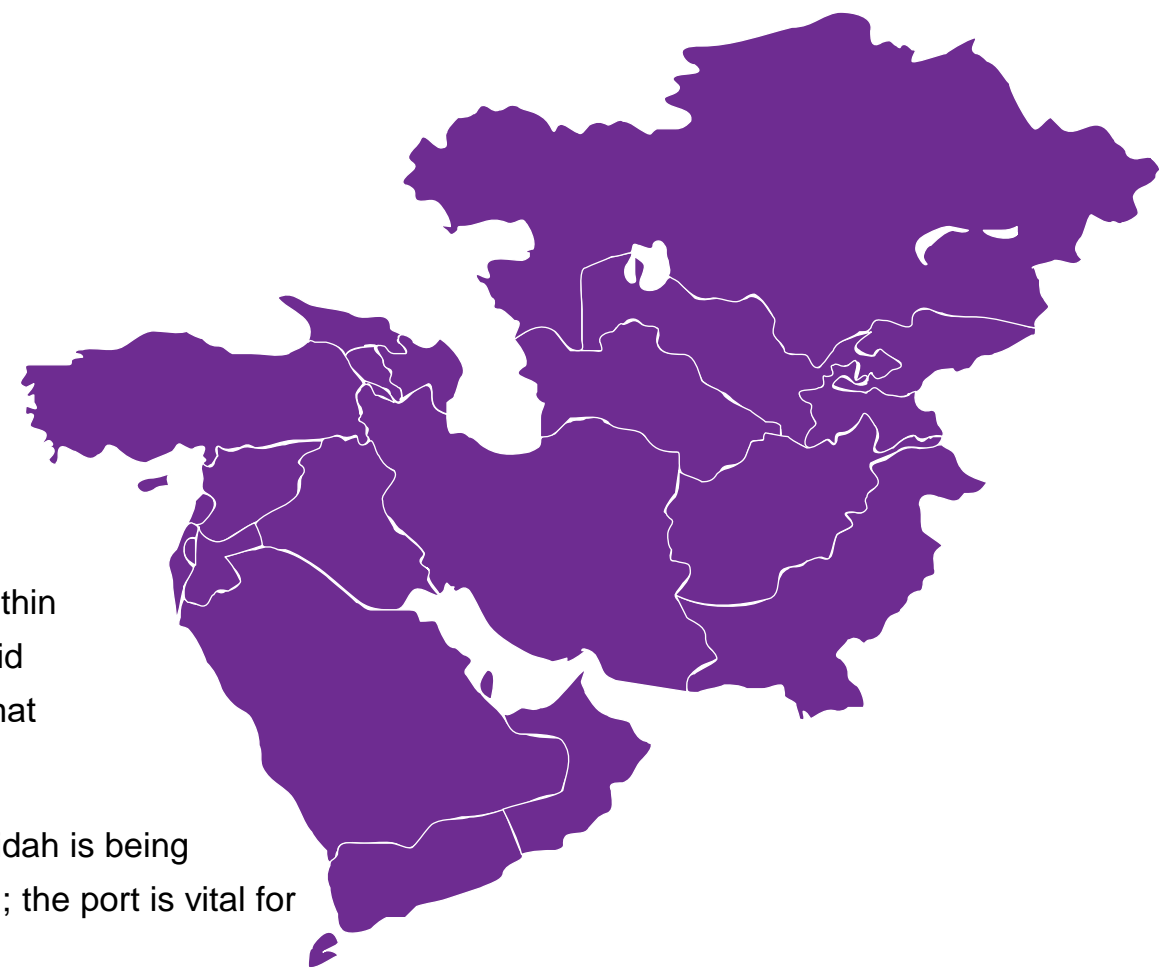
*Dentons Intelligence and Security Services Group offers bespoke services to provide business leaders with the intelligence they need to understand and thrive in complex operating environments.*

- ❖ due diligence and compliance investigations
- ❖ physical and cyber security assessments
- ❖ country and political risk assessments
- ❖ enterprise risk management and organizational resiliency advice
- ❖ crisis and incident response (physical security breaches and cyber incidents, insider threats and reputational impacts)

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

# Middle East

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- **Lebanese** truck and bus drivers and others blocked main roads in the capital and other areas on Thursday in protest at the failure of politicians to address an economic crisis.
- The head of **Israeli** intelligence reportedly met with **Libyan** Prime Minister Debeibah in Jordan to discuss Israeli-Libyan normalization; the move fits within a broader Israeli push for Arab normalization but would likely be difficult amid Libya's political instability. Israel said it had broken up an Iranian spy ring that recruited Israelis to photograph sensitive sites.
- The UN expressed "great concern" at reports that the **Yemeni** port of Hodeidah is being militarized by the Houthis and called for access for an immediate inspection; the port is vital for humanitarian access.
- A **German** court sentenced a former intelligence officer in **Syrian** President Bashar al-Assad's security services to life in prison after finding him guilty of 58 murders in a Damascus prison where prosecutors say at least 4,000 opposition activists were tortured in 2011 and 2012. Germany is leading the effort of bringing to justice crimes against humanity in the Syrian civil war.
- **Tunisia** will reinstate a curfew and a ban on large gathering for two weeks in an ostensible move to limit COVID-19 transmission; critics say the move is designed to quell planned anti-government protests. The opposition Ennahda party said they would defy the rules to protest.

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# Americas

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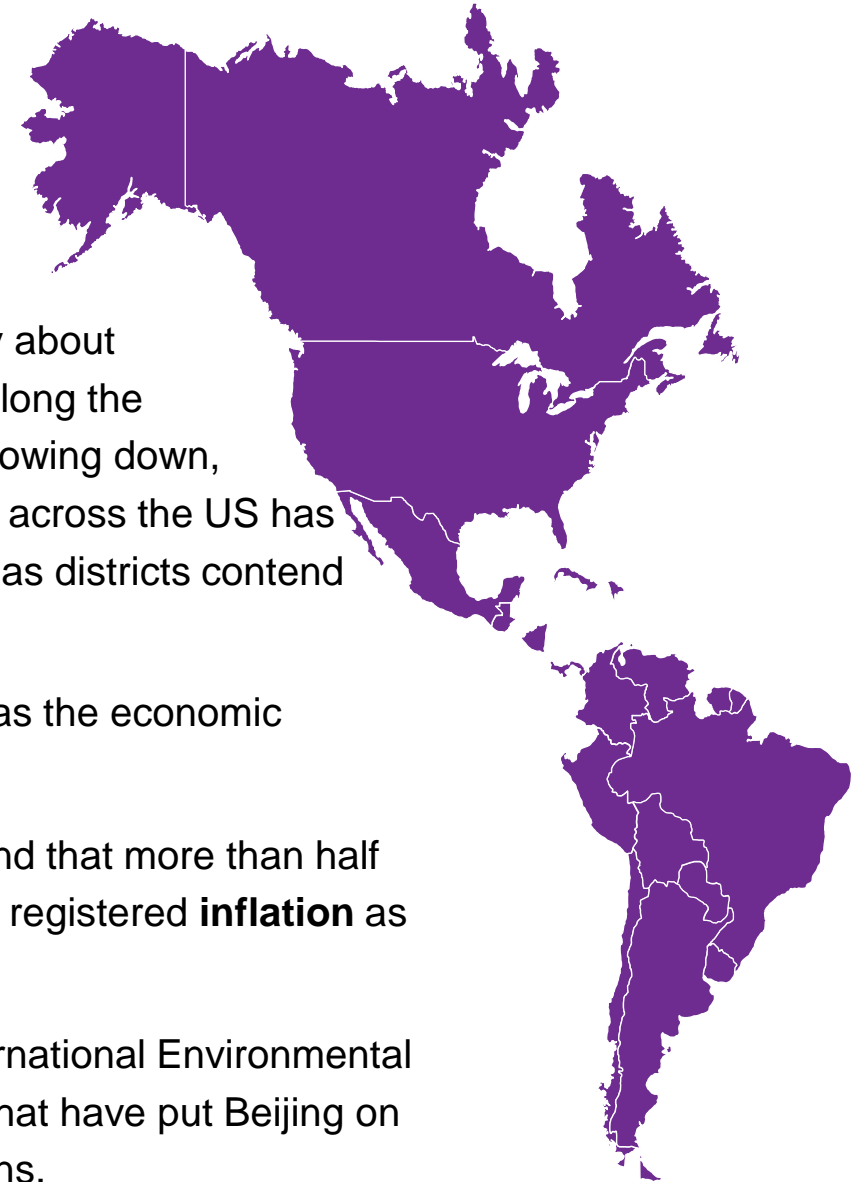
- **Canadian** Prime Minister Trudeau called on parents to get their children vaccinated, noting that just 2 percent of children aged 5-12 have received two doses. Due to labor shortages, Canada will allow unvaccinated Canadian truckers to cross in from the **US**, reversing a decision requiring all truckers to be inoculated against the coronavirus.
- New polling showed former **Brazilian** President Lula, a leftist, retaining a commanding lead over far-right President Bolsonaro in this year's presidential election.
- The cell phones of nearly three dozen journalists and activists in **El Salvador**, several of whom were investigating alleged state corruption, have been hacked since mid-2020 and implanted with Pegasus software, sophisticated spyware typically available only to governments and law enforcement.



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# Americas: US

- **COVID-19 hospitalizations** increased by about 33 percent and deaths are up by about 40 percent from a week earlier, per the CDC. The explosion of **Omicron cases** along the Interstate 95 corridor from the Mid-Atlantic to New England is showing signs of slowing down, according to health officials, particularly in New York. **Public-school attendance** across the US has dropped to unusually low levels, complicating efforts to keep schools open, even as districts contend with major staff shortages.
- The US **budget deficit** narrowed sharply in December to its lowest in two years as the economic recovery helped boost tax receipts.
- A survey of more than 900 global CEOs conducted by the Conference Board found that more than half of the CEOs expect price pressures to persist until at least mid-2023 after having registered **inflation** as a low-level worry in the year-ago survey.
- In a 47-page research paper, the State Department's Bureau of Oceans and International Environmental and Scientific Affairs said **China** had no basis under international law for claims that have put Beijing on a collision course with the Philippines, Vietnam and other South-east Asian nations.



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# The Future of Cities: Office-to-Residential Conversion

By Matthew Gardell

***As office vacancy rates soar due to the COVID-19 pandemic, many large cities are experimenting with converting commercial properties into residential units. The practice of office-to-residential conversion, also referred to as adaptive reuse, is at an all-time high in the US.***

Office vacancy rates in major US cities have soared during the pandemic. As businesses shifted to largely remote workforces, cities struggled to attract people to their downtowns, which are an important economic engine. With the pandemic showing no signs of abating, many cities are beginning to think more critically about the model of a future downtown. One model gaining traction is converting the office surplus into residential units.

## ***The Benefits of Office-to-Residential Conversion***

The practice of converting commercial properties into residential space is not necessarily a new concept. During the 1980s, many cities converted derelict office spaces into apartments. For example, New York City revitalized the Meatpacking District in part by converting office space and warehouse. This neighborhood is now a highly desirable location in the city because of its beautiful, spacious

apartments. Fast forward to 2020/2021, and city leaders are adopting the strategy again. According to the apartment search website RentCafé, there were a record 20,100 apartment conversions finalized in 2021. Washington, DC, and cities in neighboring Northern Virginia have been particularly active in adaptive reuse. In December 2021, DC issued a formal request for information from property owners on how the city can convert office spaces into homes. The goal is to create a pilot conversion program that could be implemented in 2022. Analysts say there are several key benefits to office-to-residential conversion. One of the main motivations for cities is the potential for a boost in tax revenue. Residential buildings generate more tax revenue for cities through the addition of income, sales and property taxes. Another benefit is that conversion is more sustainable than building new housing. Given that large cities are increasingly focused on their

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# The Future of Cities: Office-to-Residential Conversion

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environmental footprint, this factor could encourage further office-to-residential conversion. Conversion could also lead to a simplified approval process; in some jurisdictions, it may be easier or faster for developers to convert an old building than launch a new housing project.

City leaders are also responding to increased demand for housing in their urban cores. People are concerned about COVID transmission, and long commutes on public transportation increase the chances of infection. People may feel more comfortable biking or walking to work in “micro-communities.” This is also appealing for cities because it is environmentally friendly. Conversion could be the pathway to building more micro-communities. In turn, cities can begin to solve the problem of urban flight.

## *The Challenges of Office-to-Residential Conversion*

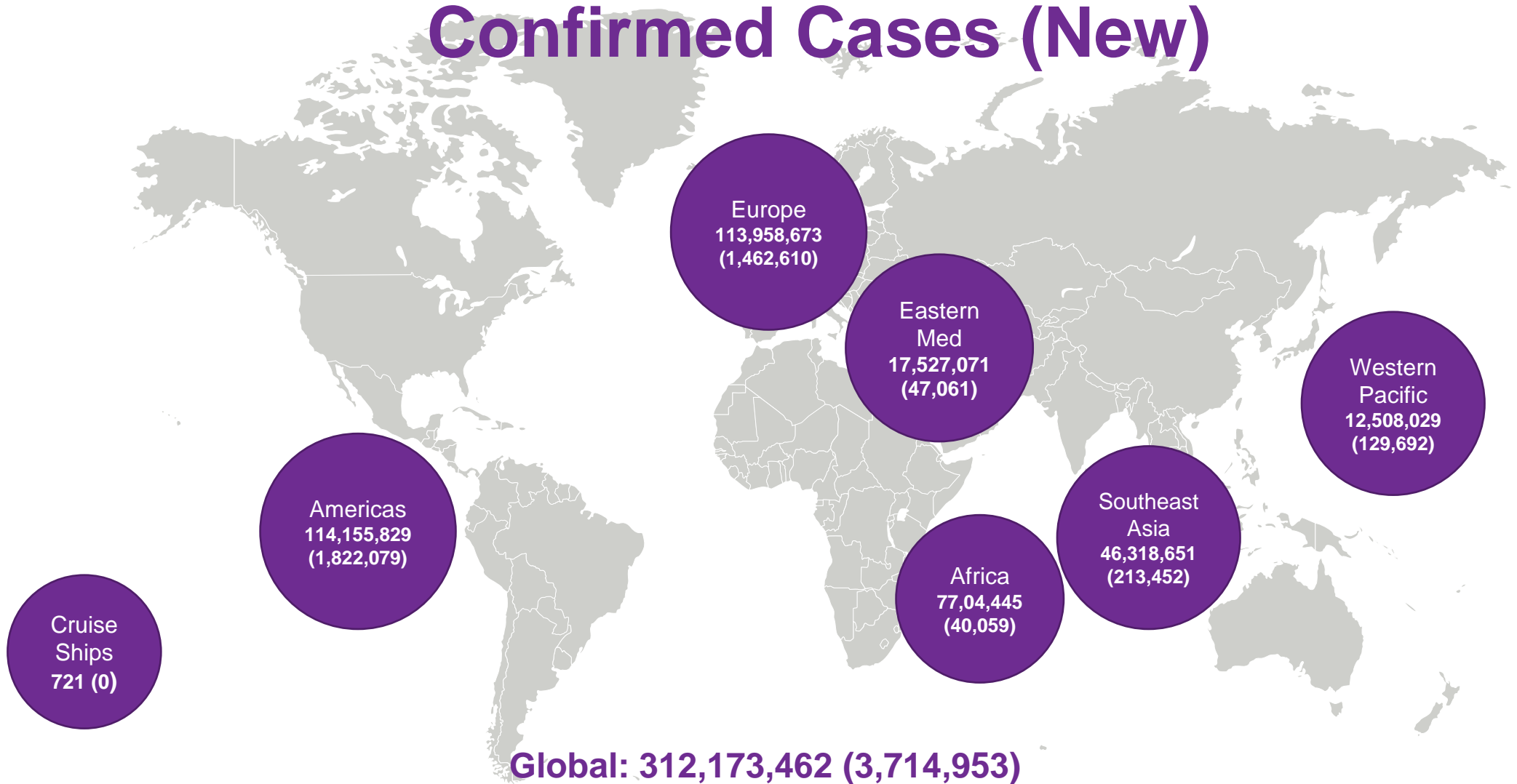
Although adaptive reuse is gaining traction in cities, there are several challenges that developers must grapple with. The first is that there is often a very high cost for developers to convert office buildings. There may also be zoning and permitting issues at play. For example, some cities will not allow housing in certain zones or only

allow a certain type of housing. Developers are particularly constricted by the types of properties they can build in single-family zones. There are also certain structural qualities present in office buildings that make the conversion process difficult. Modern office buildings typically have large floor plates. In commercial real estate, the floor plate is the distance from the elevator to the facade. Large floor plates make it difficult to design apartments with enough natural light. Converting old buildings also has its set of challenges, as these buildings typically have outdated mechanical, electrical and plumbing systems; overhauling these systems leads to onerous costs for property developers. Commercial property developers are often forced to convert older office buildings because the more modern office buildings, or Class A buildings, are already in high-demand. This leaves older office buildings, or Class B and Class C buildings, as the main targets for adaptive reuse.

# Coronavirus Condition Updates

As of 6:04 pm CEST on January 12, 2022

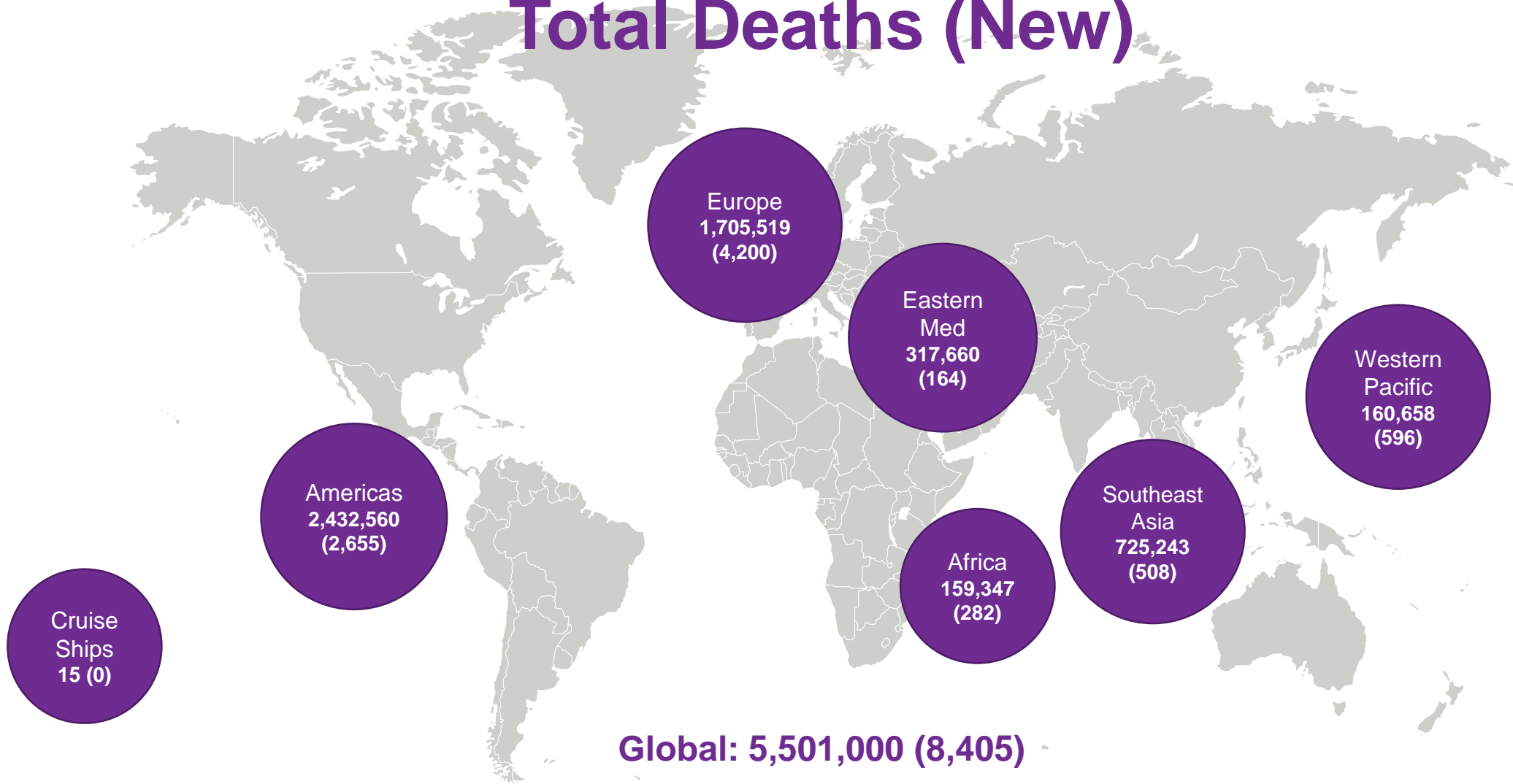
# Confirmed Cases (New)



Reflects data as of 6:04 pm CEST on January 12, 2022.  
Data Source: World Health Organization

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# Total Deaths (New)



Reflects data as of 6:04 pm CEST on January 12, 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.*

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