

# Dentons Flashpoint

## Daily Global Situation Report

July 27, 2022

# Global Situation Update: July 27, 2022

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## KEY TAKEAWAYS

The IMF slashes its global growth forecasts and raises projections for inflation.

Russia announces plans to withdraw from the International Space Station.

The US plans to release an additional 20 million barrels of oil from the Strategic Petroleum Reserve.

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

# Global Situation Update: July 27, 2022

## WHAT WE'RE WATCHING

Labor unions around the world are calling for pay raises amid record high inflation. Approximately 2,500 Boeing workers in the U.S. are set to go on strike next week if demands for wage increases are not met, while today 20,000 employees of subsidiaries of German airline Lufthansa will strike to push for a pay increase. In the UK, train strikes today will shut half of the rail network causing massive disruptions to passengers and business.

With tight labor markets and rising costs across the globe, organized work forces sense that the time is right to negotiate wage, pension, and healthcare increases. A common talking point for labor unions in recent discussions with ownership is the discrepancy between CEO compensation and the average employee salary.



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# Global

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## Russia's new space chief announced on Tuesday his country plans to withdraw from the International Space Station after 2024.

- The IMF has slashed **its global growth forecasts** and raised its projections for **inflation**, warning that the risks to the economic outlook are “*overwhelmingly tilted to the downside.*” The fund now expects GDP growth to slow to 3.2 percent in 2022, down 0.4 percentage points from its April estimate and roughly half the pace of last year’s expansion.
- Russia has followed through on its threat to further cut **gas supplies to Europe**, reducing flows on the Nord Stream 1 pipeline to about 20 percent of capacity. Gas prices have risen more than 20 percent in recent days from already record high levels as Europe struggles to fill gas storage sites ahead of the winter.
- An animal market in China's Wuhan really was the epicenter of the **COVID-19 pandemic**, according to a pair of new studies in the journal Science published yesterday.

# Markets & Business

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**Ukraine's Naftogaz has become the first Ukrainian government entity to default since the start of the Russian invasion, unable to make payments on international bonds before the Tuesday grace period deadline.**

- Greece and Saudi Arabia plan to lay an **undersea data cable** that will connect Europe with Asia with the possibility of linking their power grids to supply Europe with cheaper green energy.
- **Mitsubishi Motors Corp** plans to invest about 10 trillion rupiah (\$666.89 million) in Indonesia between 2022 and 2025 to produce hybrid electric vehicles and battery electric vehicles.
- Iran will soon start accepting payments made with Russia's **Mir bank cards**, making it the latest country to adopt the Russian-made alternative to **Visa** and **Mastercard** per Russian media.
- **Hong Kong** expects to see billions of dollars flowing in from the mainland with more Chinese companies upgrading their **listings** to tap into a bigger pool of capital amid the looming threat of delistings in the US.

# Environment, Sustainability & Governance

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**The German government plans to earmark 13 billion to 14 billion euros (\$13.17 billion-\$14.18 billion) per year in subsidies for renovations to make buildings more energy-efficient.**

- An industry report found that the rate of development of **US clean energy projects** including wind and solar power fell in the second quarter as inaction by Congress, trade issues and delays related to COVID-19 stifled activity. However, the number of jobs in the US solar energy industry rose 9 percent last year to more than 255,000, with most workers employed in installation and project development.
- A US judge said Uber did not violate a federal law protecting **people with disabilities** by not offering wheelchair-accessible vehicles in every market the ride-sharing company serves.
- BlackRock Inc, the world's No.1 asset manager, reported a sharp drop in its support for **environmental and social-related shareholder resolutions**, saying many were too prescriptive, while its backing for directors and executive pay held steady.
- A vast swarm of jellyfish has appeared off the coast of Haifa in Israel in recent days, emptying beaches of bathers. Scientists say the phenomenon is a result of **climate change** and human impact on the **marine ecosystem**.

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# Africa

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- Three United Nations peacekeepers and at least 12 civilians were killed during a second day of violent anti-U.N. protests in eastern **Democratic Republic of Congo**.
- A new UN report accused government forces in the **Central African Republic** of training militias and working with private military companies behind possible war crimes and crimes against humanity.
- Led by the umbrella **Nigeria** Labour Congress, Nigerian workers across all sectors commenced a two-day nationwide protest against the continued shutdown of public universities, which have been closed for five months
- **French** President Macron on Tuesday declared his country would support **Africa's** need for security as he embarked on a three-nation tour aimed at renewing France's relations with the continent.



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# Asia

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- **China** and **Indonesia** will expand bilateral trade and cooperation in areas including agriculture and food security, per the Chinese foreign ministry after a meeting of the countries' leaders.
- **India** increased **Russian** oil imports by 4.7 times in April - May, or by more than 400,000 barrels per day (bpd), year-on-year, taking advantage of a price discount.
- The **Chinese** military will not sit back if **US** House of Representatives Speaker Nancy Pelosi visits **Taiwan**, a Chinese defense spokesperson warned yesterday.
- **Australian** inflation sped to a 21-year high last quarter and is likely to accelerate even further as food and energy costs skyrocket.
- **Japanese** defense forces will participate for the first time in military exercises in **Indonesia** next month alongside the **US** and **Australia**.



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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

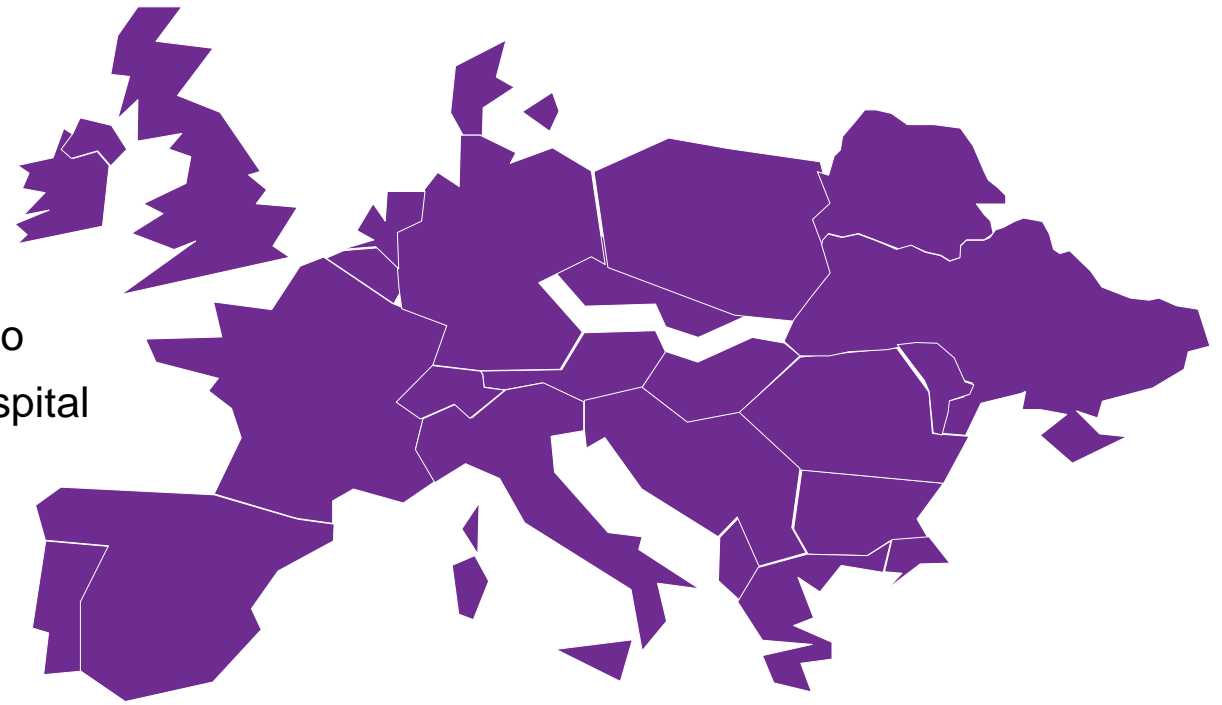
*All interaction with Dentons is attorney-client privileged*

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

# Europe

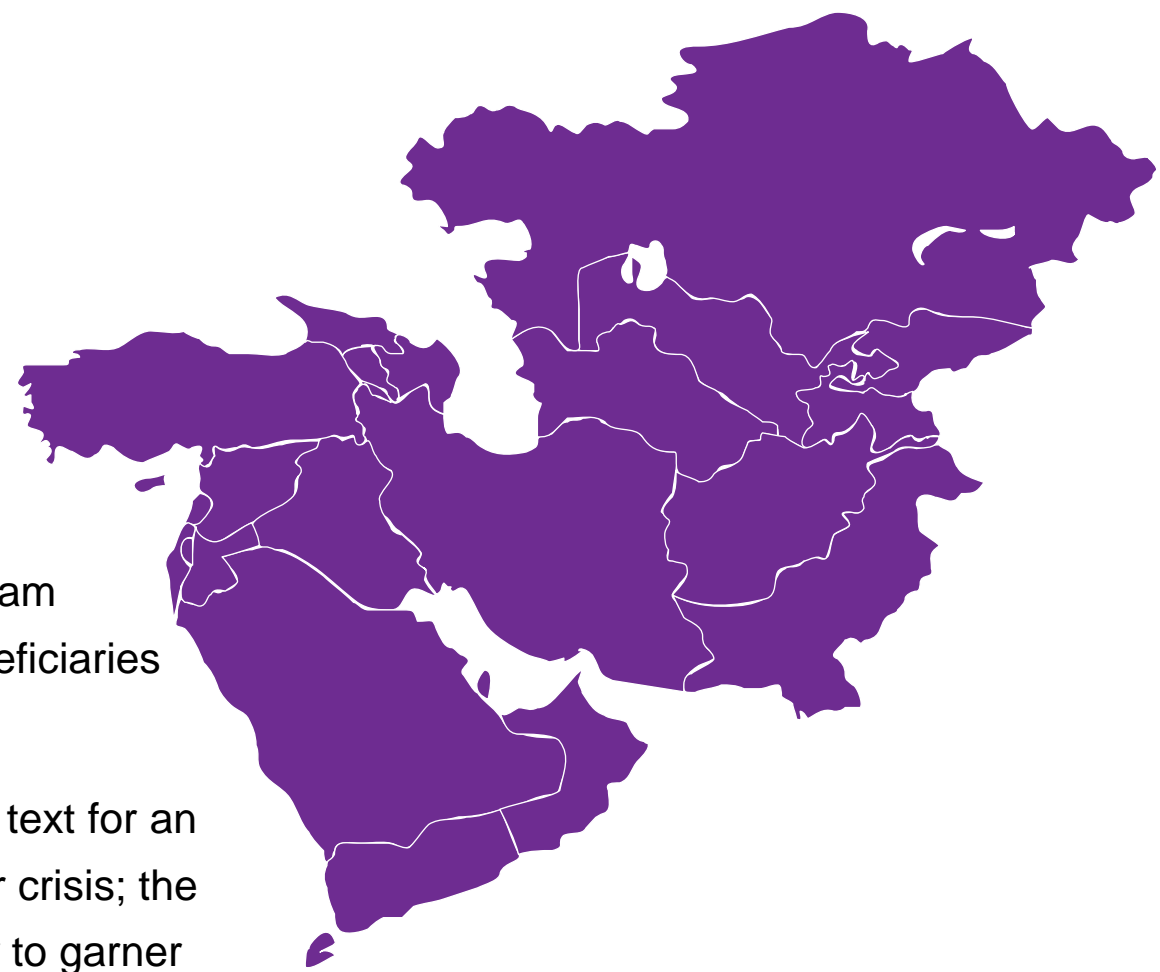
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- The **US** Pentagon formally approved in late June a plan to help treat wounded **Ukrainian** troops at a US military hospital in **Germany**.
- Hundreds of **Czech** firefighters reinforced by units from neighboring **Germany** battled a wildfire in a Czech national park for a third day after the blaze destroyed houses and forced authorities to evacuate villages.
- **Sweden** has not yet extradited suspects **Turkey** seeks over terrorism-related charges despite signing an accord to lift Ankara's veto to its NATO membership last month, per the Turkish Foreign Minister.
- Energy ministers approved a proposal for all **EU** countries to voluntarily cut gas use by 15 percent in the August-March period from the average from 2017-2021. The cuts could be made binding in a supply emergency, provided a majority of EU countries agree.



# Middle East

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- **Israel** said that its military jets came under **Russian** anti-aircraft fire over **Syria** in May, but they missed their target, describing the confrontation as a "*one-off incident*."
- **Egypt** will add one million families to a social safety net program that provides cash transfers, bringing the total number of beneficiaries to more than 20 million.
- The **EU's** foreign policy chief said that he had submitted draft text for an **Iran** nuclear deal, calling on parties to accept it or risk nuclear crisis; the deal, apparently developed outside of negotiations, is unlikely to garner support from the **US** or Iran.
- **Lebanon's** parliament passed long-awaited amendments to its banking secrecy law, the first step toward reforms required by the IMF. However, the amendments were apparently watered down, and may not be accepted by the IMF.

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# Americas

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- A new report from the UN Office of the High Commissioner for Human Rights called on **Colombia's** next government to prioritize dismantling illegal armed groups and criminal gangs amid spiking violence.
- Bruno Pacheco, a former senior adviser to **Peru's** President Pedro Castillo, has handed himself in to authorities after months on the run amid a corruption investigation.
- **El Salvador** plans to buy back \$1.6 billion of its sovereign bonds in an attempt to allay fears of default in the Central American country that adopted bitcoin as legal tender last year.
- Royal Bank of **Canada** has been ordered to divulge the real owners of 97 offshore corporations that used its services, in a crackdown of tax evasion.



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# Americas: US

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- The **BA.5 subvariant of Omicron** was estimated to make up 81.9 percent of the circulating coronavirus variants in the US, per the CDC. BA.5 has been driving a surge of new infections globally and has shown to be particularly good at evading the immune protection afforded either by vaccination or prior infection.
- The Biden administration will sell an additional 20 million barrels of oil from the **Strategic Petroleum Reserve** as part of a previous plan to tap the facility to calm oil prices.
- **Home-price growth** remained strong in May despite rising mortgage rates and steep prices that are pushing some buyers out of the market.
- Tensions over Taiwan, as well as Russia's invasion of Ukraine, are likely topics for a call expected this week between President Biden and **China's** leader Xi Jinping today.

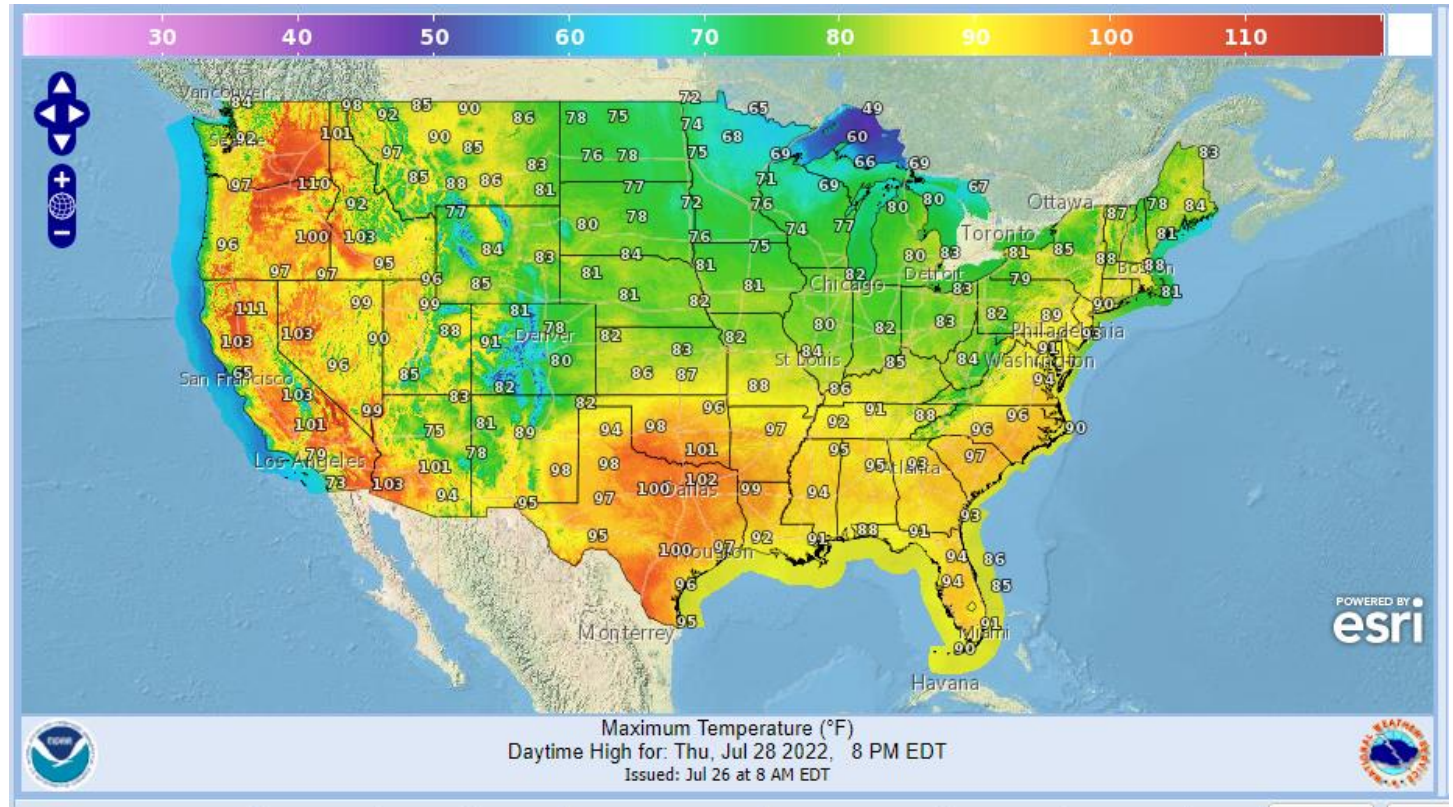


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# Visualizing Risk: Historic Heatwaves

*During the summer of 2022, the United States has seen record high temperatures, historic droughts and raging wildfires. Even as the impacts of climate change become more and more apparent through these extreme weather events, state and federal policymakers disagree about the appropriate policy responses to address them. As the Earth continues to warm, businesses will need to prepare to manage the risks presented by these historic temperatures and the mitigate effects they will have on personnel and operations.*

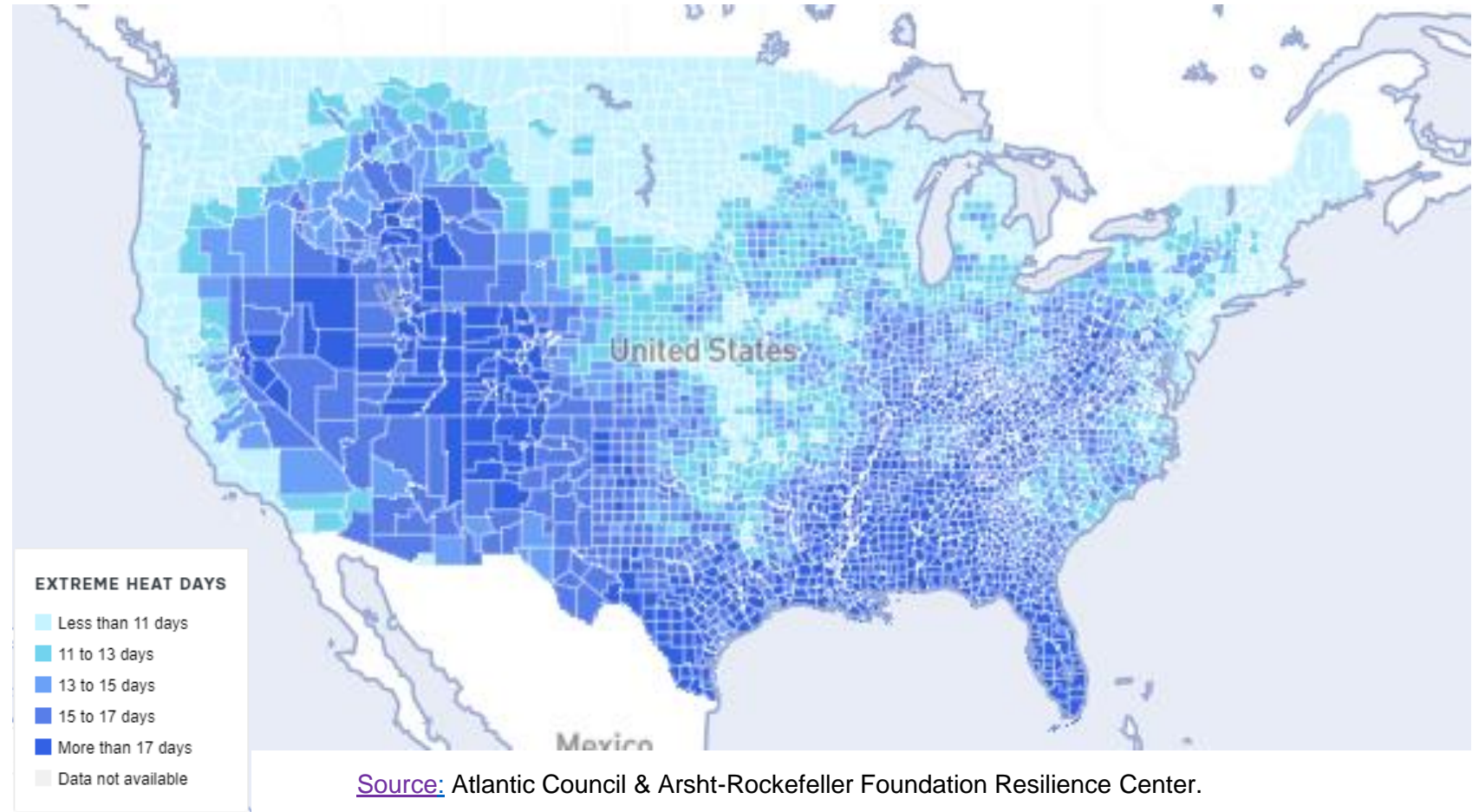
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Extreme heat conditions have continued to affect many areas of the United States, with about 80 percent of the US population expected to see temperatures above 90 degrees Fahrenheit this week.

# Visualizing Risk: Historic Heatwaves

While isolated heatwaves are not a new occurrence, persistently high temperatures across much of the country are becoming common. The map to the right, prepared by the Atlantic Council and the Arsh-Rockefeller Foundation Resilience Center, shows areas of the US facing extreme heat days, with the darkest shades of blue indicating areas experiencing more than 17 days of extreme heat.



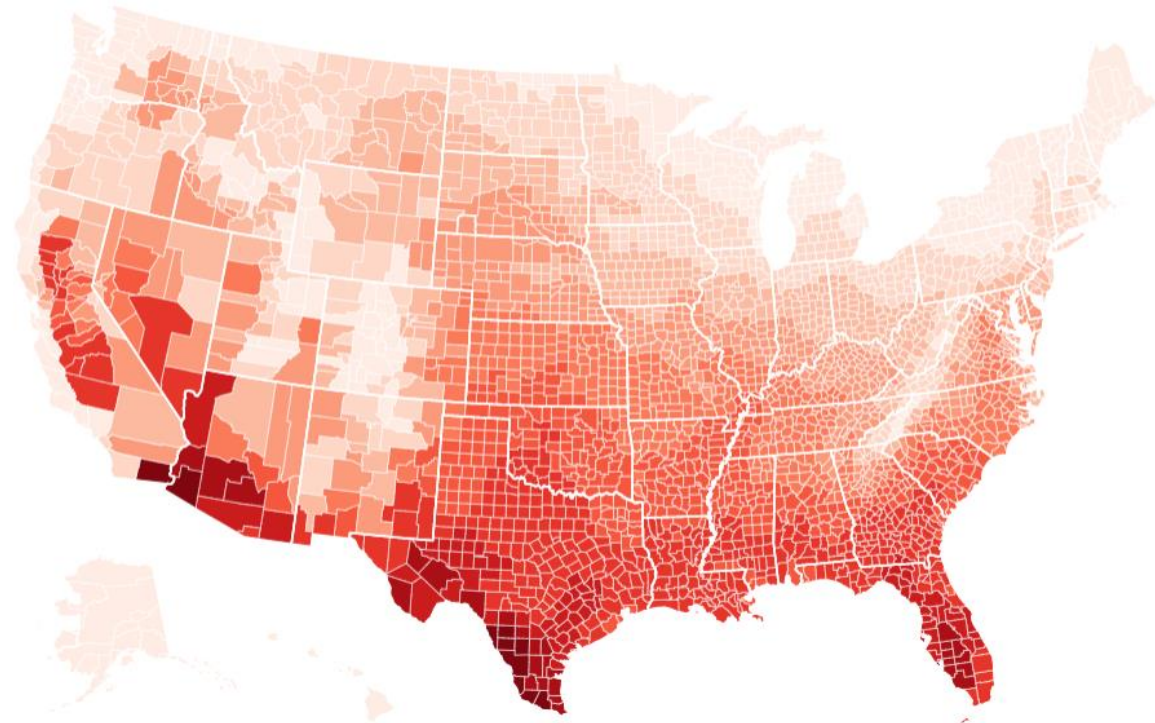
[Source:](#) Atlantic Council & Arsh-Rockefeller Foundation Resilience Center.

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# Visualizing Risk: Historic Heatwaves

By 2050, 180 million people will experience over 100 days a year where the temperature exceeds 90 degrees. This map shows the areas of the US expected to be most affected by this change, with the shading indicating the number of hot days experienced.

Hot days 0 50 100 150 200



Source: County-level analysis from Vivid Economics.

Baseline based on historical climate data, 1986-2005, 2030 and 2050 based on an ensemble mean of 10 CMIP5 climate models run under the RCP 8.5 emissions scenario. See methodology document for further details.

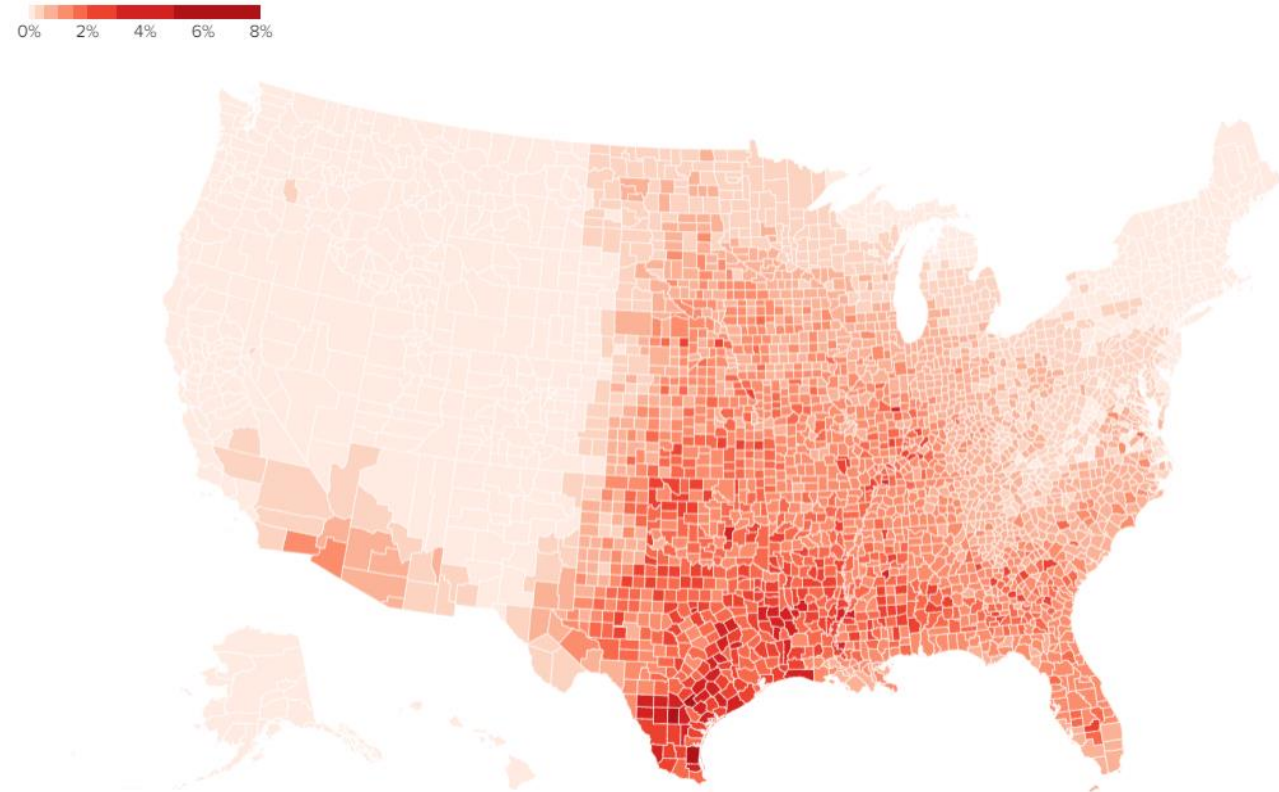
[Source:](#) Atlantic Council & Arsht-Rockefeller Foundation Resilience Center.

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# Visualizing Risk: Historic Heatwaves

Apart from the human cost of extreme temperatures, heatwaves can have an adverse effect on worker productivity. The map to the right shows modeled economic losses resulting from heat stress on workers, measured as a percent loss in gross value added (GVA). As the map indicates, some areas of the south and central US see losses as high as 7 percent. National estimates indicate that the US loses about \$100 billion annually from those heat-related declines in worker productivity.

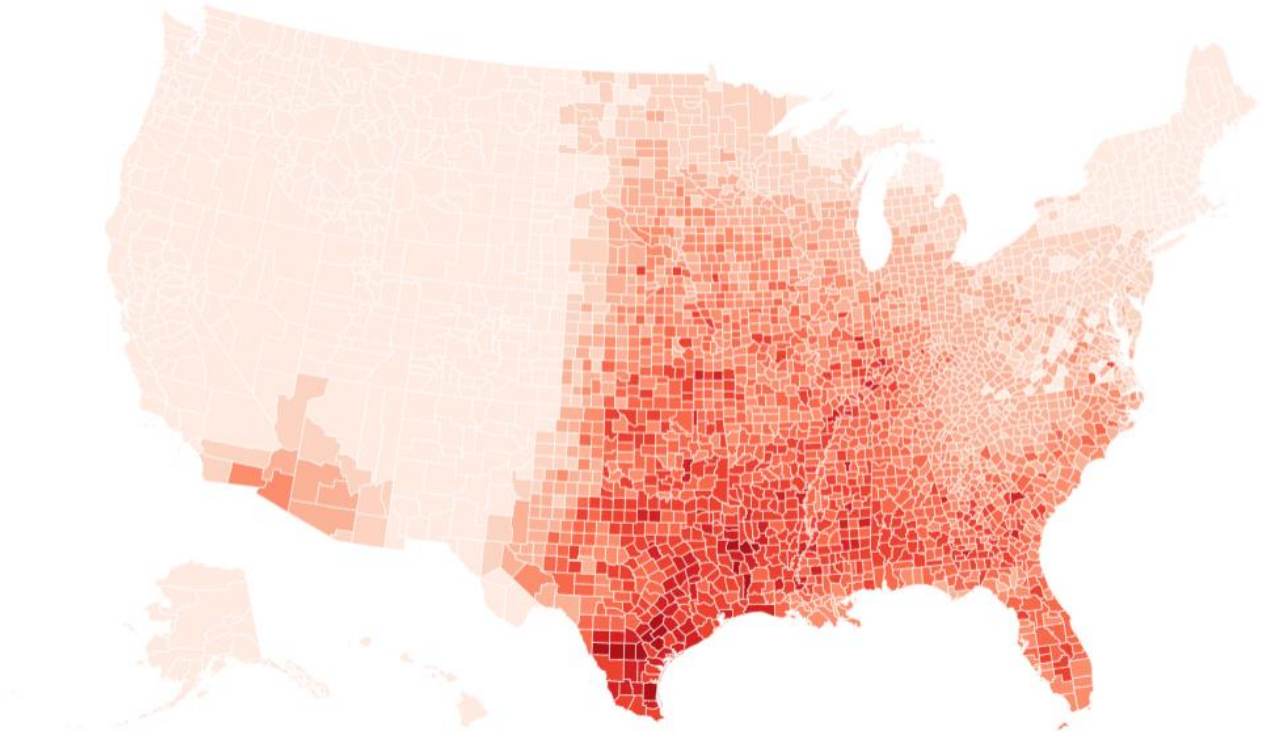
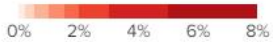


[Source:](#) Atlantic Council & Arshnt-Rockefeller Foundation Resilience Center.

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# Visualizing Risk: Historic Heatwaves

As temperatures increase, so will losses. The US' \$100 billion annual loss could increase to \$200 billion by 2030, and the areas of the country affected by that loss will expand.



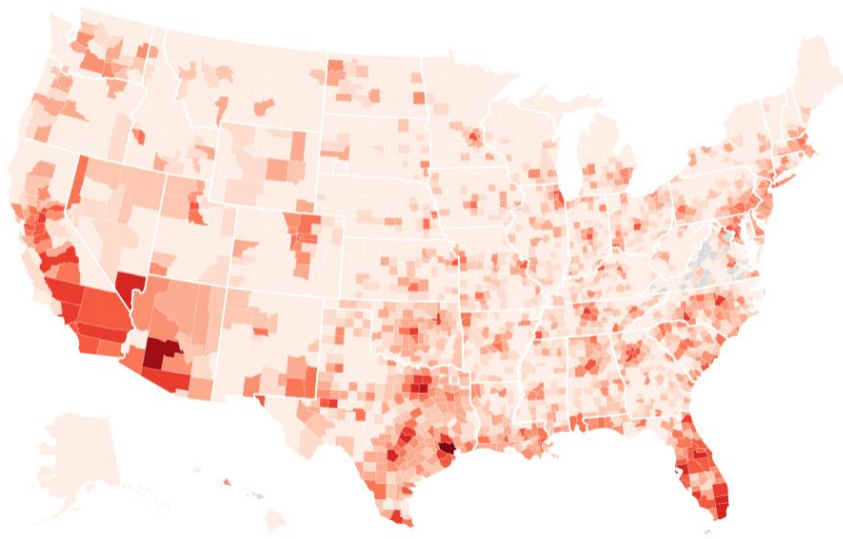
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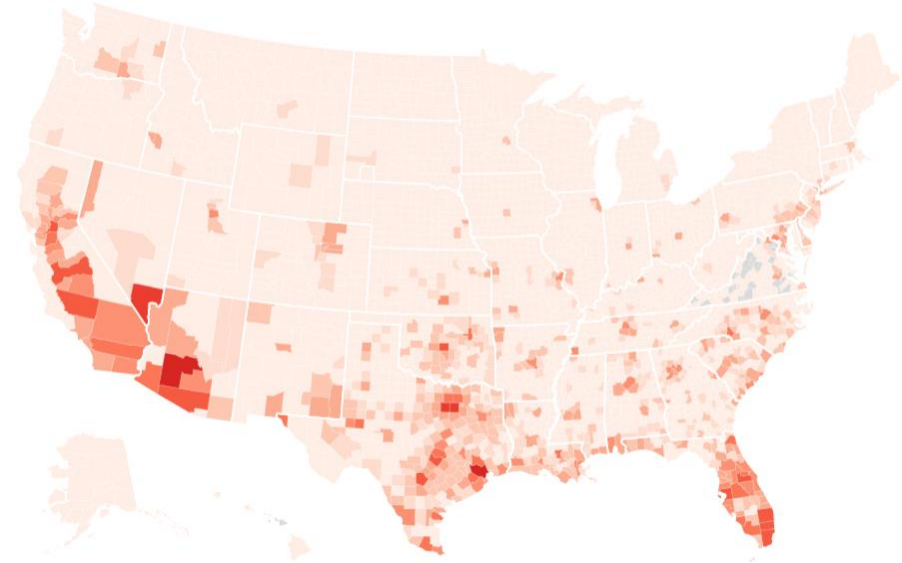
# Visualizing Risk: Historic Heatwaves

Extreme heat is also raising the risk of workplace injuries. Estimates indicate that 120,000 occupational injuries a year can be attributed to high temperatures. The map to the right indicates areas that experience the highest number of these injuries.

Occupational injuries 0 10,000 20,000



Occupational injuries 0 10,000 20,000



Source: Vivid Economics. Data on workability (share of productive working hours lost due to human heat stress) from Woodwell Climate Research Center (WCRC). Based on historical climate data and 2020 economic data for baseline and projections for 2030 and 2050. See methodology document for more details.

Moreover, some projections predict that without action to mitigate climate change, those injuries could rise as high as 450,000 annually by 2050, as shown by the map to the left.

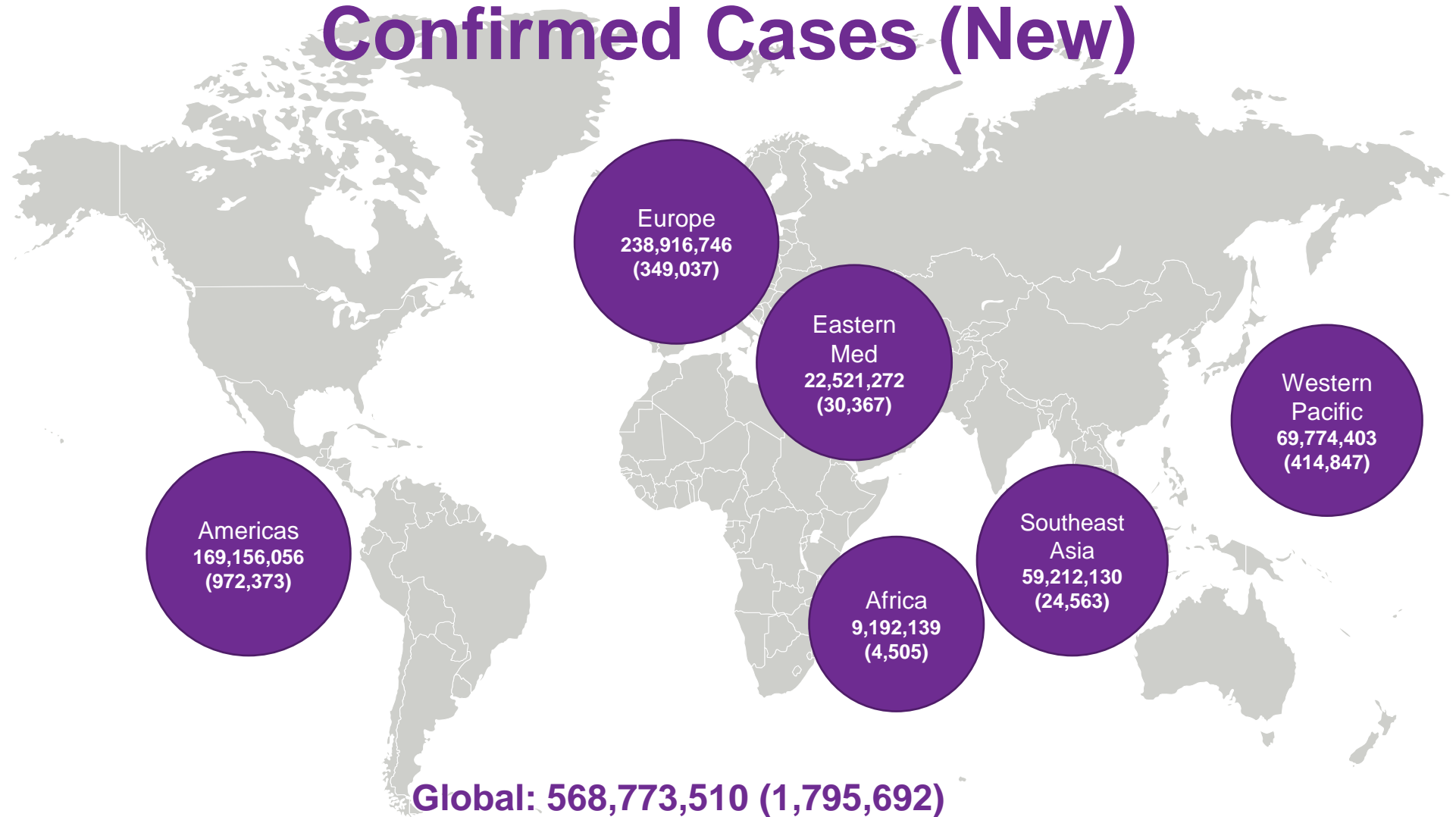
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# Coronavirus Condition Updates

As of 7:18 pm CEST on July 26, 2022

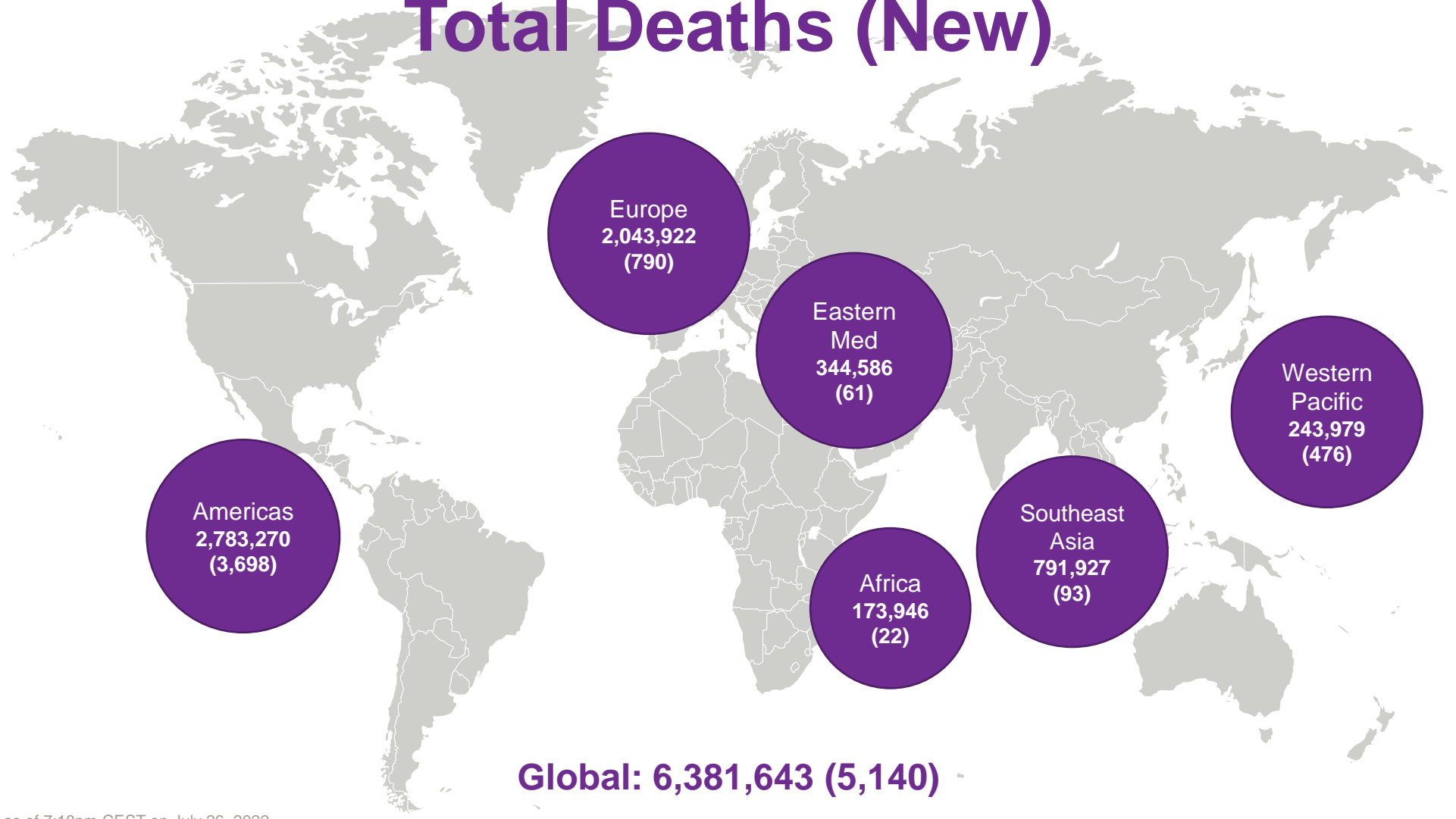
# Confirmed Cases (New)



Reflects data as of 7:18pm CEST on July 26, 2022.  
Data Source: World Health Organization

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# Total Deaths (New)



Reflects data as of 7:18pm CEST on July 26, 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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