

# Dentons Flashpoint

## Daily Global Situation Report

June 2, 2022

# Global Situation Update: June 2, 2022

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## KEY TAKEAWAYS

OPEC+ is considering an oil production increase to compensate for a drop in Russian output.

Negotiations to extend the Yemen ceasefire stalled.

Hong Kong has returned to forcing close contacts of coronavirus-infected cases into government-run quarantine facilities amid new cases.

# Global Situation Update: June 2, 2022

## WHAT WE'RE WATCHING

Today, the Stockholm+50 summit in Sweden will host world leaders and representatives from government, business, international organizations, and civil society for a global meeting to drive action towards solving climate change challenges. The event will focus on three interlinked issues threatening human and environmental health: climate change, nature and biodiversity loss, and pollution and waste.

The meeting will emphasize the importance of a multi-actor, multi-sector approach to addressing environmental issues and embody the importance of collaborative action. Key speakers will address how business and finance can play a role in criminalizing “ecocide,” but critics say fossil fuels are conspicuously absent from the official agenda.



*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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**OPEC+ is working on making up for a drop in Russian oil output, as Russia's production has fallen by around 1 million barrels per day as a result of Western sanctions on Moscow over Ukraine.**

- UN Secretary-General Guterres said there was some *"progress"* regarding talks on the **global food crisis** triggered by Russia's assault on Ukraine. Guterres seeks to resume both Ukrainian and Russian exports to prevent a food catastrophe in the developing world, particularly in many African countries.
- **Russia** is replacing Citibank, which has stopped servicing the country's Eurobonds, with its own National Settlement Depository, as it risks its first major external **debt default** in over a century. Russia says it has cash and is willing to pay, refusing any talk of default.
- The Kremlin is accusing Washington of *"adding fuel to the fire"* by planning to **supply Ukraine with advanced missile systems**. *"Such supplies do not encourage Kyiv to resume peace talks,"* Kremlin spokesman Peskov said, adding that Washington wanted to *"fight Russia to the last Ukrainian."* Russian Foreign Minister Lavrov has said the supply of US advanced rocket launchers raised the risks of a *"third country"* being dragged into the conflict.

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# Markets & Business

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**Amazon.com will stop supplying retailers in China with its Kindle e-readers and will shut its Kindle e-bookstore there next year, in the latest pullback by a US tech firm from the restrictive Chinese market.**

- **Tesla Inc** CEO Musk has asked employees to return to the office full time or leave the company, according to an email sent to employees.
- **Canada's central bank** raised its benchmark interest rate by half a percentage point and said it was prepared to “*act more forcefully*” in its efforts to bring inflation under control.
- Australia is poised for a third year of near-record **wheat production** in 2022 as good weather boosts planting across its grain belt, easing concerns over tight global inventories.
- China's **Zhejiang Geely Holding Group** conducted its first successful satellite launch sending nine into low earth orbit as it builds out a satellite network to provide more accurate navigation for autonomous vehicles.
- A near doubling in benchmark **cotton** futures to 11-year highs, coupled by increasing freight and fuel prices, is hammering Asian apparel makers while their global retail customers are reluctant to soak up the extra costs.

# Environment, Sustainability & Governance

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## Abu Dhabi, the capital of the UAE, implemented a ban on single-use plastics.

- Most EU countries have boosted their **renewable plans** since 2020, putting them on course to cut fossil fuel use this decade as the energy and COVID-19 crises have spurred, not derailed their green transition, according to researchers from think tanks Ember and the Centre for Research and Clean Air.
- A majority of shareholders of gunmaker Sturm Ruger & Co voted in favor of a shareholder resolution calling for a **human rights impact report**.
- **Renewable fuel credit prices** climbed 11 percent on Wednesday, traders said, after a Reuters report that the Biden administration is likely to raise ethanol blending mandates for 2021 above the figure it proposed in December to align with actual US consumption levels.
- According to the **Environmental Performance Index**, released yesterday, Denmark and the UK are among “*only a handful of countries*” on track to reach net-zero emissions by 2050. The United States is among the bottom 10 countries worldwide in its likelihood of hitting that goal. The US, China, India and Russia will account for 50 percent of residual global emissions in 2050 if current trends hold.

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# Africa

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- The **Guinean** military junta rejected a call by the UN to lift a ban on protests, saying that demonstrations will only be allowed around elections in three years' time. A special court ruled that the junta may keep in detention two ministers of former President Conde who are accused of embezzlement.
- Hundreds of protesters in Khartoum, **Sudan** gathered in front of the UN's national headquarters to protest for the dissolution of the Sudan mission, accusing the body of interfering in the country's domestic affairs.
- The IMF warned that by 2026, **Nigeria** may spend 100 percent of its revenue on debt servicing, raising the alarm about the country's fiscal sustainability.

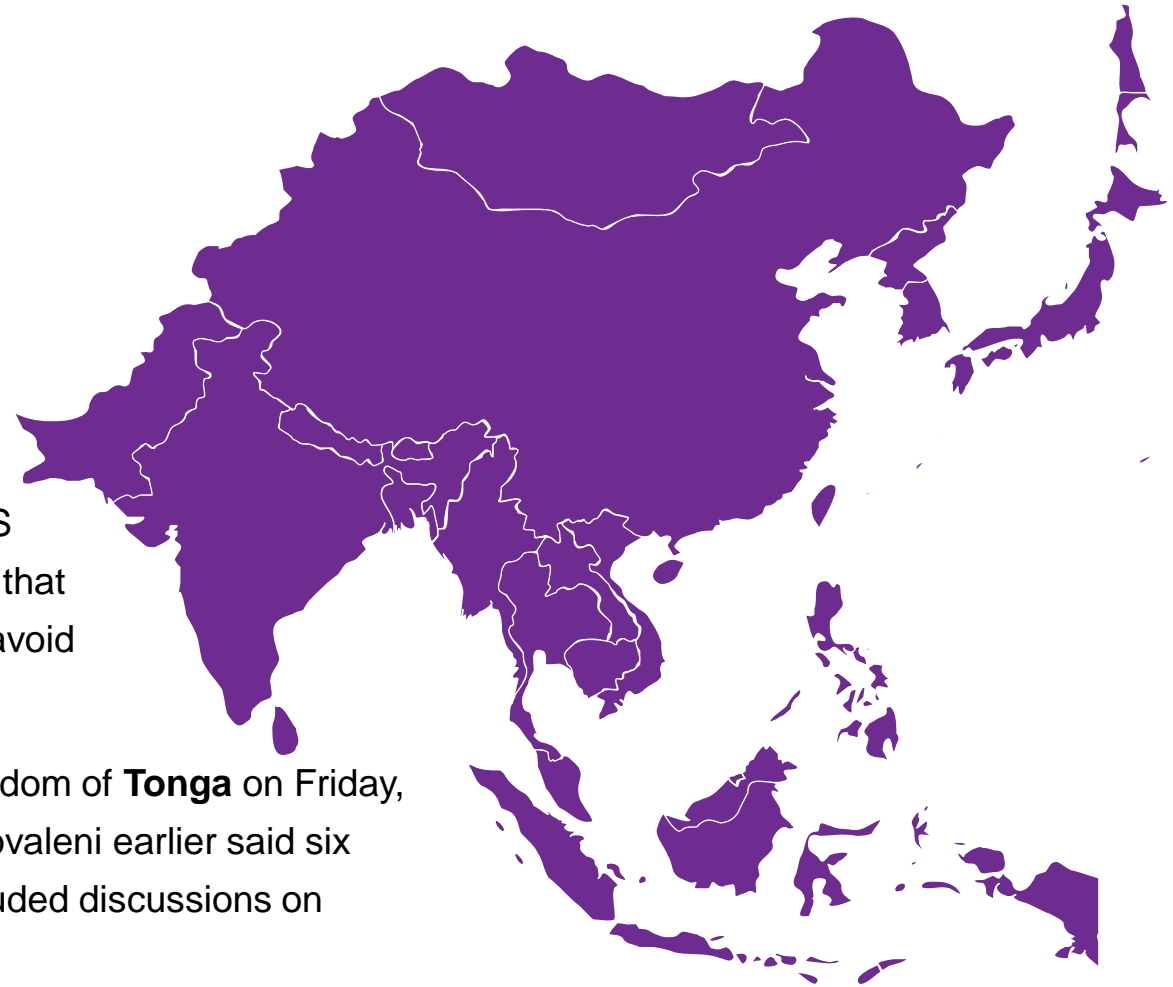


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# Asia

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- **Canada's** military has accused **Chinese** warplanes of harassing its patrol aircraft as they monitor North Korea sanction evasions, sometimes forcing Canadian planes to divert from their flight paths.
- **Taiwan and the US** will launch new trade talks, just days after the US launched an economic plan for Asia intended to push back on **China** that excluded Taiwan. China voiced its opposition, saying the US should avoid sending a wrong message to Taiwan separatists.
- **Australia's** foreign minister Wong will travel to the Pacific island kingdom of **Tonga** on Friday, days after her Chinese counterpart visited. Tonga's Prime Minister Sovaleni earlier said six agreements had been signed with China's Wang on his visit that included discussions on Tonga's loans from China.
- Hong Kong has returned to forcing close contacts of coronavirus-infected cases into government-run quarantine facilities as local officials attempt to contain the spread of highly infectious variants. **Chinese** health officials have been closely monitoring coronavirus sub-variants including BA. 2.12.1, BA. 4 and BA. 5, before announcing the return of centralized quarantine facilities.





# 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

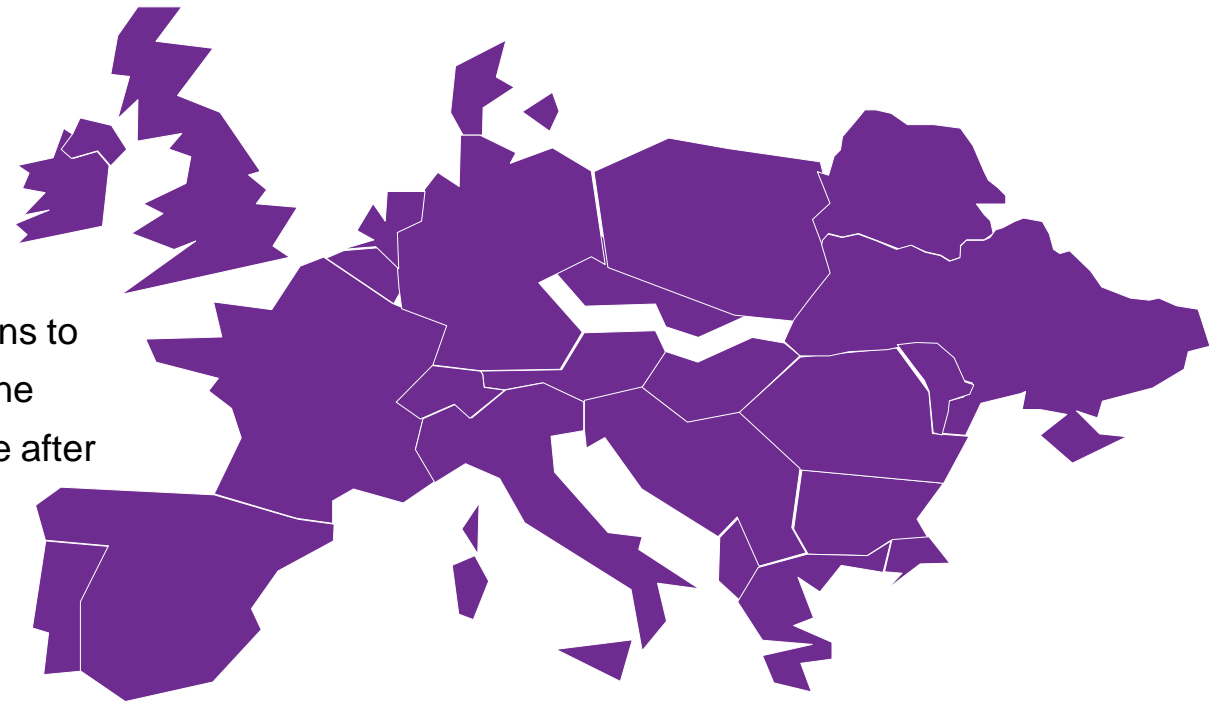
*All interaction with Dentons is attorney-client privileged*

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

# Europe

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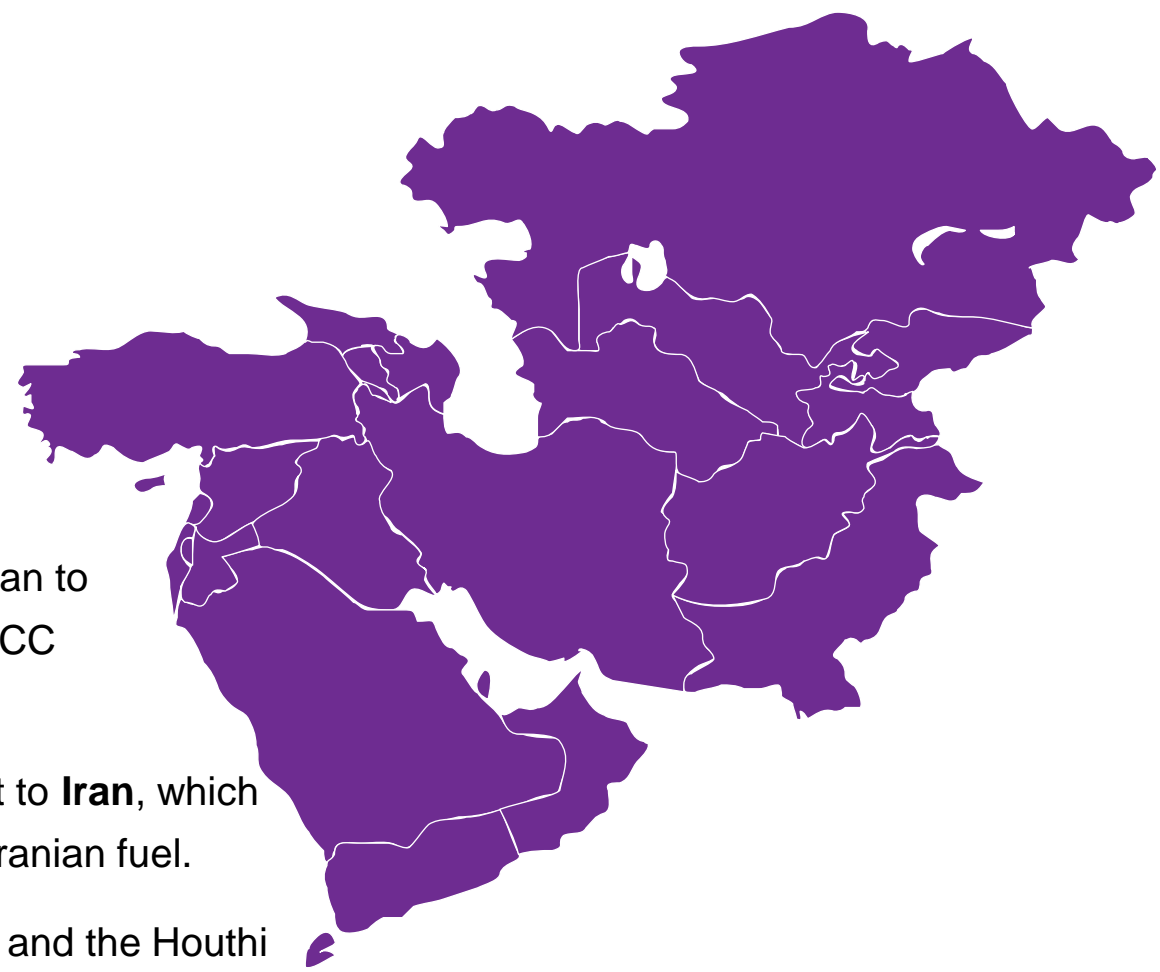
- The European Commission says **Croatia** has met all the conditions to adopt the euro common currency and become part of the eurozone starting in 2023. The planned switch will come less than a decade after the Balkan country joined the **EU**.
- NATO Secretary-General Jens Stoltenberg confirmed that he will convene a meeting of senior officials from **Finland, Sweden** and **Turkey** to address and seek to resolve Ankara's objections to the two Nordic countries joining the alliance.
- **Slovenia's** lawmakers approved a new center-left government of Prime Minister Golob, who leads a new party and replaced populist premier Janez Jansa. Golob said priorities of the new government will be to improve the health and welfare systems, depoliticize the police, focus on green energy and increase media freedoms, among others.
- **Denmark** will join the **EU's** defense policy after a referendum on Wednesday, signaling the latest shift among Nordic countries to deepen defense ties in response to **Russia's** invasion of **Ukraine**. Denmark is the only EU member that is not part of the bloc's defense and security policy.



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# Middle East

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- A draft resolution shows that the **US, France, UK and Germany** are pushing for the IAEA to rebuke **Iran** for failing to answer longstanding questions on uranium traces at undeclared sites.
- **Russia's** foreign minister said that **Gulf Arab countries** do not plan to join western sanctions against Russia following a meeting with GCC leaders in **Saudi Arabia**.
- **Iraq** has reportedly failed to make payments on a \$1.6 billion debt to **Iran**, which will likely result in further gas cuts to the country, which relies on Iranian fuel.
- The two-month ceasefire between the **Saudi-backed** government and the Houthi rebels in **Yemen** is set to end today; a US diplomat said that talks to extend the truce, which has seen some violations but has allowed freer humanitarian aid and access, are “*in trouble*.”
- The head of the **Lebanese** Forces party announced that they would veto any candidate for prime minister who was allied with Hizballah, warning of a “*major confrontation*” if an ally to the group rises to power.

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# Americas

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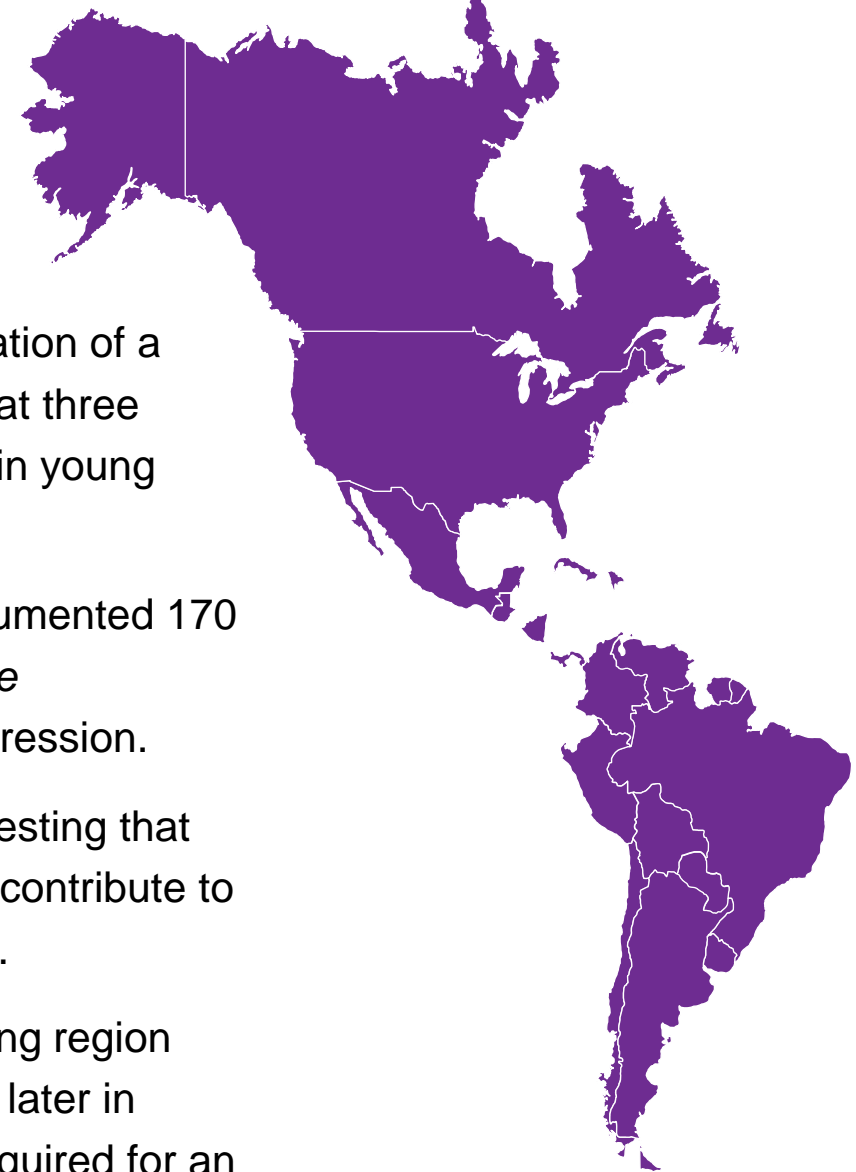
- The US announced that President Biden and President Bolsonaro of **Brazil** will have “*wide-ranging*” talks on the sidelines of Biden’s upcoming Summit of the Americas, confirming the two leader’s first meeting.
- A new study found that **Mexico** must invest 4 percent of its gross domestic product to build 800,000 new housing units in order to keep up with rising demand.
- PAHO reported that COVID-19 cases in the **Americas** increased 10.4 percent last week from the previous one but called on countries to also pay attention to a rise in other respiratory viruses in the region.
- **Ecuador's** National Assembly voted to remove its head, Guadalupe Llori, a close ally of President Guillermo Lasso.



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# Americas: US

- Pfizer/BioNTech submitted an application to the FDA for regulatory authorization of a **coronavirus vaccine for children** younger than 5. Clinical trials showed that three shots of its low-dose pediatric vaccine triggered a robust immune response in young children and was safe.
- California's task force on **reparations for Black Americans** said it has documented 170 years of systemic discrimination by the state and demanded "*comprehensive reparations*" for those harmed by that history of government-sanctioned oppression.
- **US job openings** fell in April, but remained at significantly high levels, suggesting that wages would continue to increase as companies scramble for workers, and contribute to inflation. Layoffs are at a record low, underscoring the jobs market tightness.
- US authorities are ready to implement a ban on imports from **China's** Xinjiang region when the Uyghur Forced Labor Prevention Act (UFLPA) law goes into effect later in June. According to US Customs, a "*very high*" level of evidence would be required for an exemption.



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# Emerging Trends in the Ransomware Ecosystem

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

***As the midway mark of 2022 nears, several key trends in the ransomware ecosystem indicate that threat actors are becoming more resilient despite countermeasures and heightened attention on them. Ransomware operators are successfully seizing lucrative paydays through a combination of evolution and innovation.***

For example, established groups are commercializing as-a-service offerings for use by other bad actors which multiplies the threat and results in more attacks and more ransoms paid. Cybersecurity industry leader Kaspersky recently identified three key areas that make ransomware gangs a pervasive global threat over the near future, including increasing cross-platform functionality, the industrialization of operations, and opportunities that arise from geopolitical conflict. Cybersecurity professionals and business leaders must take heed of these findings for situational awareness and to gain insight into potential next level advancements by the gangs that will continue to evolve.

## ***Emerging Trends***

**Cross-Platform Ransomware** - Ransomware gangs thrive on compromising as many systems as possible to maximize the odds of a ransom payment. The savviest operators are developing ransomware capable of running on an array of internal and mobile architectures as they understand large organizations often have diverse internal environments that use a variety of operating systems. Increasingly, these gangs are writing cross-platform ransomware in uncommon programming languages that can flexibly target multiple systems like Microsoft, Linux, and Android. This

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# Emerging Trends in the Ransomware Ecosystem

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malware can evade detection, as many security tools are not able to detect uncommon programming languages used within the malicious code.

**Industrialization of Ransomware Ecosystem** - Many ransomware groups today mimic the operations of a legitimate business, including marketing to potential customers, providing 24/7 help desk support functions, and offering discounts. Some of the more polished groups, such as the now-defunct Conti, even maintain a human resources department to attract talent, and boast a salaried workforce each with unique skills and organizational responsibilities. This structure enables the gangs to be more efficient in all aspects of their operations ranging from target selection to victim data exfiltration, which in turn builds group branding while solidifying a cutting-edge reputation.

**Crisis Creating Change** - The Ukraine war is affecting cybercriminals, including ransomware gangs, in notable new ways. The brazen ransomware gang Conti, for example, pledged loyalty to Russia but later rescinded its support when differences between core members

and affiliates threatened to fracture the group. This reveals how groups comprised of different nationalities face potential internal disputes in the wake of geopolitical crises that impact their future operations.

Conti also went through a significant transformation following its highly public assault on the government of Costa Rica in April 2022. The prolific group disbanded, sending highly capable members to other lesser-known ransomware gangs in the wake of a US government bounty worth \$10 million for information about its leadership. Choosing to disband may be a strategic move by Conti to ensure that its core membership survives, enlarging the ransomware ecosystem and equipping new gangs with vetted individuals experienced in conducting operations around the world. With Conti's core membership now decentralized, the group is more difficult for law enforcement to track. Perhaps most importantly, decentralization also allows for members to regroup in the future when attention directed against them has dissipated. If this disbanding tactic proves successful, other established groups will follow suit when the time comes for them to retire their ransomware strains.

# Emerging Trends in the Ransomware Ecosystem

## *The Way Ahead*

There is still no complete picture of the ransomware threat landscape almost halfway through 2022. In many places, reporting attacks to authorities is not mandatory and incentives to do so are minimal or unclear. Voluntary reporting of attacks and extortion demands means that only a fraction of incidents are known to the general public. What is clear, however, is that ransomware operations will not abate anytime soon, making all organizations potential targets. A recent survey by a cybersecurity company found that 68 percent of global organizations were targeted by a ransomware attack in 2021, an increase of 78 percent from the previous year. Ransomware gangs will continue to evolve their operations to outpace law enforcement and have no reason to stop, especially considering that 9 out of 10 companies which suffered a ransomware attack would pay the ransom if victimized another time just to keep business going, according to a Kaspersky report.

It is imperative that business leaders today be aware of the latest tactics and techniques employed by ransomware gangs so they can better understand how to maintain a proactive security posture. This is a more cost effective approach than paying ransoms and

expending time and money to remediate, recover, and restore business operations. 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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# Ukraine War Update: Slovakia Pledges Zusana 2 Howitzers, Russia Advances in Severodonetsk, Gazprom Exports Decline

*The Kremlin is accusing Washington of "adding fuel to the fire" by planning to supply Ukraine with advanced missile systems. "Such supplies do not encourage Kyiv to resume peace talks," Kremlin spokesman Peskov said, adding that Washington wanted to "fight Russia to the last Ukrainian." Russian Foreign Minister Lavrov has said the supply of US advanced rocket launchers raised the risks of a "third country" being dragged into the conflict.*

## **Political Developments**

Russia has not rule out a meeting between President Putin and Ukrainian counterpart Zelensky but requires that any such talks needed to be prepared in advance. Kremlin spokesperson Peskov said that people in the Russian-occupied Ukrainian regions of Kherson, Zaporizhzhia and Donbas must decide their own futures and the Kremlin did not doubt they would make the "*best decision*." Ukraine has previously said that annexation of the regions by Russia would end peace talks between the two sides.

The US expected Russia's war in Ukraine to go on for "*many months*" ahead despite pressure on the battlefield.

The Biden Administration is considering selling to Ukraine four MQ-1C Gray Eagle drones that can be armed with Hellfire missiles for battlefield use against Russia, according to media reporting. Gray Eagle can fly up to 30 or more hours depending on its mission and can gather large amounts of data for intelligence purposes. Gray Eagles can also carry up to eight powerful Hellfire missiles.

Slovakia has said it will deliver eight self-propelled howitzers to Ukraine under a commercial contract signed with a state-controlled producer. The Zusana 2 howitzers, a modernized version of an older model that has an effective range of 40 kilometers (25 miles) to 50 kilometers.

# Ukraine War Update: Slovakia Pledges Zusana 2 Howitzers, Russia Advances in Severodonetsk, Gazprom Exports Decline

Ukrainian President Volodymyr Zelenskyy said that 200,000 children are among the Ukrainians who have been forcibly taken to Russia.

## **Battlefield Developments**

Ukrainian forces hold just 20 percent of the eastern city of Severodonetsk but there is still hope that they can prevent Russia taking full control, per the head of the city administration. If Russia captures the city and its smaller twin Lysychansk on the west bank of the Siverskyi Donets river, it will hold all of Luhansk, one of two provinces in the Donbas that Moscow claims on behalf of separatists and a key war aim of Russian President Vladimir Putin.

The UK Defense Ministry assessed Russian forces continue to make steady gains supported by heavy artillery. However, it says the main road into Severodonetsk is likely to remain under Ukrainian control. The report says Russia faces challenges when it comes to crossing the Siverskyi Donets River, a vital objective as it prepares to shift focus from consolidating in the Luhansk region to pushing ahead in Donetsk. Although there are various possible crossing sites, the UK assessment is that the river line *"likely still remains controlled by Ukrainian forces, who have destroyed existing bridges."* The UK assessed that Russia will need a short, tactical pause ahead of

making opposed crossings and subsequent further attacks further into the Donetsk Oblast, where Ukrainian forces have prepared defensive positions. The report speculates that such a hiatus for Moscow's troops *"risks losing some of the momentum they have built over the last week."*

## **Economic Developments**

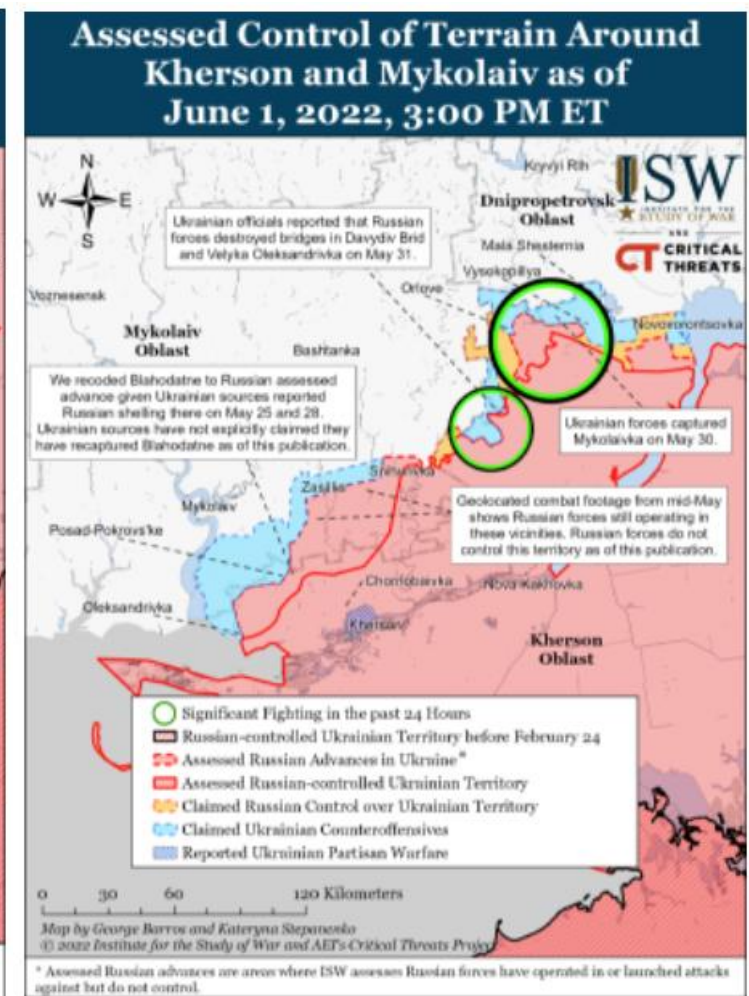
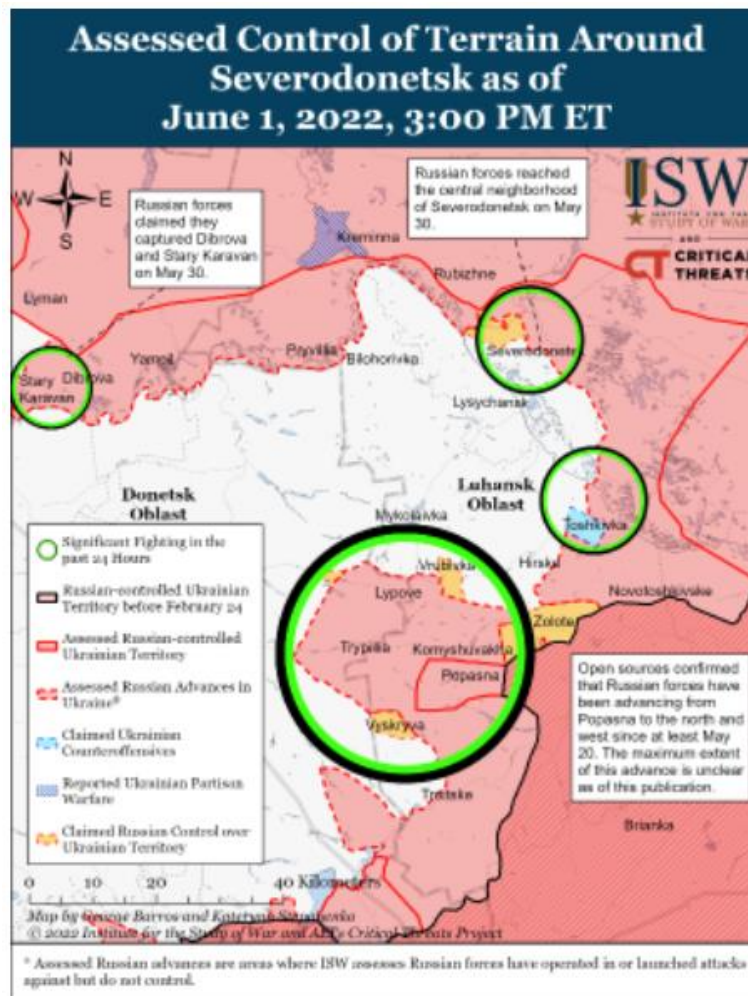
Hungary is holding up the finalization of the EU's sixth sanctions package, insisting on the removal of the head of the Russian Orthodox Church Patriarch Kirill from the list of sanctioned individuals.

The Credit Derivatives Determinations Committee, an influential panel of derivatives dealers and investors, ruled that a Russia's failure to include extra interest when it made a late repayment of one of its bonds last month will trigger an insurance payout of \$2.5 billion, pushing Moscow one step closer to a historic debt default.

Russia is replacing Citibank, which has stopped servicing the country's Eurobonds, with its own National Settlement Depository, as it risks its first major external debt default in over a century. Russia says it has cash and is willing to pay, refusing any talk of default.

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# Ukraine War Update: Slovakia Pledges Zusana 2 Howitzers, Russia Advances in Severodonetsk, Gazprom Exports Decline



Source: [Institute for the Study of War](https://www.instituteforthe studyofwar.org/)

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# Ukraine War Update: Slovakia Pledges Zusana 2 Howitzers, Russia Advances in Severodonetsk, Gazprom Exports Decline

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Germany and the Netherlands will jointly drill for a new gas field in the North Sea after Russian energy giant Gazprom said it had cut gas supplies to the Netherlands.

Russian energy firm Gazprom said its gas exports to nations outside of the former Soviet Union has dropped 27 percent year-on-year between January and May. Gazprom has lost European buyers such as Poland and Bulgaria amid Russia's demands for gas clients to pay in rubles.

Russia's factories suffered a sharp fall in output in April, with auto production leading the way down, falling 61 percent from last year as Western sanctions in response to the invasion of Ukraine made it hard for companies to get parts, the government's statistics agency said.

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# Coronavirus Condition Updates

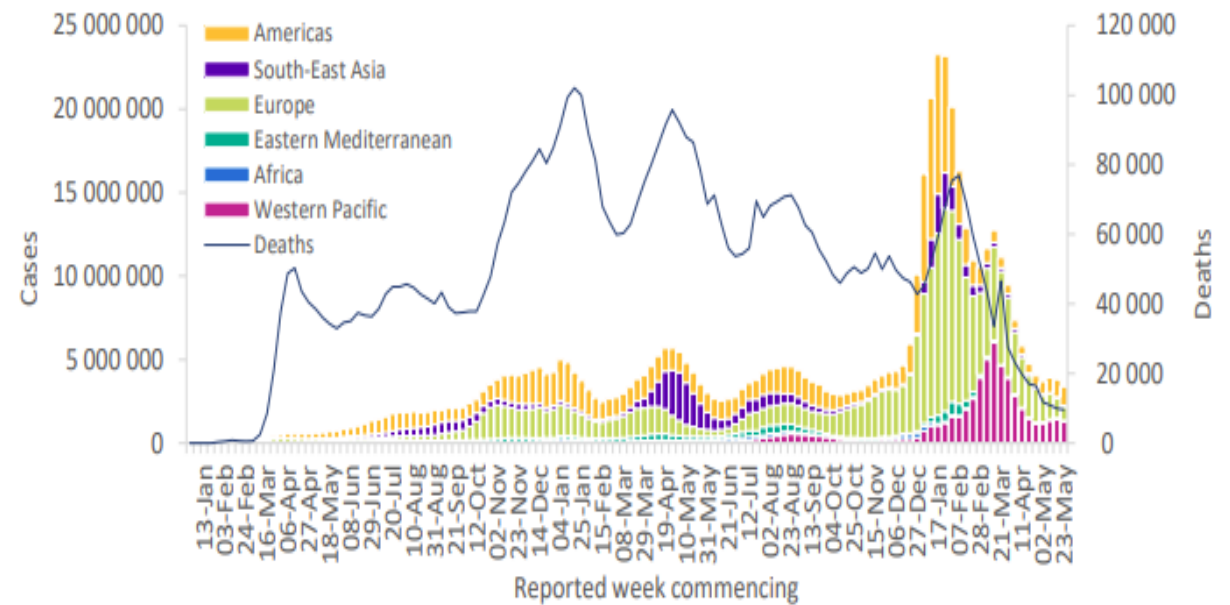
As of 5:33 pm CEST on June 1, 2022



# Coronavirus Snapshot

- Globally, the number of new weekly cases has continued to decline since a peak in January 2022. During the week of 23 until 29 May 2022, over 3.3 million cases were reported, an 11 percent decrease as compared to the previous week.
- The number of new weekly deaths also continues to decline, with over 9,600 fatalities reported, representing a 3 percent decrease as compared to the previous week.
- More than 11.8 billion vaccine doses have been administered.

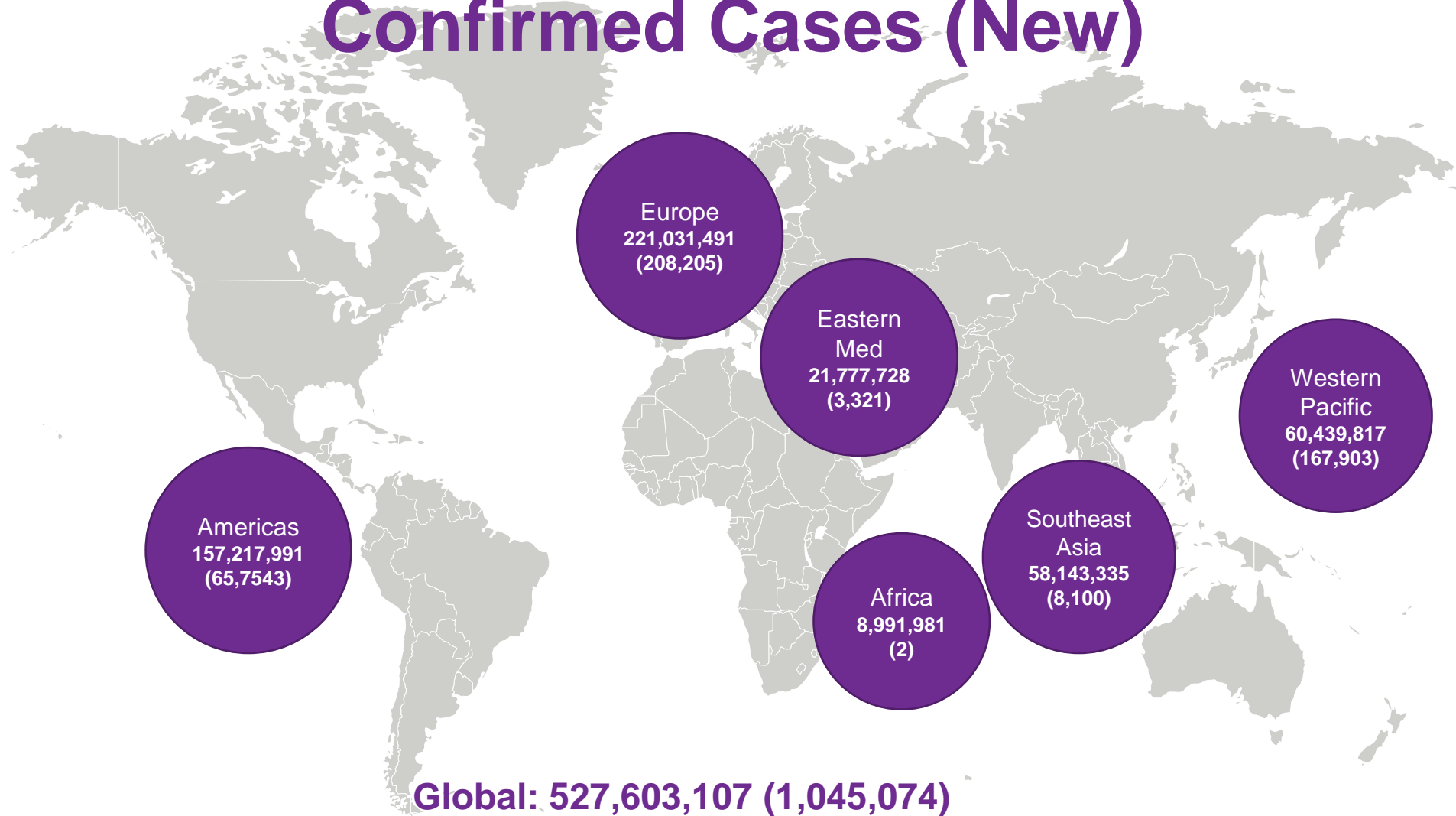
Figure 1. COVID-19 cases reported weekly by WHO Region, and global deaths, as of 29 May 2022\*\*



Source: WHO

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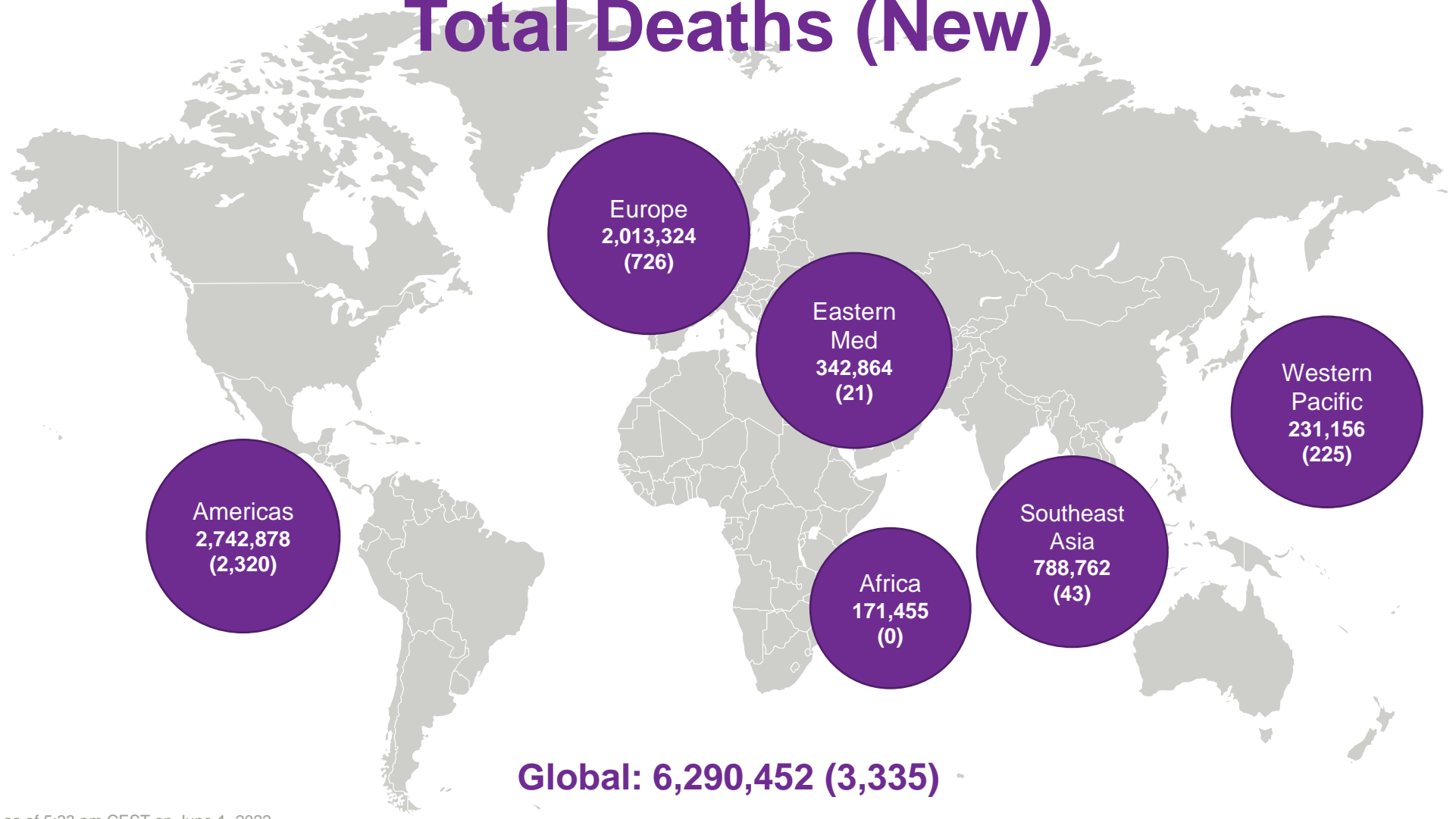
# Confirmed Cases (New)



Reflects data as of 5:33 pm CEST on June 1, 2022.  
Data Source: World Health Organization

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# Total Deaths (New)



Reflects data as of 5:33 pm CEST on June 1, 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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