

Dentons Flashpoint

Daily Global Situation Report

June 29, 2022

Global Situation Update: June 29, 2022

KEY TAKEAWAYS

Turkey lifted its veto over Finland and Sweden's bid to join NATO.

The US and Iran restarted indirect talks on restoring the 2015 Iran nuclear deal.

The US added five Chinese companies to a trade blacklist for Russian sanctions evasion.

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WHAT WE'RE WATCHING

Today, US and Iranian negotiators pick up long-stalled indirect talks in Qatar over ways to revive the Joint Comprehensive Plan of Action (JCPOA) (on hold since March). European Union (EU) officials are mediating, as Tehran refuses to discuss the nuclear deal directly with Washington. Also on the negotiating table are the US designation of Iran's Islamic Revolutionary Guard Corps (IRGC) as a terrorist group and regional security.

The EU is supportive of these latest talks because a potential breakthrough, although unlikely, could add Iranian oil to global markets and bring down high gas prices. The US is meanwhile also reengaging Iran's ally Venezuela to potentially tap into its vast oil supplies.



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

Global

A *Financial Times* investigation reveals Russian smuggling network of stolen Ukrainian agricultural products from a port in Crimea, shipped through the Black Sea to Turkey, Syria and Libya.

- As NATO allies pledge to continue to supply Ukraine with weapons in its war against **Russia** for as long as necessary, Russian forces push their advances, with **intense bombardment** on the southern city of Mykolaiv and Lysychansk in the Donbas. Russia is using indiscriminate fire, **hitting civilian infrastructure, destroying villages.**
- In the **Space race**, an uncrewed Chinese spacecraft has acquired imagery data covering all of **Mars**, including visuals of its south pole, after circling the planet more than 1,300 times since early last year. Among the images taken are photographs of the Martian south pole, where almost all of the planet's water resources are locked. Locating subsurface water is key to determining the planet's potential for life, as well as providing a permanent resource for any human exploration there.

Markets & Business

A severe semiconductor shortage has resulted in record wire fraud cases last year reported by desperate buyers.

- **Uber Technologies Inc** and Australia's main transport union agreed to back a federal body that enforces minimum pay for the company's drivers, joining a global thawing of relations between the ride-hailing giant and industrial bodies.
- Big Four auditing firm **EY** has agreed to a record \$100 million settlement with the US securities regulator to resolve claims that dozens of its employees cheated on an ethics exam and that it misled investigators.
- Australian bank **Volt** has become the second bank in the country's history to return deposits and surrender its license, in a blow to the government's efforts to increase competition in the heavily concentrated banking sector.
- US **Exxon Mobil Corp** and **Imperial Oil Ltd** have agreed to sell their Montney and Duvernay shale oil and gas assets in Canada to **Whitecap Resources Inc** for C\$1.9 billion (\$1.48 billion).
- **Tesla** has closed its office in San Mateo, California and laid off roughly 200 employees working on its Autopilot driver-assistant system there, in a move seen as accelerating cost-cutting.

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Environment, Sustainability & Governance

EU environment ministers reached late night compromises on five sensitive laws that form part of the bloc's Fit for 55 package that aims to reduce greenhouse gas emissions by at least 55 percent by 2030 compared to 1990s levels.

- NATO aims to cut its civilian and military **greenhouse gas emissions** by at least 45 percent by 2030 and be carbon neutral by 2050, the first emissions targets for the organization.
- Equity index compiler MSCI said that the **world's listed companies** were on a course to cause global warming of 2.9 degrees Celsius, well above a target to limit the worst effects of **climate change** on the planet.
- A federal judge in Washington dismissed a lawsuit by eight citizens of Mali who sought to hold Hershey, Nestle, Cargill Inc and others liable for **child slavery** on Ivory Coast cocoa farms.
- Companies critical to reducing **tropical deforestation** have no chance of meeting their greenhouse gas emission targets unless they make much faster progress on ending deforestation in their supply chains, per a new study by the Intergovernmental Panel on Climate Change.

Africa

- **Zimbabwe's** central bank will raise its main policy rate a record 200 percent in an effort to deal with runaway inflation (191 percent in June).
- Leaders of warring tribes in two West Darfur localities in **Sudan** signed agreements to stop hostilities, potentially ending resurgent ethnic violence there. The Darfur Bar Association, on the other hand, dismissed the agreements as undermining the rule of law by legitimizing the payment of blood money.
- **South Africa** recorded its second monkeypox case not linked to travel, signaling wider community spread.
- **Sudan's** armed forces fired heavy artillery during clashes in a disputed eastern region bordering **Ethiopia**, the latest salvo in a long-running feud over their shared border.



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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:

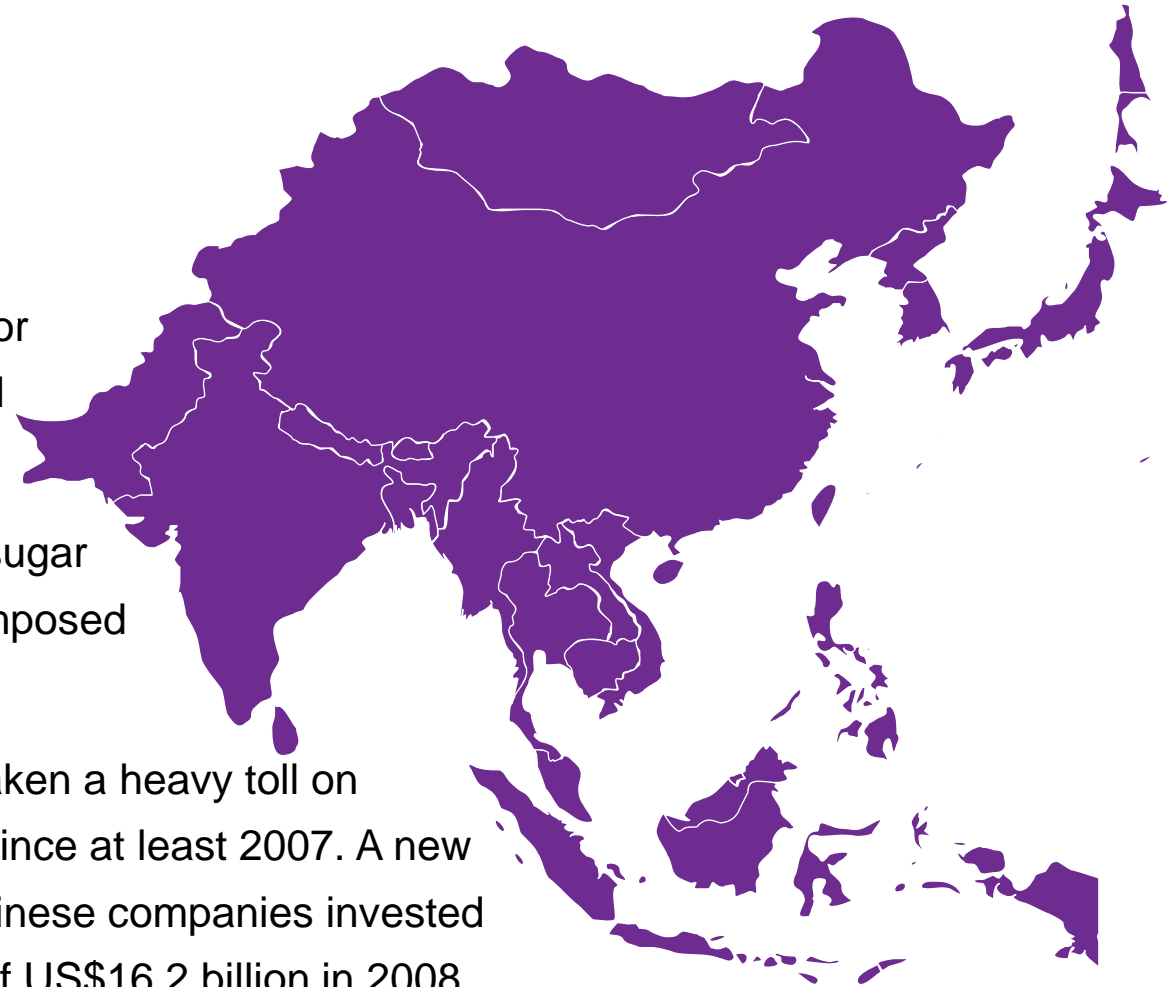
- ❖ Ransomware tabletop exercises
- ❖ Post-tabletop action reports
- ❖ Maturity assessments for preparedness
- ❖ Supply-chain attack simulation
- ❖ Comprehensive incident response plan
- ❖ Threat analysis and monitoring

All interaction with Dentons is attorney-client privileged

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

Asia

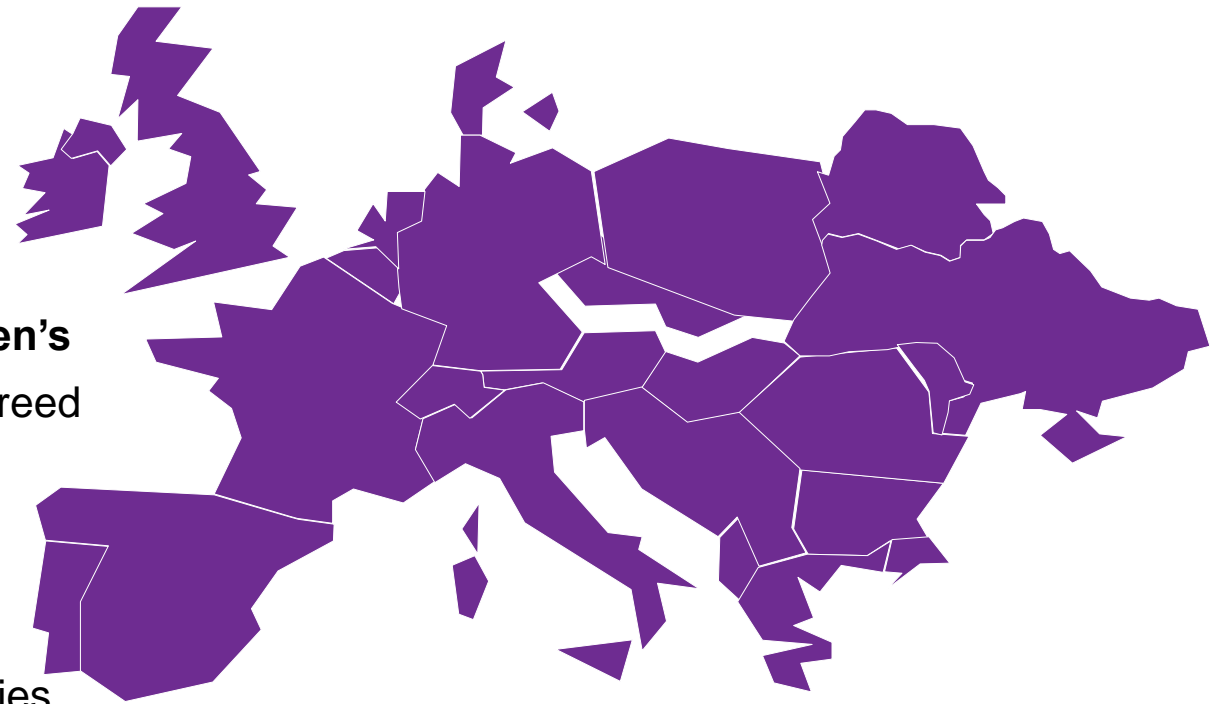
- The **US** added five companies in **China** to a trade blacklist for allegedly supporting **Russia's** military and defense industrial base.
- **India** is considering allowing mills to ship out stocks of raw sugar that have piled up in ports and warehouses, weeks after it imposed curbs on overseas sale of the sweetener.
- A diplomatic falling out between **Australia and China** has taken a heavy toll on Chinese investment, which has plunged to the lowest level since at least 2007. A new report by KPMG and the University of Sydney found that Chinese companies invested just US\$585 million in Australia in 2021, down from a peak of US\$16.2 billion in 2008.
- More than seven million **Bangladeshis** are still in "*desperate*" need of shelter and aid after deadly floods earlier this month, the Red Cross said yesterday.



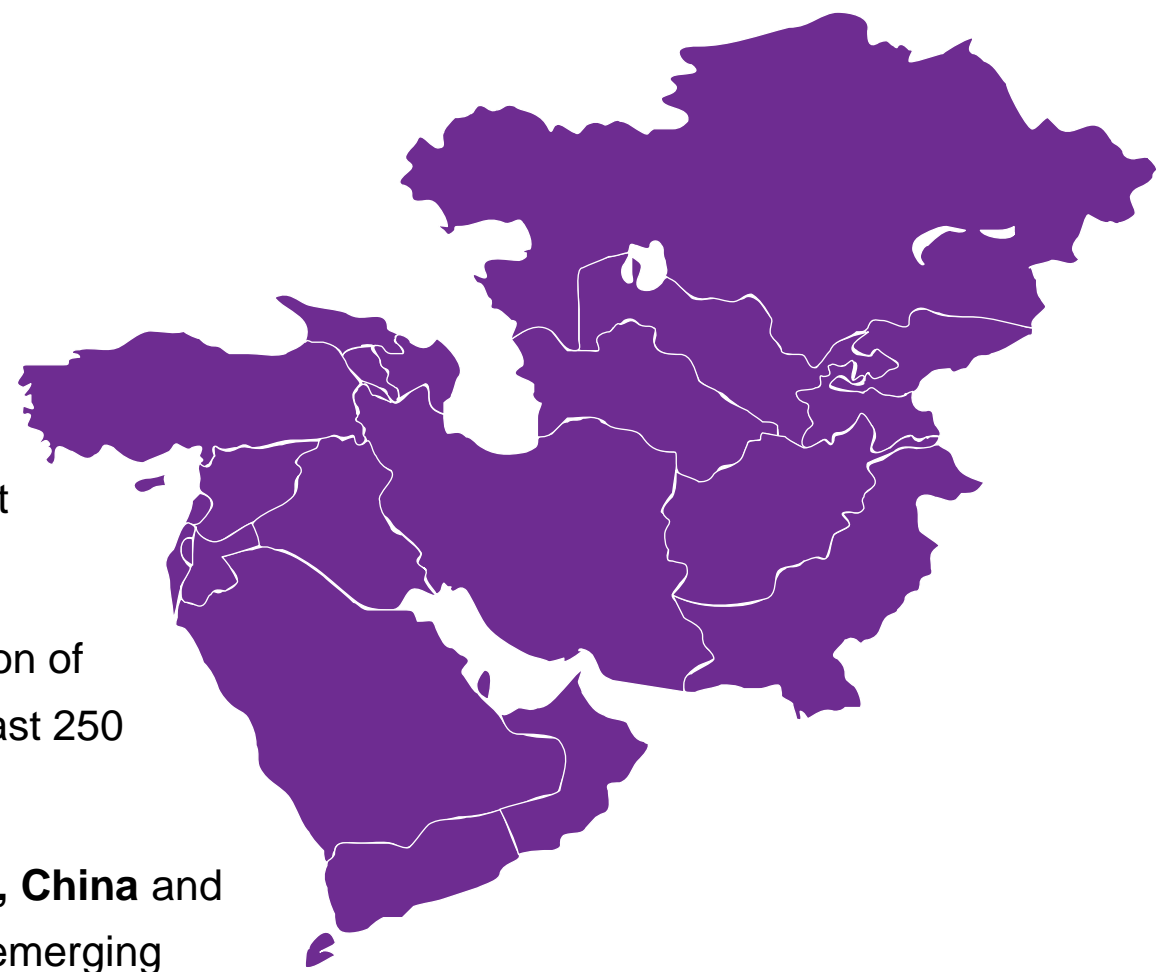
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Europe

- NATO ally **Turkey** lifted its veto over **Finland and Sweden's** bid to join the Western alliance after the three nations agreed to protect each other's security.
- **Bulgaria** is expelling 70 Russian diplomatic staff over espionage concerns and had set a cap on the size of **Russia's** representation as tensions between two countries that were once close allies fractured over **Ukraine**.
- Scotland's First Minister Sturgeon announced plans for a second referendum to be held on Scottish independence in October next year, vowing to take legal action to ensure a vote if the **British** government tried to block it.
- **Poland** has reached an agreement with air traffic controllers in a dispute over pay and conditions, in a welcome relief for holidaymakers fearing flight cancellations.



Middle East



- The **US and Iran** today restarted indirect, **EU**-mediated talks to rejoin the 2015 Iran nuclear deal. The talks are restarting after stalling in March over Iranian demands that the US delist the IRGC.
- **Jordan** vowed to undertake an investigation after the explosion of a chlorine tank in the port of Aqaba killed 13 and injured at least 250 earlier this week.
- **Iran** applied to join the BRICS group of **Brazil, Russia, India, China** and **South Africa**, which Beijing and Moscow cast as a powerful emerging market alternative to the West.
- Palestinian Islamist militant group Hamas released a video purporting to show an **Israeli** citizen being held captive in the **Gaza Strip**, the first such images of the man since his capture seven years ago.

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Americas

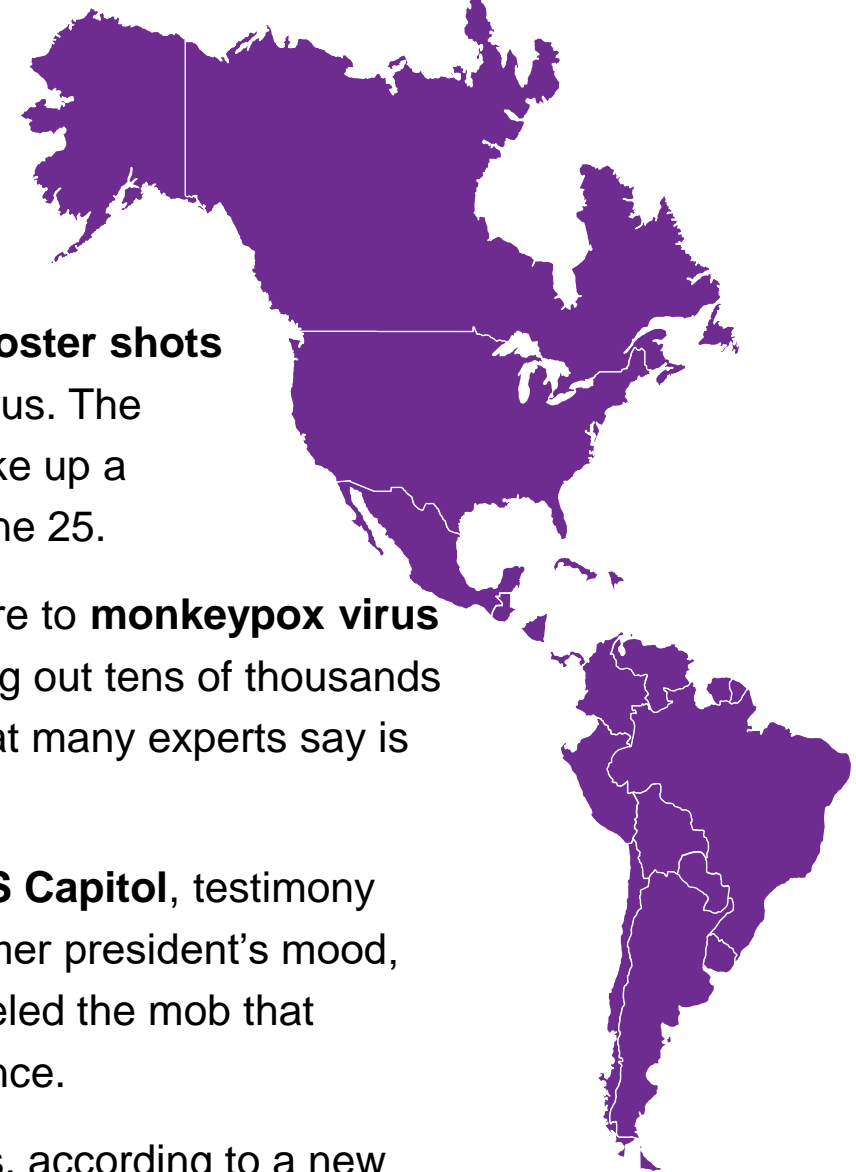
- **El Salvadoran** President Bukele pledged that his government will "*intensify*" already tough efforts to combat gangs after three police officers were gunned down earlier in the day.
- A group of **Brazilian** states filed a lawsuit to overturn a recent federal tax cut on gasoline, electricity, telecommunications and public transportation; the tax cuts are part of President Obrador's efforts to lower the cost of living ahead of fall elections.
- **Canada's** financial regulator will tighten rules for riskier home loan products, in a bid to address concern over high levels of mortgage debt driven by record-low interest rates during the pandemic.
- **Ecuador's** President Lasso said that he will not meet again with indigenous leader Leonidas Iza, who is a leader of the ongoing anti-government protests that have ground the Ecuadorian economy to a halt and threaten to fully cut off oil production.



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Americas: US

- Advisers to the FDA recommended a change in the design of **COVID-19 booster shots** this fall in order to combat more recently circulating variants of the coronavirus. The fast-spreading BA.4 and BA.5 sub-variants of Omicron are estimated to make up a combined 52 percent of the coronavirus cases in the United States as of June 25.
- The CDC is now recommending vaccines for people with presumed exposure to **monkeypox virus** and not just confirmed exposure. The Biden Administration will begin sending out tens of thousands of vaccine doses in an effort to control a record US monkeypox outbreak that many experts say is far larger than the official count of 306 cases.
- In the latest open Congressional hearing of the **January 6 attack on the US Capitol**, testimony from a White House insider provided a methodical inside account of the former president's mood, actions and intentions that day. Her recollections showed Trump not only fueled the mob that assaulted the halls of Congress, but wanted to join it, disregarding the violence.
- **School shootings** in 2020-21 soared to the highest number in two decades, according to a new federal report that examines crime and safety in schools across the US.



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Climate Spotlight: Business Risks of Extreme Heat

By Matt Skros

As extreme heat waves become more common due to climate change, businesses may need to adapt their operations to protect personnel and assets from these intense conditions. They also may need to prepare for energy challenges as existing infrastructure struggles to cope with demand generated by these heat waves.

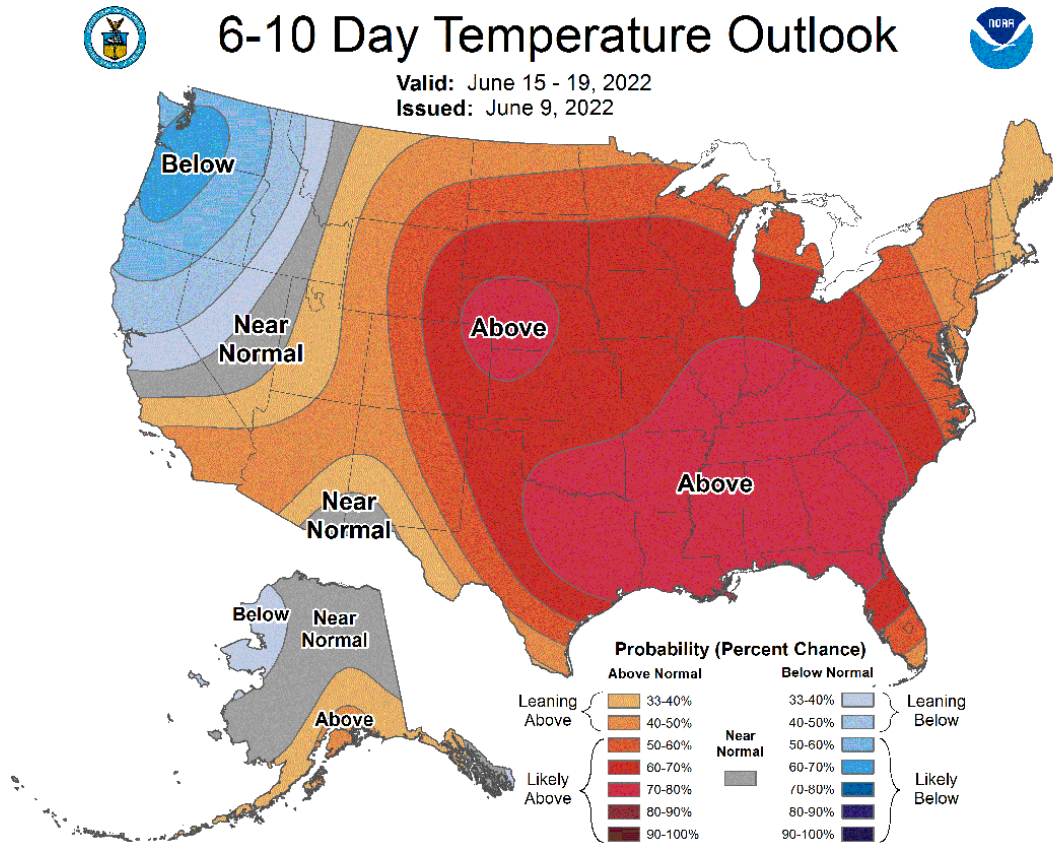
This past week, Tokyo has endured record-high temperatures which have sent more than 250 people to the hospital with heatstroke while straining the power grid as Japanese citizens tried to cool down. Temperatures reached 104.4 Fahrenheit degrees in Isesaki, about 50 miles northwest from Tokyo, while temperatures in Tokyo proper reached 95 degrees Fahrenheit. Elsewhere during the first half of 2022, extreme heat events are becoming more and more common, posing significant risks to infrastructure and economies. As climate change continues to accelerate, businesses will need to prepare their assets, personnel and supply chains to withstand such extreme weather events, lest they significantly disrupt commercial operations.

Studies have indicated that heat waves will likely become more frequent and more

damaging due to climate change. Heat waves are already occurring three times more than they did in the 1960s, and cities across the US deal with high temperatures on a routine basis. Many cities are not equipped to cope with them. In Japan, for example, the government has warned of potential power shortages as citizens try to cool their homes and offices. This concern is not unique to Japan. A May 2022 report from the North American Electric Reliability Corporation (NERC) predicted an increased risk of energy emergencies in the US' Upper Midwest during the summer months, as many power grids are not designed to handle heightened energy demands. Elsewhere, the vulnerability of the Texas power grid has been questioned in light of power failures during a February 2021 cold snap. California, Nevada and Arizona are all also at risk of power grid strain, according to the NERC.

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Climate Spotlight: Business Risks of Extreme Heat



(Source: NOAA Climate Prediction Center)

Apart from the evident health and infrastructure risks extreme heat presents, it can also have a significant impact on the economy. An Atlantic Council study estimated that the total US economic loss from extreme heat is about \$100 billion dollars annually in lost worker productivity. The study further estimates that that figure will double by 2030 and quintuple by 2050. For example, construction workers or warehouse employees who need to take a break from the extreme heat contributed to this economic impact. Office workers, too, have difficulty working in hot offices, slowing their productivity and contributing to this economic loss. For those working from home, the costs of cooling one's home can quickly add up, reducing disposable income.

For businesses operating in this environment, adaptability and flexibility are important to protecting operations and personnel. In September 2021, the US Occupational Safety and Health Administration (OSHA) announced it will be launching a rulemaking process for workplace heat standards. As a component of this, OSHA offers some guidance for employers on best practices for reducing the risk of heat-related illness while working outside.

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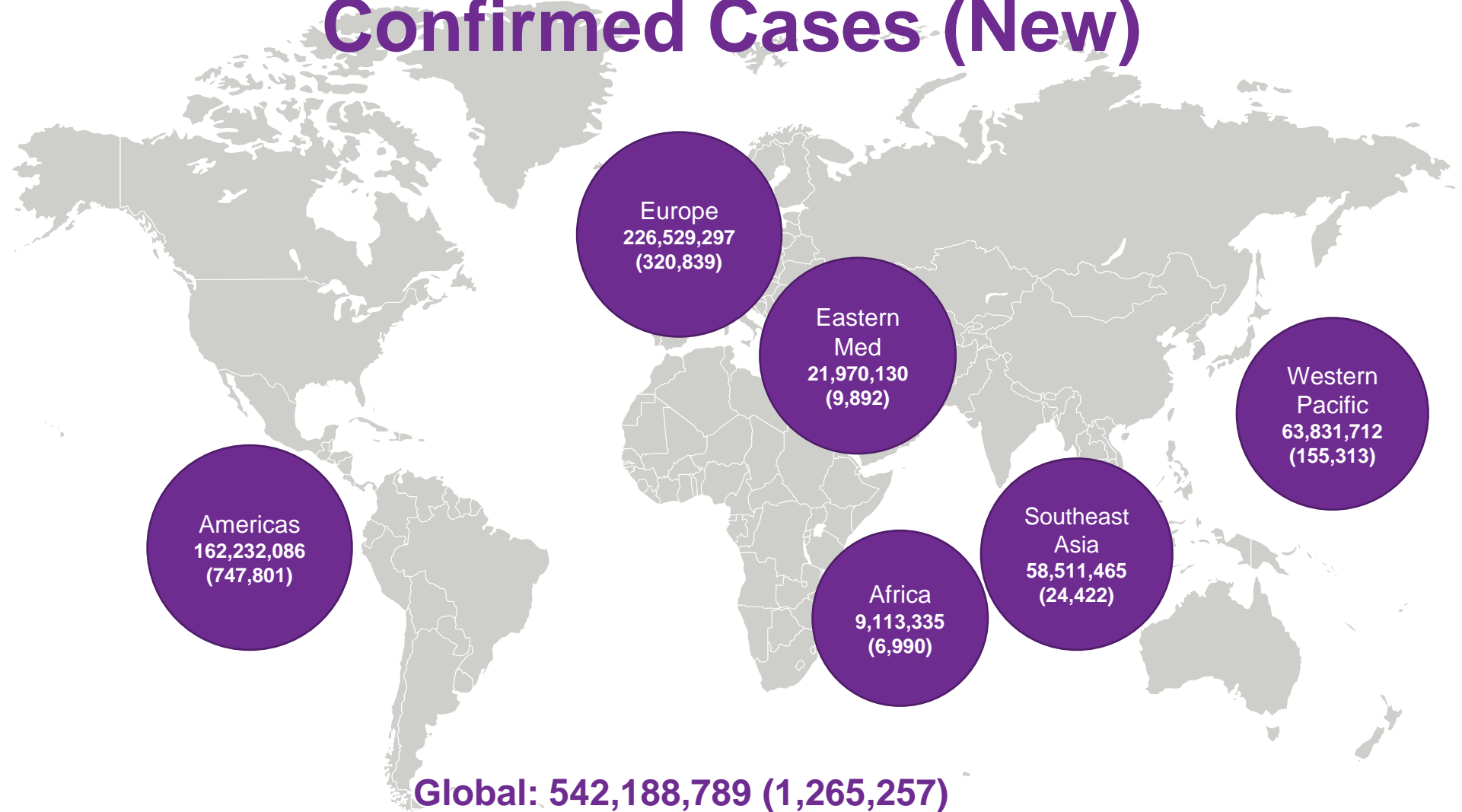
Ensuring that supervisors check in with their employees for signs of exhaustion or heatstroke is key, as is ensuring employees can recognize the signs of heat-related illness in their coworkers. Additionally, building breaks into work shifts can ensure that projects are still completed on schedule without affecting productivity nor compromising the health of employees. Allocating additional funds to better cool workspaces such as warehouses or distribution centers can pay dividends in terms of employee health and productivity. For firms whose work is primarily office-based, ensuring that employees are aware of heat conditions can help them prepare. Firms should also consider offering flexibility for employees who can work from home, rather than requiring them to come into the office on abnormally hot days. Elsewhere, governments are standing up new heat-related worker protections to curb risks; most countries in the hot, arid Arab Gulf region - Saudi Arabia, the UAE, Qatar, Kuwait, Bahrain and Oman – ban outdoor summertime work under the sun during the hottest hours of the day. The effects of these heatwaves can be mitigated with prudent steps, setting a business up to better manage the compounding effects of climate change.

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Coronavirus Condition Updates

As of 6:30 pm CEST on June 28, 2022

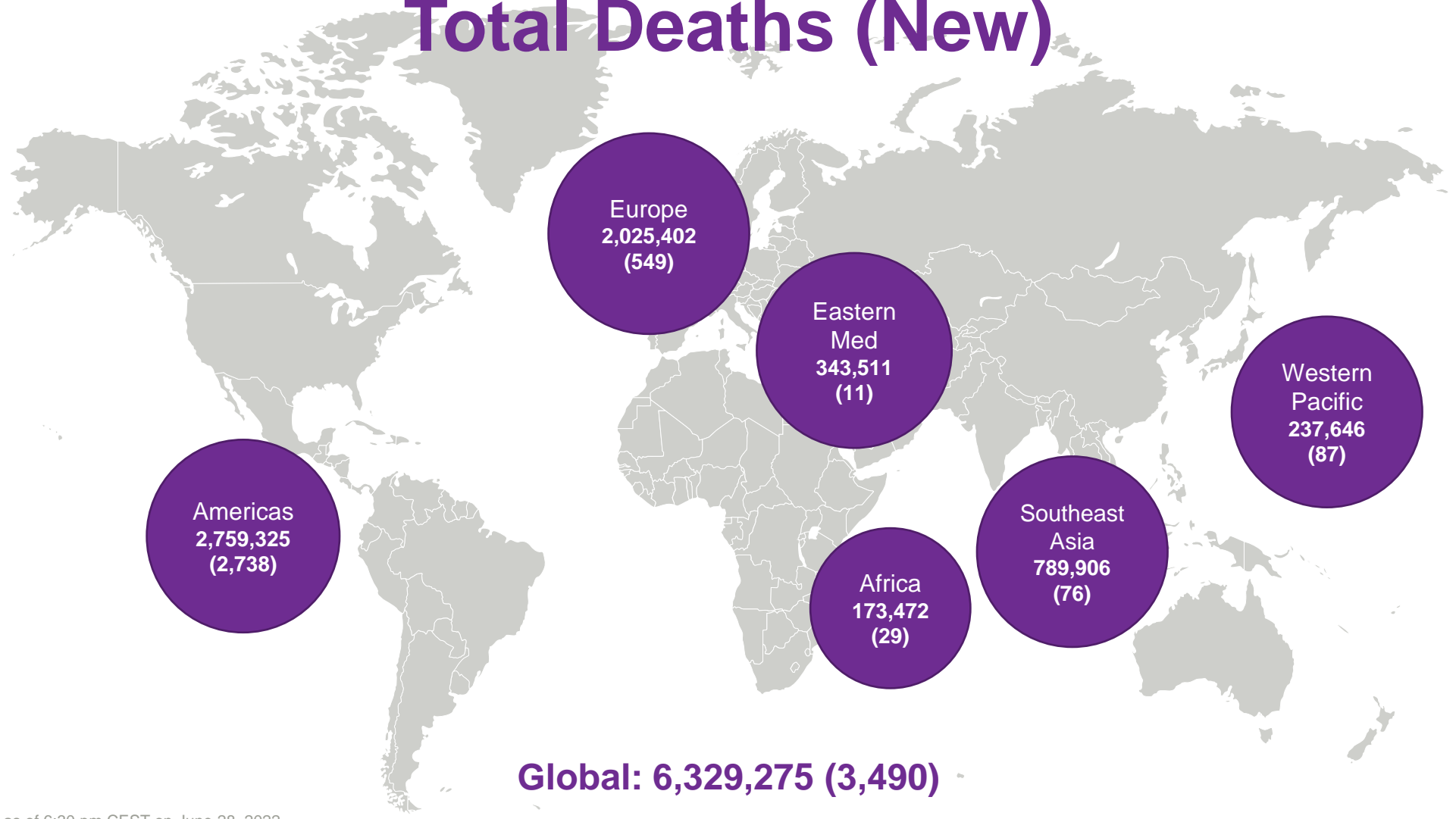
Confirmed Cases (New)



Reflects data as of 6:30 pm CEST on June 28, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 6:30 pm CEST on June 28, 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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