Dentons Flashpoint

Daily Global Situation Report

March 25, 2022

Global Situation Update: March 25, 2022

KEY TAKEAWAYS

Western alliance leaders show united front against Russian invasion of Ukraine.

France launched an emergency food initiative for countries hit by the Ukraine war supply chain disruptions.

Kazakhstan's CPC terminal on Russia's Black Sea coast partially reopens for oil exports after repairs from "storm damage."

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WHAT WE'RE WATCHING

Uruguay holds a national referendum this weekend that will be an important test for the stability of President Luis Lacalle Pou's administration. The referendum on the president's flagship security and economic policies was triggered by opposition-led discussions over their potential unconstitutionality. Leftist movements argue, for example, that policies like greater autonomy to security forces could lead to systematic human rights violations.

Lacalle Pou currently enjoys strong popular support, so the referendum to repeal many of his policies is likely to fail, delivering a victory to the president and his allies. Regardless of the results, companies will continue to enjoy a stable, favorable operating environment through the end of Lacalle Pou's current term in 2025.

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Global

French president Macron announced the launch of an emergency food initiative to try to secure supplies for countries in need as a result of the disruption caused by Russia's invasion of Ukraine.

- Western alliance leaders made a number of announcements following their **high-level consultations** yesterday, presenting a united front committed to maintain sanctions and increase the cost to Russia for its aggression on Ukraine.

- Anonymous announced this week that it **hacked Russia's central bank**, and it is planning to release 35,000 documents over the next 48 hours detailing "*secret agreements*."

- **On the offensive**, Ukrainian troops are recapturing towns east of the capital Kyiv and successfully attacked Russian ships docked in the occupied port of Berdyansk, while Russian forces continue slow but steady progress in Mariupol, with street fighting now in the city center.

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Markets & Business

According to a new report by the IMF, the dollar's share of global reserve currencies has been in steady decline over the past 20 years as central banks turn to nontraditional currencies, including the renminbi, to diversify their holdings.

- International grain trader **Louis Dreyfus Group** warned of the "material impact" the Ukraine war could have on its operations in the region.

- EU lawmakers voted to adopt the **Digital Markets Act (DMA)** which is likely to set a global benchmark for competitive practices for big technology companies.

- Organizers of the **Beijing auto show**, which was scheduled to be held in late April, have postponed the event due to a recent flare up of COVID-19 cases in China.

- Under pressure from investors to exit coal businesses worldwide, global mining giant **Anglo American Plc** announced the sale of its remaining shareholding in **Thungela Resources**, completing its exit from the South African coal business.

- **Dyson Ltd.** opened its new global headquarters in Singapore today and announced plans to invest S$1.5 billion ($1.1 billion) in expanding its research and engineering capabilities in the city-state.

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Environment, Sustainability & Governance

The World Bank issued its first-ever wildlife conservation bond, raising $150 million to support the endangered black rhino population in South Africa.

- Japanese regulators are considering requiring companies' annual reports to disclose average **wages by gender and ratios of female managers**.

- Britain has launched a consultation on possible changes to its **emissions trading system**, including adding the maritime sector and tightening caps set under the scheme to help it meet its net zero emissions target.

- Apple announced plans to buy its first industrial batch of **carbon-free aluminum** to produce its lower-cost iPhone SE, part of an effort to make iPhones less carbon-intensive.

- Total Energies announced a new plan to reduce **carbon emissions** by 30 percent by 2030.

- Financial services firm MetLife pledged $2.5 billion in funding for DEI commitments including spending with **diverse suppliers and advancing diverse-owned firms**.

- In his annual shareholder letter, BlackRock CEO Larry Fink argued that the war in Ukraine will accelerate the long-term **green energy transition** as governments aim to reduce fossil fuel reliance.
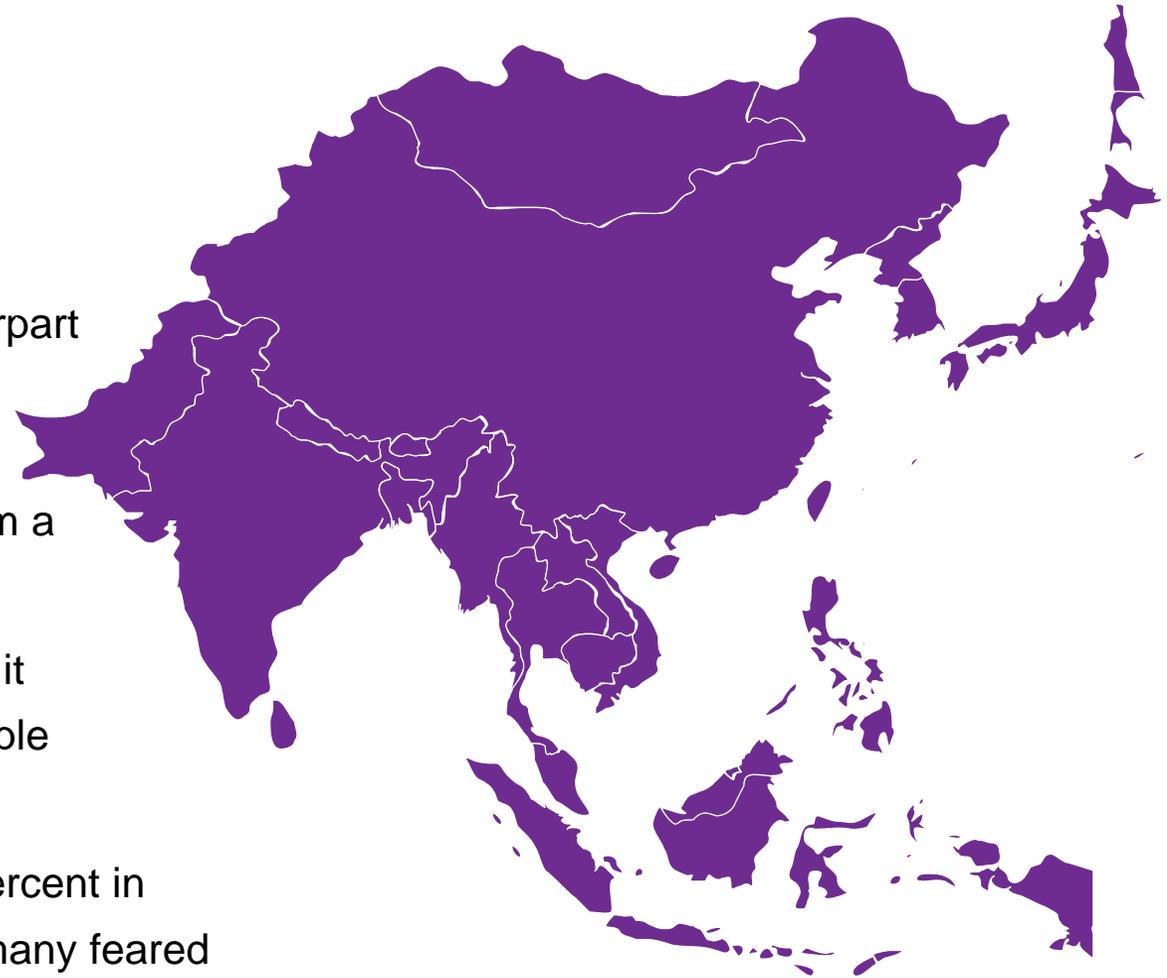
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Africa

- **Sudanese** police fired tear gas and live rounds at protesters gathered in Khartoum to demand an immediate handover to democratically elected leaders yesterday, killing one; the death brings the estimated protester toll to 90.

- The **Ethiopian** government in Addis Ababa declared a unilateral truce in with the Tigray region to allow the entry aid, citing increasing outflows of residents to other provinces and countries; Tigrayan leaders have not commented on the truce but have previously accused Addis of blocking aid.

- Spokesmen for fighters in **South Sudan** reported outbreaks of sporadic violence in the country's Upper Nile state, threatening the fragile 2018 peace agreement.

- A court of the West African Economic and Monetary Union (UEMOA) ordered the body to suspend sanctions against **Mali** that were put in place following a military coup; it is unclear if UEMOA or its party nations will abide by the ruling.

- The **South African** Reserve Bank raised rates on Thursday as the latest emerging-market central bank to brace for higher inflation from the economic disruption of the war in Ukraine.

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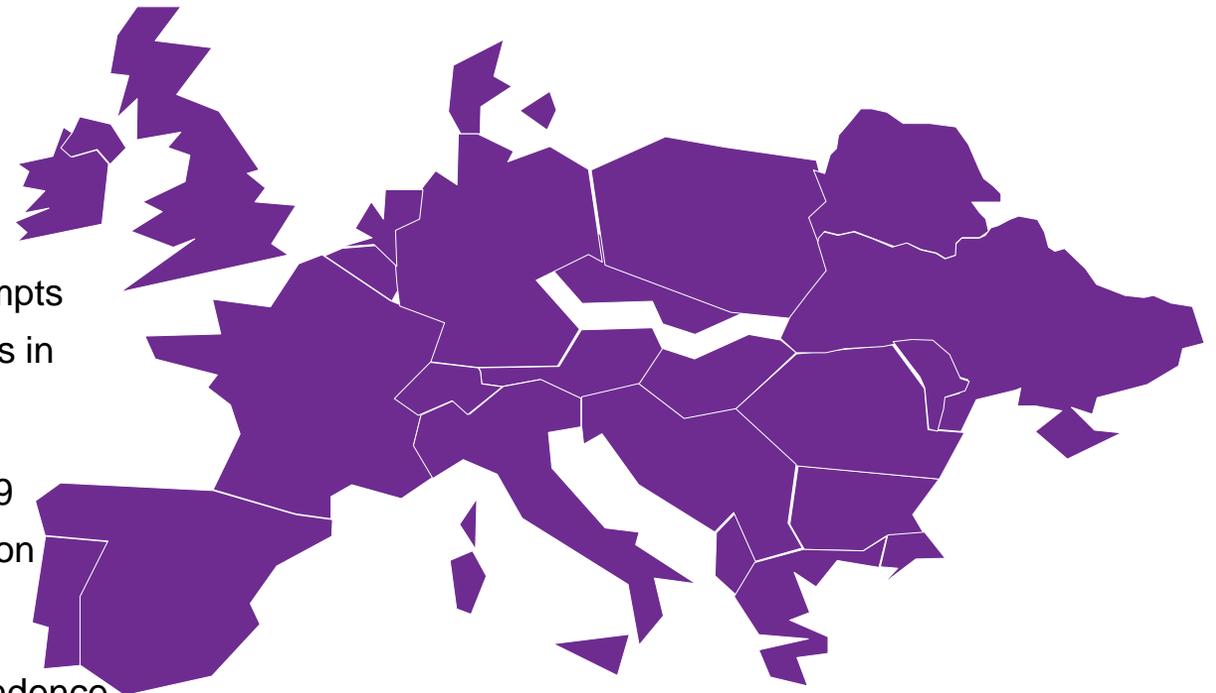
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Asia

- **Chinese** Foreign Minister Wang Yi meet his **Indian** counterpart in New Delhi today, the first visit by a top Chinese official since border clashes in 2020 and was told India sees the complete disengagement of Chinese and Indian troops from a face-off on their remote border as key to better relations.

- **North Korea's** resumption of long-range missile tests puts it closer than ever to having a reliable way of delivering multiple nuclear warheads anywhere in the **US**.

- Shanghai's COVID-19 cases increased by more than 60 percent in a single day, as city authorities escalated restrictions that many feared would put the **Chinese** financial hub into city-wide lockdown.

- **Australia's** Great Barrier Reef is suffering "*mass bleaching*" as corals lose their color under the stress of warmer seas, blamed on climate change.

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Europe

- The International Energy Agency said it would consider any attempts by **Russia** to make **European** countries pay for their gas supplies in roubles a "security threat."

- From March 28, **Poland** will drop most of its remaining COVID-19 restrictions, including compulsory indoor masking and self-isolation for those in households with people who test positive.

- **Germany's** economy ministry wants to halve the country's dependence on **Russian** oil by the summer and have no Russian hard coal imports by the autumn. Germany's ruling coalition agreed to a €13 billion relief package to ease the burden of soaring energy costs on its citizens.

- **Russian** healthcare regulator Roszdravnadzor said medicine shortages were due to "*artificially*" higher demand caused by hording and that suppliers were not currently able to replenish stocks on time.

- Kazakh Energy Minister Akchulakov said oil exports from the CPC terminal on **Russia's** Black Sea coast are expected to resume today, with operations at one of three storm-damaged mooring points. The CPC pipeline accounts for about 80 percent of **Kazakhstan's** oil exports.

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How do You Manage Incident Response?

2021 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**.*
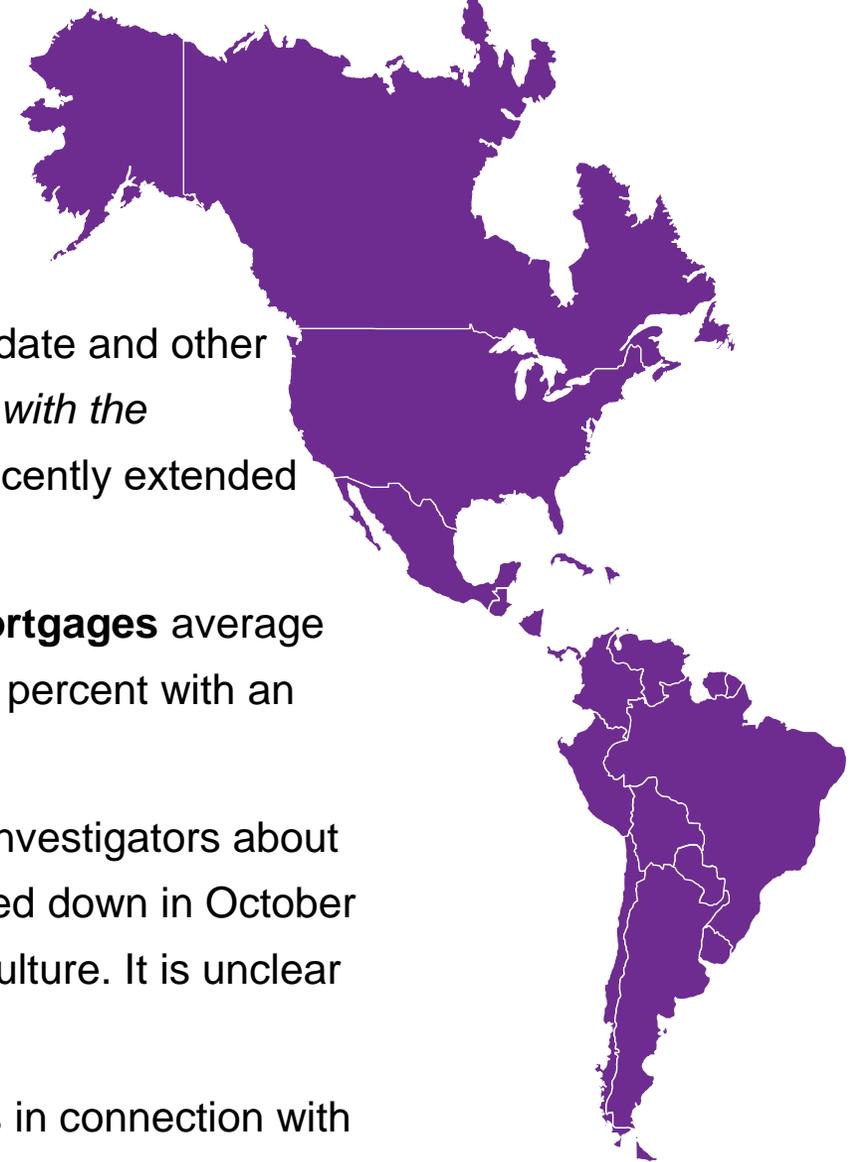
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Middle East

- The **UAE** began commercial operations at the second reactor of its Barakah nuclear power plant.

- The **Lebanese** judge investigating corruption in Lebanon ordered that the brother of the central bank governor, who has been arrested of for illicit enrichment, remain under arrest, raising tensions between the judge and politicians who have opposed her investigation and called for his release. Lebanese Prime Minister Mikati proposed inviting the governor to an upcoming cabinet meeting, an apparent show of support.

- **Egypt** said that it is in talks with **Argentina, India, France** and the **US** for trade deals to replace **Russian** and **Ukrainian** wheat but is in no rush to buy, downplaying analysis that price spikes could quickly cause shortages. The IMF announced that it would grant Egypt's request for additional monetary support to weather Ukraine-related economic shocks.

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Americas

- Leaders of indigenous communities in **Ecuador** gathered in the capital of Quito to protest for the government to abide by court orders to halt the use of hundreds of gas flares in the country.

- In a new report, the Red Cross assesses that waves of violence in **South and Central America** will fuel rising levels of migration north this year.

- **Peru's** government granted approval for the expansion of the embattled Las Bambas copper mine, which has seen only intermittent production over the last year due to recurring road blockades by indigenous communities.

- **Colombia** will receive two loans totaling $830 million from the World Bank to fund COVID-19 pandemic recovery and education efforts.

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Americas: US

- Airline executives are urging President Biden to end the federal mask mandate and other **coronavirus travel requirements**, which they said "*are no longer aligned with the realities of the current epidemiological environment.*" The mask rule was recently extended to April 18.

- According to the latest data by Freddie Mac, the 30-year **fixed-rate for mortgages** average jumped more than a quarter percentage point in one week, surging to 4.42 percent with an average 0.8 point.

- A jury convicted US Congressman Jeff Fortenberry (R-NE) of lying to FBI investigators about **illegal contributions** to his 2016 re-election campaign. Fortenberry stepped down in October as the top Republican on the House appropriations subcommittee on agriculture. It is unclear whether the nine-term congressman will resign from office.

- The Department of Justice has charged four **Russian** government workers in connection with hacking campaigns that targeted the global energy sector, targeting hundreds of companies across more than 135 countries between 2012 and 2018.

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Cybersecurity in Focus: DarkHotel APT Group Targets Business Travelers at Upscale Resorts

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

As business travel reopens in many parts of the world, and executives reconnect in-person with colleagues at hotels across the globe, strong cybersecurity awareness and practice is more important than ever. Security researchers recently reported that the DarkHotel Advanced Persistent Threat (APT) group has re-emerged and was recently targeting guests of luxury hotels in southern China.

The information theft campaign appears to have come to an end following the rapid rise of COVID-19 cases in Macau, but the group will likely continue to spy on those working in China or with Chinese entities, and copycat hackers may study tactics, techniques and procedures (TTPs) used by DarkHotel to target hotels elsewhere in the world and gather personal and proprietary information from visiting executives.

Latest Campaign

The most recently detected corporate espionage campaign by DarkHotel ran from November 2021 to January 2022, and targeted executives staying at upscale hotels, including the Grand Coloane Resort and Wynn Palace in Macau, China. The spying effort may have only ended because of a wave of hotel cancellations due to COVID. In this latest campaign, emails that contained an Excel sheet lure requesting the completion of a form for a guest inquiry were said to be sent to management staff, including front office and HR employees, with access to guest booking systems and wider hotel networks. This use of spearphishing - or phishing emails that are highly convincing and tailored to the target – tricked the hotel employees into opening the malicious file, which allowed the group to deploy malware on the hotel WiFi network. The malware was then used to pilfer data from guests using the WiFi network, which is exfiltrated back to servers controlled by the attackers.

About DarkHotel

Active since at least 2007, DarkHotel is well-funded and sophisticated, leading many to believe it is associated with the South Korean

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Cybersecurity in Focus: DarkHotel APT Group Targets Business Travelers at Upscale Resorts

government. In previous attacks, DarkHotel has directly targeted guests of hotels, also with spearphishing emails, after collecting significant personal details from infiltrated WiFi networks, which they use to make the emails convincing. The group primarily infiltrates upscale hotel networks in the Asia-Pacific region to spy on high-value targets such as CEOs and other executives working in a wide variety of industries. In addition to spearphishing, the group is known to infect computers via forged certificates and malicious updates. In the past, DarkHotel has reportedly struck hotels with relatively weak cybersecurity for corporate espionage in Bangladesh, India, Italy, Japan and Pakistan. Top executives from the US and Asia are among recent targets.

Mitigation Techniques

The reporting is a pertinent reminder of the threat posed to business travellers, and the need for constant vigilance when interacting online. Hotels are prime targets for both state actors as well as cyber criminals because they have expansive attack surfaces, offering many different entry points. Travelers are advised to only join WiFi networks they can trust, and to never open email attachments from unknown sources. Wherever possible, travelers are urged to use mobile networks or Virtual Private Networks (VPNs) rather than public hotel WiFi, and exercise caution when presented with pop-up messages on WiFi networks. If possible, avoid hotel business service terminals as criminals may even physically install keylogging software for future exploitation. Importantly, if a business trip is considered highly sensitive, organizations should avoid publicly disclosing information on the whereabouts of their employees so that threat actors cannot target their physical location.

Dentons' Cyber Expertise

Today, the economic and political changes affecting international business are more complex than ever and the exposure and vulnerabilities of organizations will adjust as a result. Decision-makers that want to expertly survey and understand the many cyber threats that will target their leadership as business travel once again blossoms should reach out to Dentons, which offers leaders a full complement of counseling and advice. For cyber risk management, Dentons also offers regulatory and litigation services, as well as analysis and intelligence products to help navigate fast-changing complex operating environments. Importantly, all interaction with Dentons 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: G-20 Disinvite, Missile Failures, Anonymous Hack

Western alliance leaders made a number of announcements following their high-level consultations yesterday, presenting a united front committed to maintain sanctions and increase the cost to Russia for its aggression on Ukraine.

Political Developments

US President Biden warned that the US and its allies were prepared to respond "*in kind*" if Russia uses chemical weapons in Ukraine. NATO leaders discussed sending anti-ship missiles to Ukraine to help it fend off Russian attacks from the sea and increased in defense spending assistance.

Leaders discussed removing Russia from the G20 group of major economies. President Biden said if countries such as Indonesia and others do not agree with removing Russia, then in his view, Ukraine should be allowed to attend the meetings.

Ukrainian President Zelensky criticized NATO for doing too little to protect the country and for refusing to accept it as a member of the military alliance. He repeated his request for more weapons, including fighter jets, and a no-fly zone imposed to ground Russia's air force.

The US and the European Commission announced a new joint task force to reduce Europe's reliance on Russian fossil fuels. The US is working on a plan to supply the EU with up to 15 billion additional cubic meters of liquefied natural gas by the end of 2022.

At the UN General Assembly, almost three-quarters of the members supported a resolution that demanded aid access and civilian protection in Ukraine and criticized Russia for creating a "*dire*" humanitarian situation. The resolution received 140 votes in favor, five votes against (Russia, Syria, North Korean, Eritrea and Belarus) and 38 countries, including China, India, South Africa, Iran and Pakistan, abstained.

The European Council on Thursday released a statement accusing Russia of committing war crimes in Ukraine, following an earlier determination by the US.
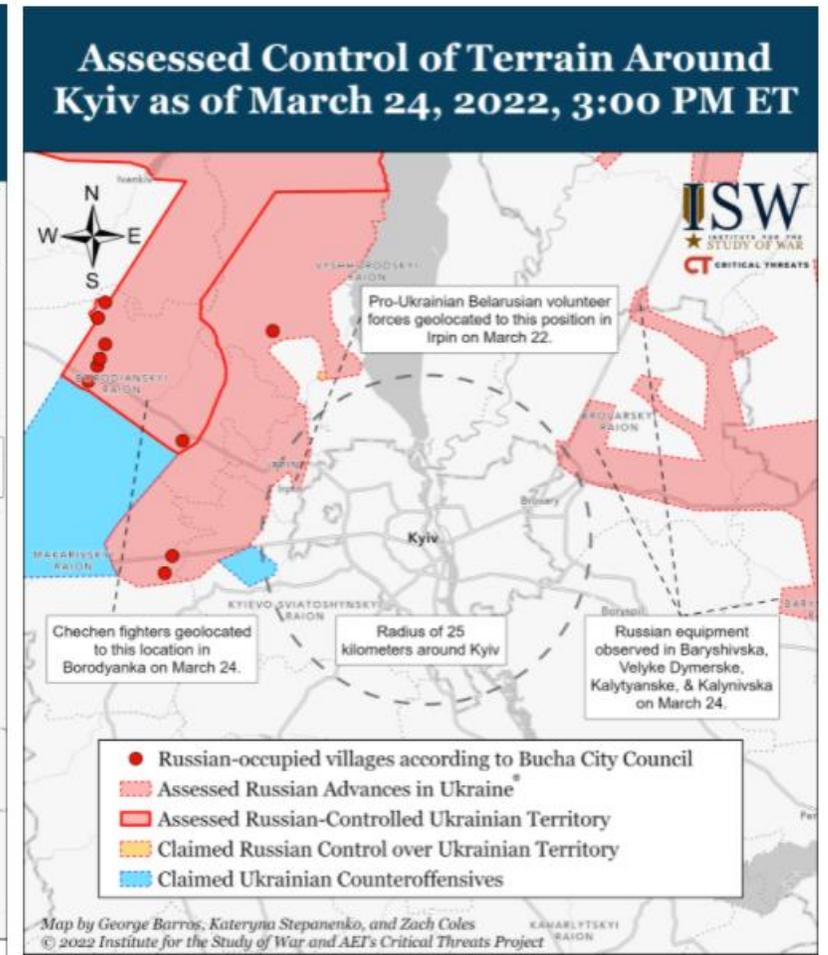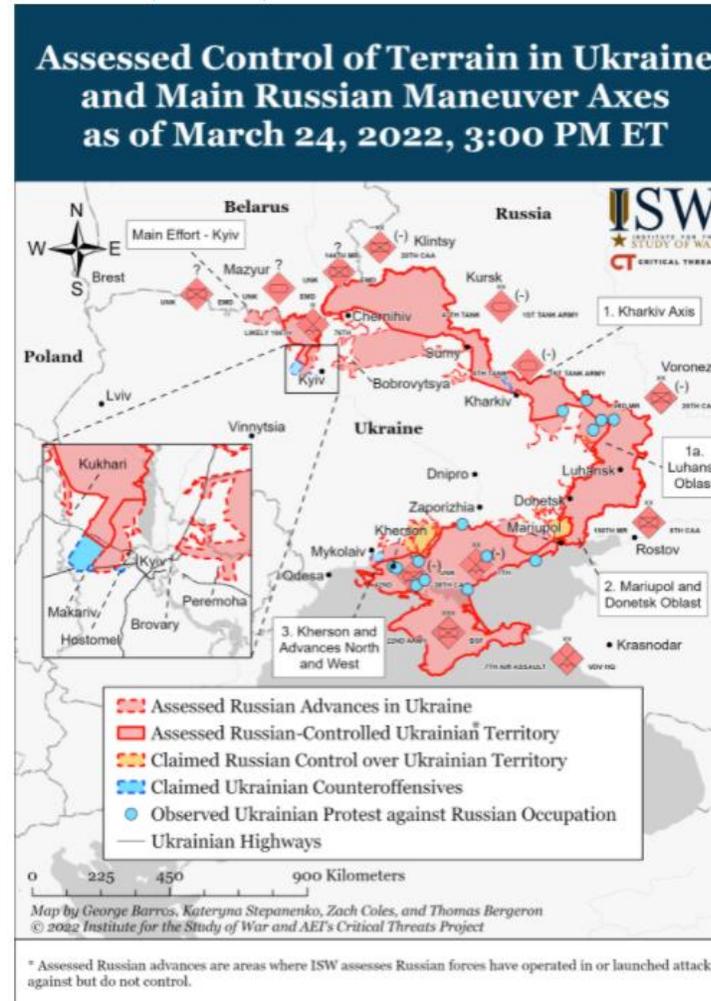
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Ukraine War Update: G-20 Disinvite, Missile Failures, Anonymous Hack

From Krakow to Geneva, people gathered in major cities across Europe Thursday to mark the first month of Russia's war in Ukraine.

Russia accused Poland of trying to destroy bilateral relations by expelling 45 of its diplomats and said it would respond harshly.

Battlefield Developments

British Ministry of Defense reported that Ukrainian troops are recapturing towns east of the capital Kyiv and Russian forces who had been trying to seize the city are falling back on their overextended supply lines. Ukrainian forces were also likely to try to push the Russians back on the other main axis threatening Kyiv

Source: Institute for the Study of War

Ukraine War Update: G-20 Disinvite, Missile Failures, Anonymous Hack

from the northwest, while in the south Russia could still be planning to attack the port of Odessa after abandoning efforts to take Mykolaiv.

The US assessed that Russia is suffering failure rates as high as 60 percent for some of the precision-guided missiles it is using to attack Ukraine. The Pentagon assesses that Russia has launched more than 1,100 missiles of all kinds since the war began.

Ukrainian forces conducted a successful attack on Russian ships docked at the occupied port of Berdyansk. A large Russian landing ship was destroyed during an attack and two large landing ships were damaged.

According to the Institute for the Study of War, Russian forces continue to make slow but steady progress in Mariupol, entering the city center yesterday. Russian forces continue to shell Kharkiv and struck a humanitarian aid delivery point. Russian forces also made minor advances in Donetsk and Luhansk oblasts.

Ukrainian and Russian armed forces conducted the first exchange of prisoners of war since Moscow launched its invasion of Ukraine one month ago.

The mayor of Boryspil called on residents to evacuate the area, which is near the international airport, saying the large number of civilians in villages nearby made it difficult for Ukrainian troops to clear Russian forces from the area. Boryspil international airport is about 30 km (19 miles) east of the Ukrainian capital Kyiv.

Humanitarian Developments

The US said it will accept 100,000 Ukrainian refugees and provide more than $1 billion in new funding for humanitarian aid to people and communities affected by the conflict.

Ukrainian officials reported that over 3,300 civilians managed to flee besieged cities through humanitarian corridors yesterday. Thousands of civilians remain trapped in Mariupol, with the city council reporting that food supplied have run out and people are starving. Two humanitarian corridors will operate today, agreed between Russia and Ukraine, among them a direct route that will allow citizens of Mariupol to leave in private vehicles. Corridors will operate from Melitopol to Zaporizhzhia and another from Mariupol to Zaporizhzhia.

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Ukraine War Update: G-20 Disinvite, Missile Failures, Anonymous Hack

Economic Developments

A Twitter account claiming to be connected with the activist collective Anonymous announced this week that it hacked Russia's central bank, and it is planning to release 35,000 documents over the next 48 hours detailing "*secret agreements.*"

Australia imposed new sanctions on Belarusian president Alexander Lukashenko and his family, as well as on members of the Russian media for their role in supporting Russia's invasion of Ukraine.

Canada announced new sanctions on 160 members of the Russian Federation Council, the upper house of the country's parliament, and plans to ban the export of certain goods to Russia to erode its military capabilities.

British Prime Minister Johnson said there was evidence Russia was attempting to circumvent international sanctions on their foreign reserves held in gold. G7 leaders agreed earlier to crack down on Russia's ability to sell its gold.

Credit rating agency Moody's Investor Services will withdraw its ratings on Russian entities. The withdrawal follows similar moves from S&P Global and Fitch this week.

Russia's central bank imposed restrictions on capital flows in a tit-for-tat move after its reserves were frozen by Western countries over events in Ukraine.

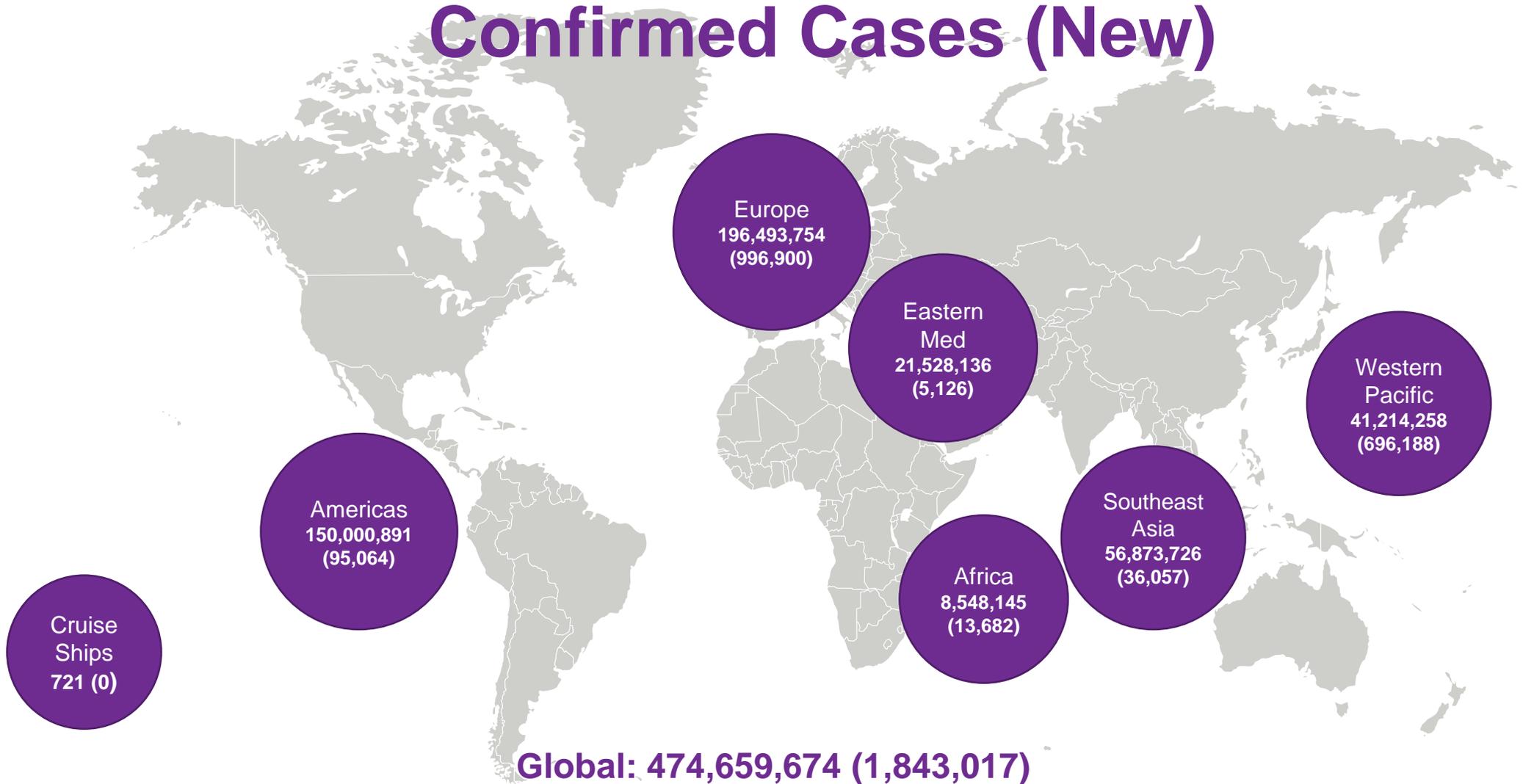Steelmaker Severstal is on course to become the first major Russian company to default on its debt since the invasion of Ukraine, after Citigroup blocked an interest payment from the company that is majority owned by oligarch Alexei Mordashov.

The London-listed miner Petropavlovsk said it was blocked from making $560,000 interest payment due today after the UK froze the assets of its main lender Gazprombank.

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Coronavirus Condition Updates

As of 6:58 pm CEST on March 24, 2022

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Confirmed Cases (New)

Europe
196,493,754
(996,900)

Eastern Med
21,528,136
(5,126)

Western Pacific
41,214,258
(696,188)

Americas
150,000,891
(95,064)

Southeast Asia
56,873,726
(36,057)

Africa
8,548,145
(13,682)

Cruise Ships
721 (0)

Global: 474,659,674 (1,843,017)
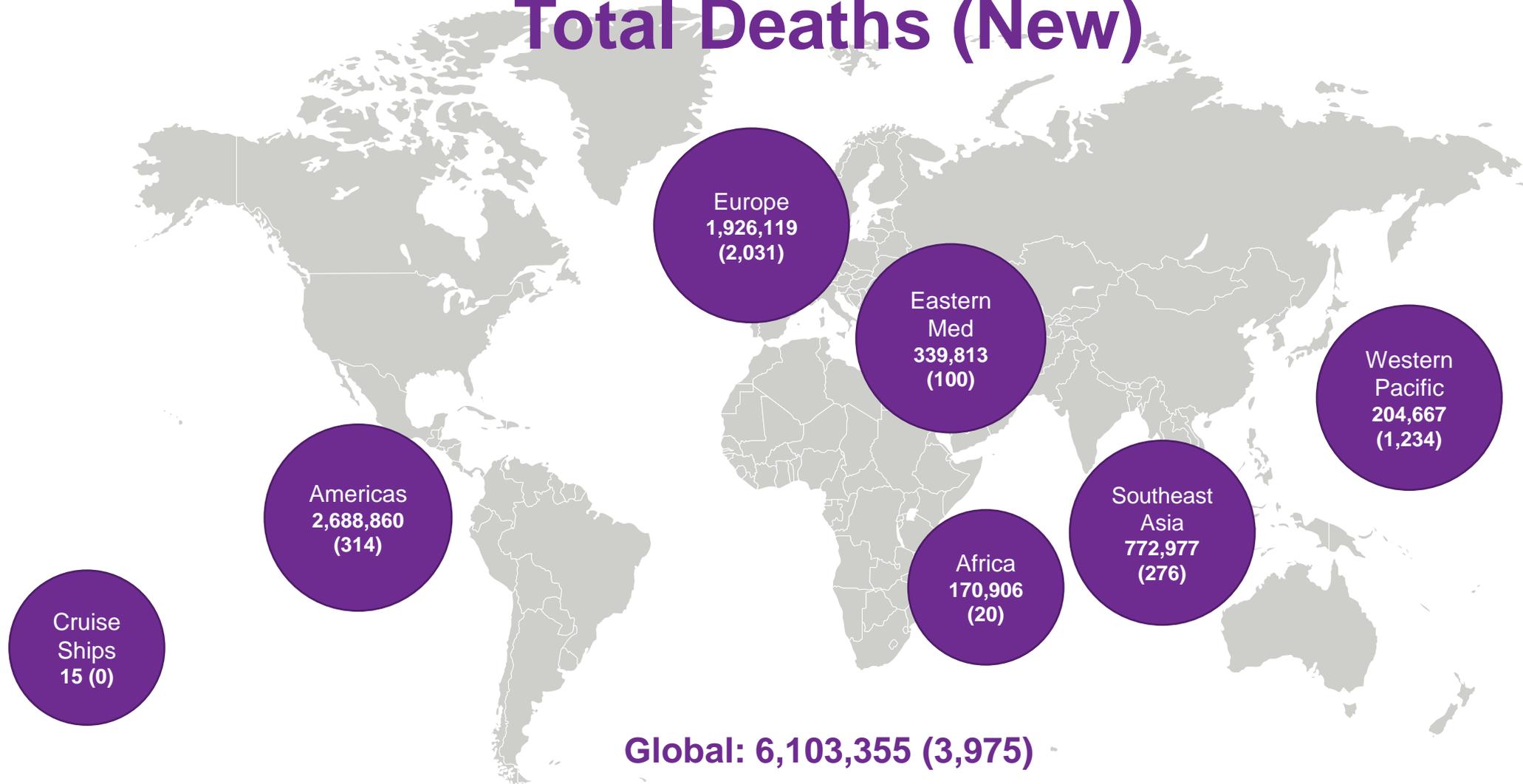
Reflects data as of 6:58 pm CEST on March 24, 2022.
Data Source: World Health Organization

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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Total Deaths (New)

Europe
1,926,119
(2,031)

Eastern Med
339,813
(100)

Western Pacific
204,667
(1,234)

Americas
2,688,860
(314)

Southeast Asia
772,977
(276)

Africa
170,906
(20)

Cruise Ships
15 (0)

Global: 6,103,355 (3,975)

Reflects data as of 6:58 pm CEST on March 24, 2022
Data Source: World Health Organization

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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Contents

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.

*To read additional analysis, visit the **Dentons Flashpoint portal** for insights into geopolitics and governance; industry and markets; cyber and security; science, health and culture; and economic and regulatory issues.*

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