

Dentons Flashpoint

Global Situation Report

September 21, 2022

Global Situation Update: September 21, 2022

KEY TAKEAWAYS

Russia moves to annex Ukrainian territory, raises threat of a nuclear response and calls up reservists in mobilization.

UN chief urges rich countries to tax windfall profits of fossil fuel companies to aid those harmed by the climate crisis and rising food and energy prices.

Elon Musk proposes making satellite-internet system Starlink available in Iran to aid protesters.

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WHAT WE'RE WATCHING

There will be even greater scrutiny of business transactions in the US that involve critical technology and supply chains following the latest executive order issued by President Biden. His directive to the Committee on Foreign Investment in the US (CFIUS) reiterates the US's emerging focus on critical technologies, supply chains and data protection in trade and investment policy.

The directive will likely focus CFIUS attention and resources towards technology transactions but does not reduce the requirement for other sectors to engage with the CFIUS process. While the US remains open to foreign investment, the directive underscores a shift by the two dominant US political parties towards more protectionist economic and industrial policies.



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

Global

NATO accused Russia of escalating its war on Ukraine after Kremlin allies in occupied territories announced referendums to join Russia and the country's parliament approved legislation that clears the way for military mobilization.

- China's foreign ministry urged all parties to engage in dialogue and consultation and find a way to address the security concerns of all parties after **Russian** President Putin warned the West over what he described as "*nuclear blackmail*."
- US President Biden will address the UN General Assembly today and is expected to call for more aid to **Ukraine**. Lithuania raised the readiness level of its army's rapid response force "*to prevent any provocations from the Russian side*."
- At the UN, world leaders called for donating more money to fight hunger and lifting barriers to food and fertilizer trade to address what they fear will be a prolonged period of **food insecurity** linked to Russia's war in Ukraine.
- Addressing the UN General Assembly, UN chief Guterres urged rich countries to **tax windfall profits of fossil fuel companies** and use that money to help countries harmed by the climate crisis and people who are struggling with rising food and energy prices.
- OPEC+ is now producing below its targets by a record 3.58 million barrels per day, about 3.5 percent of global demand, exasperating tight supply in the **oil market**.

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Markets & Business

Elon Musk plans to seek an exception to sanctions to make his satellite-internet system Starlink available in Iran, an apparent attempt to boost access to outside information in the country as protests spread.

- Germany nationalized **Uniper** today after an earlier multi-billion euro bailout failed to keep the gas importer afloat.
- **American Airlines Group Inc** announced that hackers gained access to personal data for a “*very small number*” of customers and employees through a phishing scam that affected some employee email accounts.
- Turkish banks **Isbank and Denizbank** announced separately they had suspended the use of **Mir** after the US expanded sanctions last week to include the head of the entity running the payment system, which is popular with the tens of thousands of Russian tourists who arrived in Turkey this year. More banks are expected to cut off Mir services over sanctions risks.
- **Gap Inc.** is eliminating about 500 corporate jobs, moving to reduce expenses at the apparel retailer amid declining sales and profits.

Environment, Sustainability & Governance

Top farming and food firms could lose up to a quarter of their value by 2030 if they do not adapt to new government policies and consumer behavior tied to climate change, UN-affiliated campaigners said in a new report.

- General Motors backed establishing tougher **federal emissions standards** to help ensure at least 50 percent of new vehicles sold by 2030 are zero-emission models.
- A US judge ruled that McDonalds must face a case by media entrepreneur Byron Allen's \$10 billion lawsuit accusing the fast-food chain of "**racial stereotyping**" by not advertising with Black-owned media.
- More than 2,000 London bus drivers at British bus operator Arriva will strike from Oct. 4 in a **dispute over pay**.
- Hertz Global Holdings Inc. has agreed to buy up to 175,000 **electric vehicles** from General Motors Co. over five years. Hertz plans for one-quarter of its fleet to be electric by the end of 2024.

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Africa

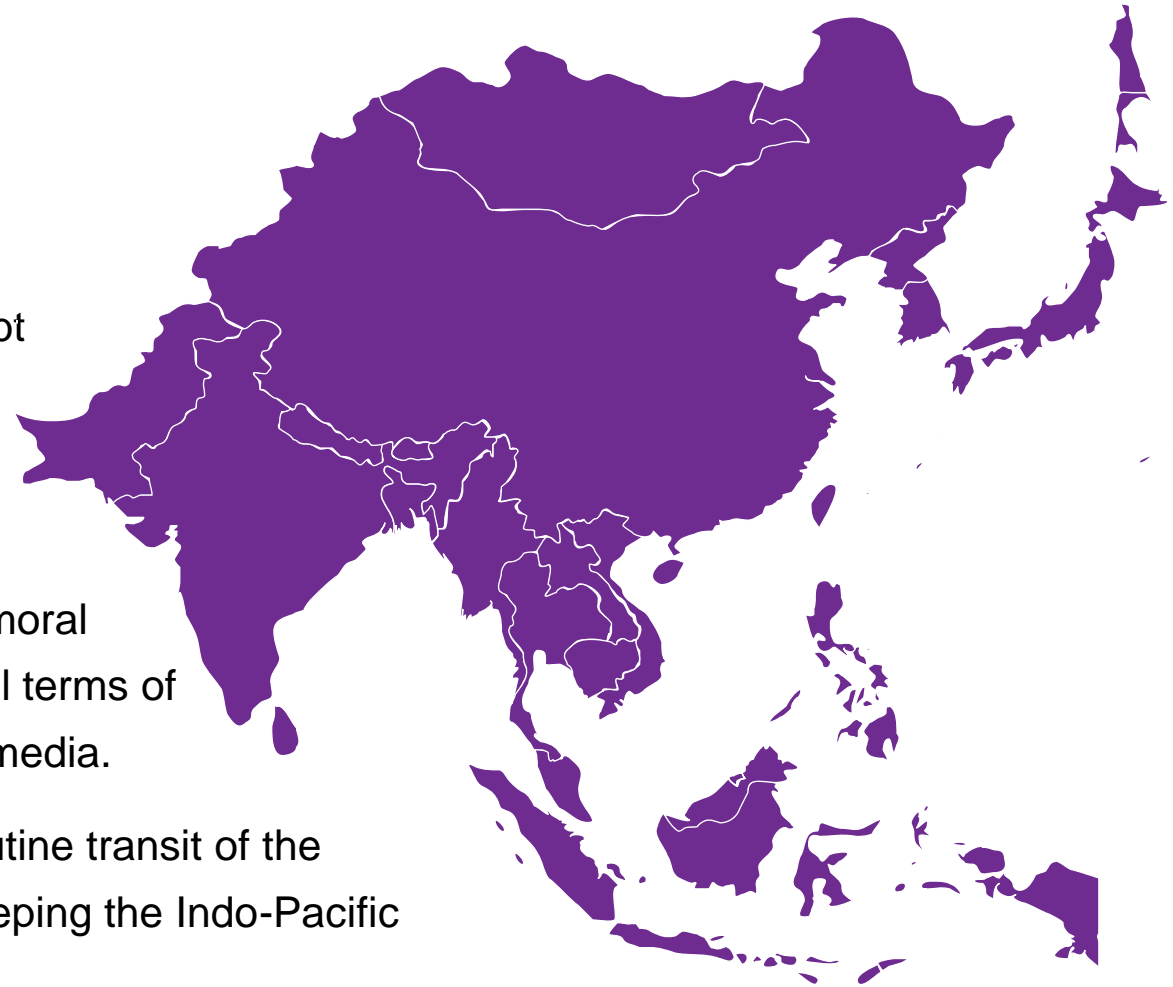
- **Uganda** confirmed that it was facing an Ebola outbreak in its central Mubende District after a man died in its first confirmed case.
- **Chad's** top diplomat announced his resignation, saying that the ruling military junta had relegated his role to that of an “extra.”
- Forces in **Ethiopia's** Tigray region said troops from neighboring Eritrea started a full-scale offensive and heavy fighting was taking place in several areas along the border, confirming reports that Eritrea had massed troops on the border.
- **Equatorial Guinea** abolished the death penalty.



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Asia

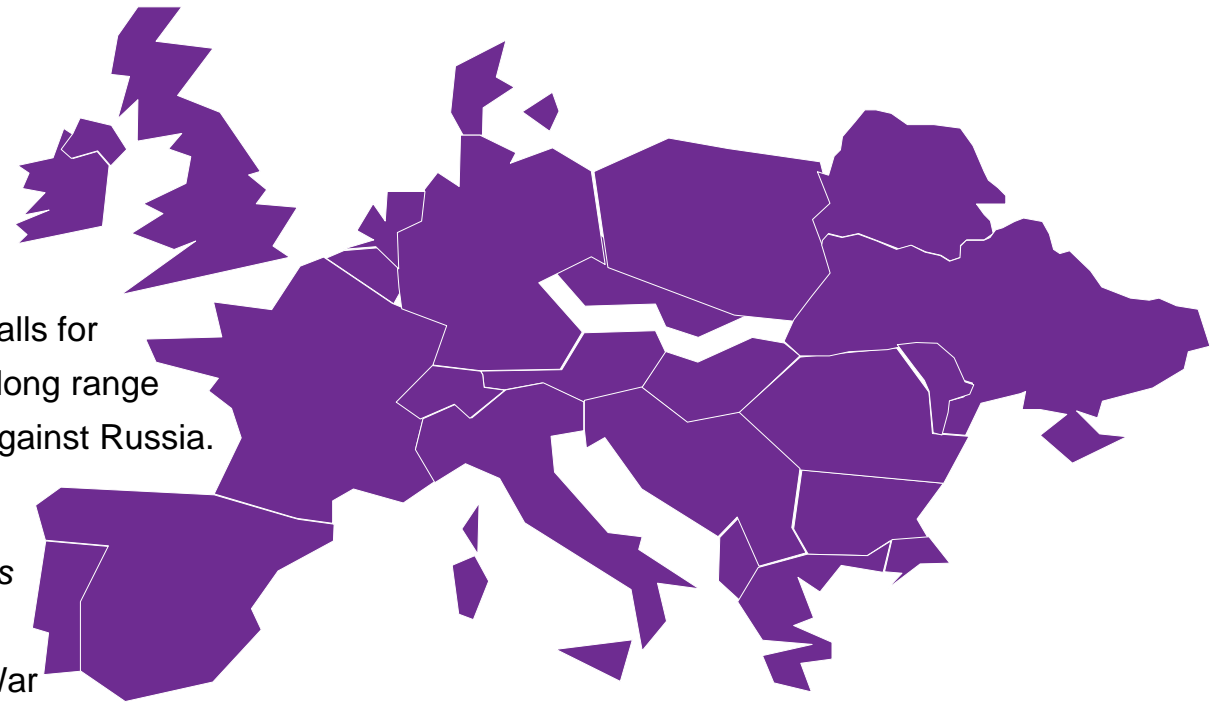
- **India** has begun talks with **Sri Lanka** on restructuring its debt and promised to support the crisis-hit neighbor through long-term investments after providing nearly \$4 billion of financial aid.
- **Myanmar's** ruling junta warned the public against showing moral support for a "*terrorist*" resistance movement, threatening jail terms of up to 10 years just for liking or sharing its content on social media.
- A **US** Navy warship and a **Canadian** frigate carried out a routine transit of the **Taiwan** Strait on Tuesday, as part of the shared policy of keeping the Indo-Pacific waterways open and free to access to all maritime traffic.
- **China's** imports of **Russian** gas surged in the first eight months of the year, while its LNG exports hit record levels amid reports Chinese energy companies have increased diversions to take advantage of high international spot prices.



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Europe

- In response to **Russia's** plans to annex **Ukrainian** territory, Ukraine calls for more assistance by increasing arms aid to include modern tanks and long range ATACMS missiles and introducing new economic sectoral sanctions against Russia.
- In a major escalation, **Russian** President Putin warned that “*Russia will use all the instruments at its disposal to counter a threat against its territorial integrity—this is not a bluff.*” Putin called up 300,000 active reservists to fight in **Ukraine**, the first such mobilization since World War Two. Defense Minister Sergei Shoigu said the call-up would be limited to those with experience as professional soldiers, and that students and those who had only served as conscripts would not be called up.
- The **Dutch** government plans to announce a 10 percent increase in the minimum wage, part of an €18 billion aid package to help households cope with rising inflation and soaring energy prices. **Britain** pledged today to cap wholesale electricity and gas costs for businesses at less than half the market rate from next month.
- The Brothers of **Italy** party, which is projected to win national elections at the weekend, suspended one of its candidates after he was found to have praised Nazi dictator Adolf Hitler in online posts. Giorgia Meloni, expected to be Italy's next prime minister, has tried to distance herself from the far-right and her party's fascist roots, claiming the party is mainstream conservative.



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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.

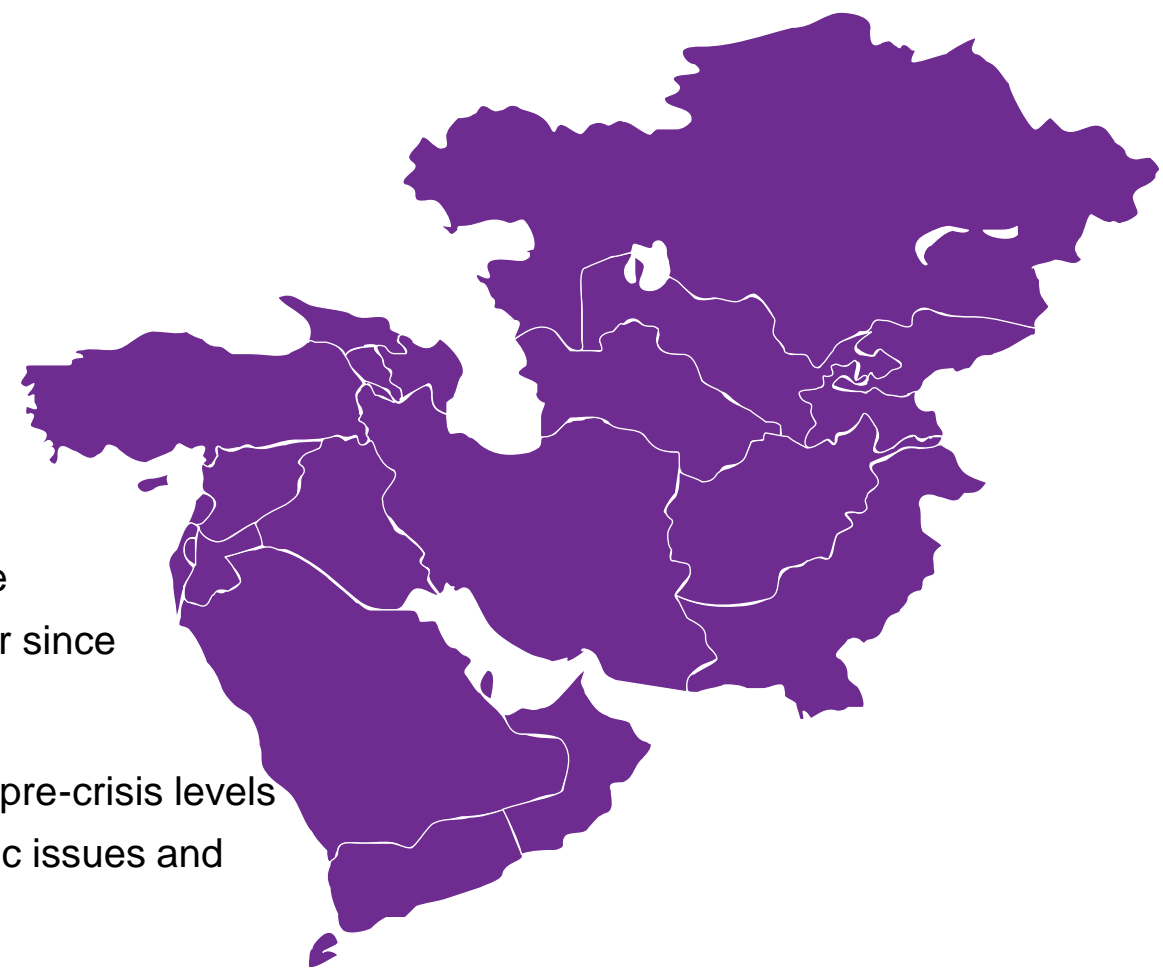
Dentons tabletop sessions are fluid, and designed to enhance preparedness with services, including:

- ❖ 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](#).

Middle East



- **Iran's** government confirmed that three have died during anti-police protests over the death of a woman in morality police custody but blamed the protests on foreign nationals.
- **Iranian** President Raisi met with **French** President Macron on the sidelines of UNGA in his first meeting with a major Western leader since his election amid a stalemate on JCPOA renewal.
- The UN reported that **Syria's** grain crop is down 75 percent from pre-crisis levels due to climate change and security issues, exacerbating economic issues and hunger in the country.
- **Tunisia's** anti-terrorism police detained a former prime minister and senior official in the Islamist opposition Ennahda party, amid an investigation into suspicions of sending jihadists to **Syria**. The detention is one several terrorism-related investigations into political opponents that rights groups have called politically motivated.

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Americas

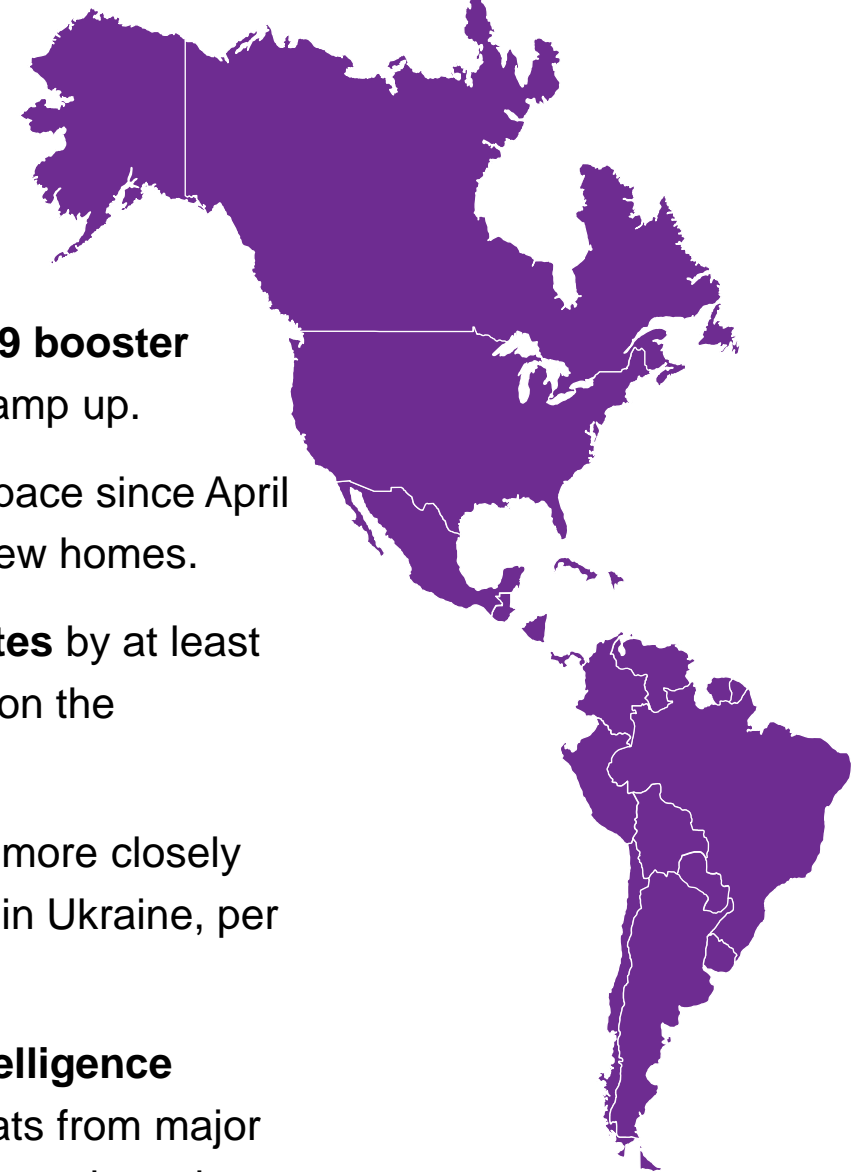
- Some 80 percent of homes and businesses in **Puerto Rico** still lacked power as Hurricane Fiona receded. Fiona has torn through the **Dominican Republic** and **Turks and Caicos** Islands as a powerful Category 3 storm, causing life-threatening flooding, and now is heading towards **Bermuda**.
- **Colombian** President Petro called on Latin American countries to join forces to end the war on drugs during a speech to the United Nations General Assembly.
- **Ecuador** reached an agreement to restructure its debt with Chinese banks, providing relief worth some \$1.4 billion until 2025.
- In response to the **Haitian** government's plan to raise fuel prices, a powerful gang leader is blocking a port and calling for the prime minister's overthrow. In the chaos, food warehouses are being looted, businesses and beach houses torched and embassies closed.



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Americas: US

- The US government has distributed over 25 million of the updated **COVID-19 booster shots**, mostly from Pfizer, as production of the Moderna shot continues to ramp up.
- The rate of US **new home construction** increased in August to the fastest pace since April but rising mortgage rates and persistent inflation have slowed demand for new homes.
- The Federal Open Market Committee is expected today to raise **interest rates** by at least 0.75 percentage points for the third time in a row as it tries to hit the brakes on the overheating US economy.
- US Attorney General Garland and **Ukraine's** top prosecutor agreed to work more closely together to prosecute individuals involved in war crimes and other atrocities in Ukraine, per the Justice Department.
- According to a report by the Senate Intelligence Committee, US **counterintelligence efforts** have not kept pace with espionage, hacking and disinformation threats from major powers such as China, transnational criminal organizations and ideologically motivated groups.



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The Future of Work: Digital Nomadism

By Matthew Gardell

One of the ways the COVID-19 pandemic has fundamentally changed the nature of work is the rise of digital nomadism. Cities and countries are trying to lure remote knowledge workers, so-called digital nomads, through various financial and housing incentives, hoping for a positive impact on host communities. Businesses have to contend with the new digital-nomad workforce as it speaks to the larger desire for flexibility and work-life balance.

As fall approaches, business leaders are hopeful that employees will flock back into offices. Office occupancy rates have increased, but workers still value flexibility and the ability to work remotely. In fact, some companies that have mandated office work have seen workers quit or refuse to come in. The refusal of 1,300 New York Times workers to return to the office highlighted this conundrum for

business leaders. Other companies are taking a different approach, especially in the tech sector. In April, Airbnb, Inc. announced a new policy that allows employees the ability to work remotely from almost anywhere in the world without taking a pay cut. Other companies, particularly in the tech sector, have embraced the move towards digital nomadism.

Impact of Digital Nomadism

It is not just companies that are moving to accommodate digital nomads, but also cities and countries. seeking to boost the local economy and revitalize towns. From Costa Rica to Portugal, countries are introducing special visa programs for digital nomads to reside and work. Europe has been at the forefront of introducing special visa programs, and the list of countries seeking to attract digital nomads keeps growing. Italy plans on administering visas soon that will allow foreign workers to stay beyond the time allowed for tourists, while Spain's future program will allow tax breaks for non-EU remote workers and entrepreneurs who settle there. Greece is another popular destination for digital nomads and introduced its long-awaited Greece Digital Nomad Visa last year.

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The Future of Work: Digital Nomadism

Europe is an enticing draw for many workers, but cities in the US also seek to capture some of the digital nomad market. Tulsa, Oklahoma has introduced a program called Tulsa Remote that offers a \$10,000 relocation stipend to remote workers who agree to move there for one year. Three years after the program was introduced, there is evidence to suggest that the 1,300 digital nomads that signed up have had a net positive impact on the city. A study conducted by the Economic Innovation Group found the program generated \$13.77 in local labor income for every dollar spent on relocation stipends and injected an estimated \$62 million into Tulsa's economy in 2021. Remote work policies could therefore be a way to revitalize small and mid-sized cities, especially those that have been hollowed out by the loss of manufacturing. More broadly, the rise of digital nomadism could lead to the dispersal of the tech sector; rather than being concentrated in a few wealthy coastal cities, a more dispersed tech sector could lead to more opportunities for workers across the country.

However, digital nomads can also have a negative impact on a host city. While Mexico City is a popular destination for American digital nomads, local advocacy groups and residents have complained that the influx of foreign workers leads to inflation, a shortage of housing

supply and has the effect of creating “expatriate bubbles.” Many residents argue that the massive influx of digital nomads has exacerbated existing problems such as inequality and the lack of affordable housing. The high rate of digital nomadism is leading to gentrification and displacement, creating social and cultural tensions in the city, as digital nomads tend to be much wealthier than the city's native population.

Business Risks

Companies must weigh the financial, legal, cybersecurity and business continuity considerations of accommodating digital nomads. Employees working in a different country, especially during a long-term stay, could be subject to different taxation laws. HR departments need to take into consideration the impact on benefits, such as health, travel or life insurance. There is also the issue of whether have dispersed teams negatively affects business continuity and operations; having employees in different locations can be a net benefit, but there are practicalities that need to be weighed, such as juggling tasks across many time zones. One of the most important issues a business faces today is cybersecurity, and here too, there are potential risks as employees access sensitive information on

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The Future of Work: Digital Nomadism

local networks in a foreign country. A catastrophic event or geopolitical crisis could affect the safety of an employee and put a company on the backfoot in terms of business continuity.

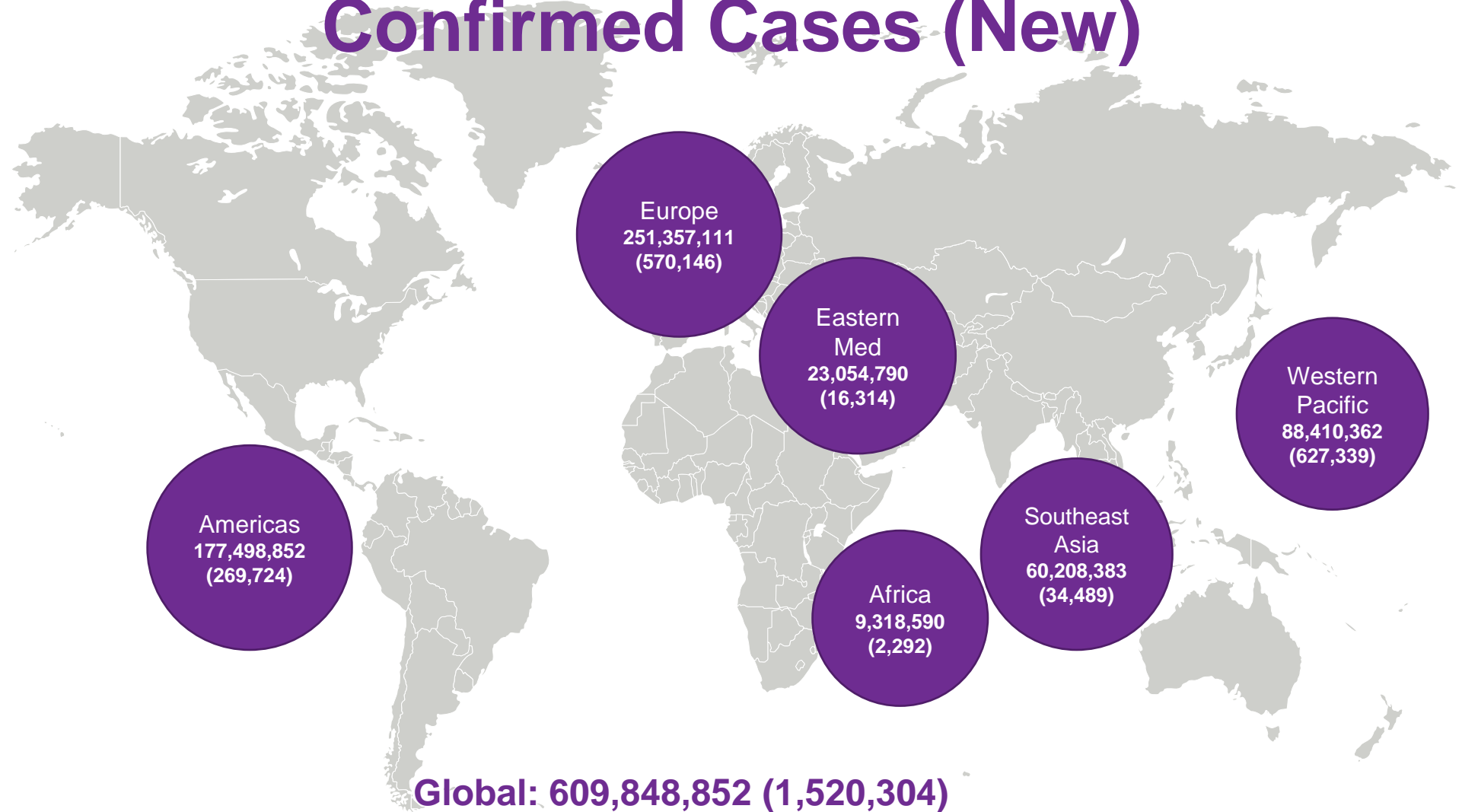
For employees, the prospect of working in a foreign country, especially a desirable location, is exciting but could also come with unanticipated challenges. Moving overseas (or constantly traveling as some digital nomads do) is emotionally draining and could lead to burnout. Workers are often away from their family, friends and loved ones, which could affect performance and productivity. Given the changes the COVID-19 pandemic has brought into the workplace, the move towards digital nomadism appears here to stay, but businesses and workers should carefully weigh both the opportunities and risks.

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Coronavirus Condition Updates

As of 5:13 pm CEST on September 20, 2022

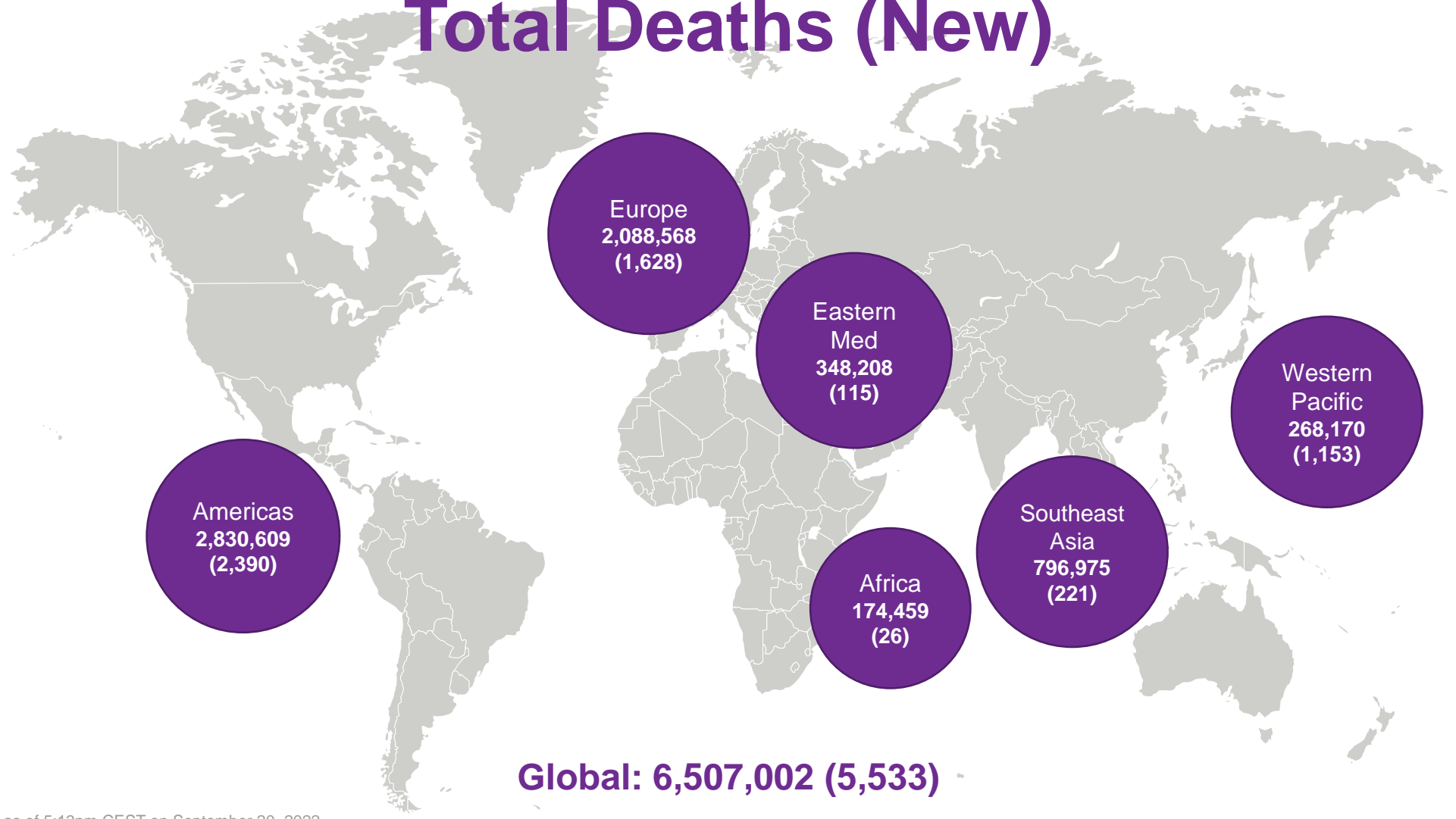
Confirmed Cases (New)



Reflects data as of 5:13pm CEST on September 20, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 5:13pm CEST on September 20, 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.

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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