

Dentons Flashpoint

Global Situation Report

January 20, 2023

Global Situation Update: January 20, 2023

KEY TAKEAWAYS

Ukraine's allies consider providing battle tanks to aid Kyiv to go on the offensive against Russian occupying forces.

Central bankers remain hawkish on interest rate hikes despite global signs of easing inflation.

Climate scientists predict return of weather pattern El Niño, bringing a rise in average global temperatures.

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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WHAT WE'RE WATCHING

Anti-government protests, strikes, and blockades across western South America will have consequences for governments and global markets in 2023. Ecuadorian workers threaten to strike over the privatization of pension funds, while in Peru there is growing anger over the killing of protestors. In Bolivia, blockades are isolating the rich Santa Cruz region from the rest of the country, while Argentina is seeing local protests over a 95 percent inflation rate.

A state of emergency declared in Peru could disrupt exports from the world's No.2 copper producer. In the "Lithium Triangle" of Argentina, Bolivia, and Chile, which hold most of Latin America's estimated 60 percent of global lithium reserves, foreign investment could slow amid extended political instability.



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Global

A highly contagious and lethal strain of bird flu has killed millions of wild and farmed birdlife in the past year, with global infections showing few signs of slowing down. In addition to massive losses in the wild bird population, farming losses have led to soaring prices for poultry and eggs – both essential sources of affordable protein.

- A group of 11 NATO countries pledged new military aid to support **Ukraine's war** with Russia, including missiles, stinger air defense systems, anti-aircraft guns, machine guns, training, and other equipment and services, ahead of today's meeting of the Ukraine Contact Group in Germany. The potential supply of German Leopard tanks is expected to be high on the agenda.
- Vice Chair of the US Federal Reserve Brainard signaled that the US central bank needs to do more to get inflation closer to its 2 percent target. Similarly, European Central Bank President Lagarde stated that she was determined to “*stay the course*” with high **interest rates** to get inflation down.
- Climate scientists are predicting the return of the **weather pattern El Niño** for the first time since 2019, which would bring a surge of warmth to an already overheated planet.

Markets & Business

T-Mobile US Inc. said hackers accessed data, including birth dates and billing addresses, for about 37 million of its customers, the second major security lapse at the wireless company in two years.

- **JPMorgan** and **Standard Chartered** won Chinese regulatory approval to expand operations in China, as Beijing lifts its restrictive COVID policies.
- Brazilian retailer **Americanas** has filed for bankruptcy protection hours after revealing its cash reserves had evaporated amid an accounting scandal over a missing R\$20 billion (\$3.8 billion).
- **Google** parent company **Alphabet Inc** is eliminating 12,000 jobs, affect teams across the company including recruiting, some corporate functions, and some engineering and products teams.
- Crypto lender **Nexo Capital** has agreed to pay \$45 million to settle charges by US states and the Securities and Exchange Commission over failing to properly register a crypto asset lending product as a securities offering.
- The lending unit of crypto firm **Genesis** filed for US bankruptcy protection from creditors, in the latest cryptocurrency meltdown.

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Environment, Sustainability & Governance

Zambia received a "debt-for-nature swap" proposal as part of its \$13 billion restructuring discussions that could set an eco-friendly precedent for other debt crises if eventually included.

- The **union membership** rate, or percentage of wage and salary workers who belong to unions, edged down to an all-time low in 2022, per the Bureau of Labor Statistics.
- The UK government is falling far short of delivering its 25-year plan to improve the environment, the country's **nature protection** watchdog said, highlighting in particular a chronic decline in the abundance of key plant and wildlife species.
- Texas ruled that Citigroup has **discriminated against the firearms sector**, making Citi ineligible to underwrite most municipal bond offerings in the state.
- UK union Unite has announced a series of further ambulance **worker strikes** over pay in the coming weeks, escalating the crisis in Britain's health service.

Africa

- The transport sector in **Senegal** went on strike to denounce the measures taken to combat road insecurity.
- The UN reported that mass graves containing the bodies of 49 civilians have been discovered in northeastern **Democratic Republic of the Congo** after a series of weekend attacks attributed to a local militia.
- **Cameroon's** government deployed troops to its border with **Nigeria** after clashes between Cameroonian separatists and Nigerian herders left at least 12 people dead.
- All member countries of the G20 group of economic powers are on board for a restructuring of **Ghana's** debt, an official from the Paris Club said.



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Asia

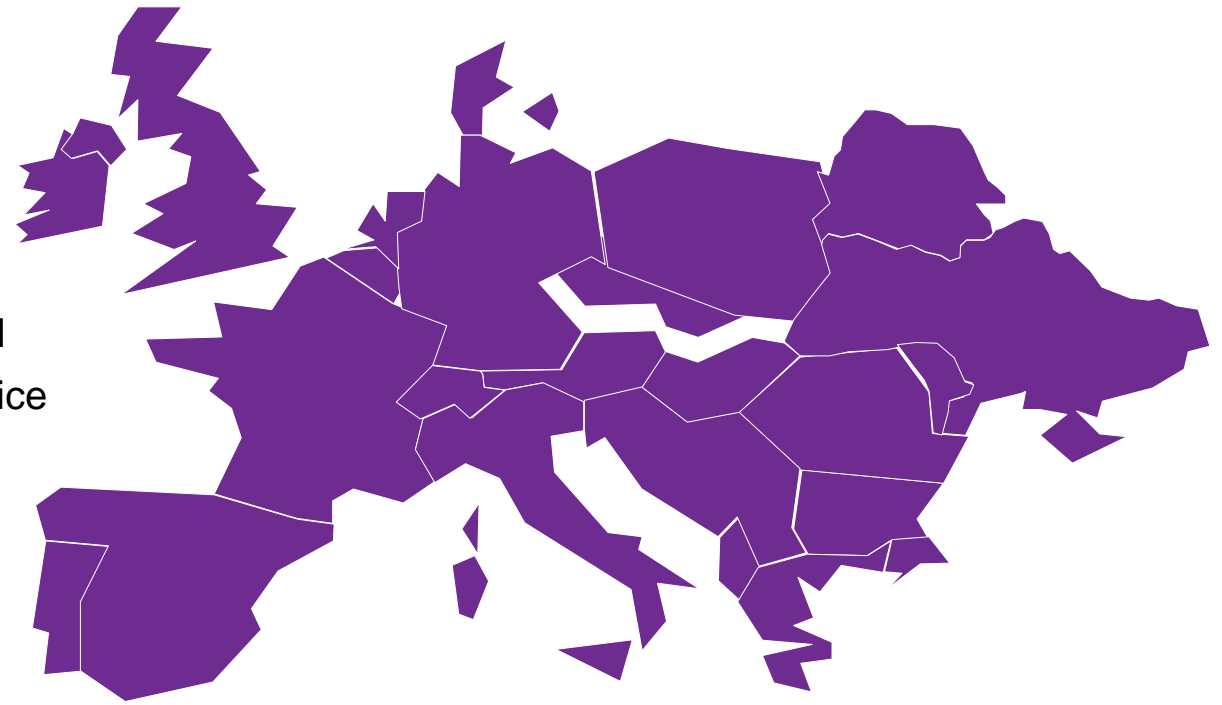
- Candidates to replace **New Zealand** Prime Minister Jacinda Ardern after her shock resignation are expected to start to emerge today ahead of a leadership vote on Sunday.
- **China** reported a large jump in COVID-19 hospitalizations last week, over 70 percent, the highest since the pandemic began, according to the WHO.
- The **Australian** government expressed concern over another delay in the espionage trial of Australian writer Yang Hengjun, detained by **China** since his arrest there four years ago. Hengjun is an Australian citizen born in China who was working in New York before his arrest at Guangzhou airport in 2019, coinciding with deteriorating relations between Australia and China.
- **India's** foreign minister arrived in **Sri Lanka**, having backed a \$2.9 billion IMF loan, leaving **China** as the island's last remaining major creditor which has yet to agree to the debt restructuring plan.



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Europe

- **German** producer price inflation halved from its peak and fell to the lowest rate in more than a year, more evidence that price pressures in the eurozone's largest economy are receding.
- **Moldova** has asked allies to strengthen its air defense capabilities as war rages in neighboring **Ukraine**.
Moldova's pro-Western government has strongly backed Kyiv since the **Russian** invasion and submitted a formal request to join the EU just a week after Russia further invades Ukraine last February.
- More than a million people protested against **French** President Macron's unpopular pension reform during a day of mass strikes throughout France, with transport, schools and refinery shipments being disrupted as workers walked off the job. Unions have announced new nationwide strikes and protests on January 31
- A **Swedish** court found a former security services and armed forces employee and his younger brother guilty of spying for **Russia'** foreign military intelligence agency over the past decade.
- **Russia** opened a criminal case against an unnamed **US** citizen on suspicion of espionage.



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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



- The **UAE** is in early discussions with **India** to trade non-oil commodities in Indian rupees.
- **US** National Security Advisor Sullivan met with the **Israeli** Prime Minister Netanyahu in the US' first engagement with his government; the US highlighted talks on **Ukraine** while Netanyahu said they discussed normalization with **Saudi Arabia**.
- **Lebanon's** pound sank to a record low as the country's parliament failed again to elect a new president. A judicial delegation arrived from Europe to further a probe into potential financial abuses by the central bank governor.
- **Iran** denied reports that its UN representative had met with the **US** Special Envoy for Iran. Iran warned that the EU would "*shoot itself in the foot*" if it designated the Revolutionary Guard Corps as a terrorist entity. **Russian** President Vladimir Putin held a telephone call with his Iranian counterpart Ebrahim Raisi, the Kremlin said, their second conversation in nine days.

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Americas

- Thousands of **Peruvians**, many from the country's southern mining regions, descended on the capital Lima for a major planned march against the government and Congress. Police in riot gear faced off against rock-hurling protesters on some streets, and one historic building in the city's historic center caught fire late on Thursday.
- Facebook approved a series of online ads promoting violence in **Brazil**, days after protesters ransacked government buildings, according to a new report by Global Witness. Brazilian President Lula dismissed 13 more military officers who were assigned to the National Security Advisor's office that is responsible for the president's security.
- **Venezuela's** opposition national assembly named the commission members who will manage most of the country's assets abroad, moving ahead with a promise by the body's new leadership as it seeks to unify ahead of expected presidential elections.
- A **Canadian** company supplying battle-ready armored vehicles to **Ukraine** plans to deliver the 200 vehicles Ottawa promised to Kyiv before summer.



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Americas: US

- New applicants for **unemployment aid** in the US fell to their lowest level in four months, suggesting that the labor market remains strong despite higher interest rates.
- Three months ago, 41 percent of California faced “*extreme*” or “*exceptional*” **drought**, according to the federal drought monitor. That percentage has since dropped to zero, after **nine major storms** in less than a month, although more mild levels of drought still cover most of the state.
- The US Treasury has begun taking “*extraordinary measures*” to meet its obligations, after the US government hit its \$31.4 trillion borrowing limit, amid a standoff between the Republicans-and Democrats on lifting the **debt ceiling**.
- CIA Director Burns traveled in secret to **Ukraine** last week to brief President Zelensky on his expectations for what Russia is planning militarily in the coming weeks and months, per the *Washington Post*. The US announced yesterday a new \$2.5 billion military aid package for Ukraine, including hundreds of armored vehicles, ammunition and Avenger air defense systems.



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Breaches of Password Managers Underscore Need for Unique Passwords

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

The repercussions of recent cyberattacks against popular password managers Norton LifeLock and LastPass will reverberate over the coming weeks and months as hackers begin to leverage stolen credentials and information to compromise accounts on other platforms.

These breaches also remind that leading password managers are themselves targets of cybercriminals because they are a gateway to hacking other accounts. Of course, password managers remain an effective, secure way to manage account security when used appropriately. Individuals and organizations should eliminate poor password habits and if employing a trusted password manager still be sure to have separate, unique passwords for each and every account.

Norton Nicked

On 13 January, a breach at Gen Digital – parent company of Symantec and Norton – was made public when notifications were sent out to impacted customers. Cybercriminals had targeted nearly one million active and inactive Norton LifeLock accounts and infiltrated an undisclosed number after a series of credential-stuffing attacks, which use previously exposed passwords to break into accounts. In its

breach notification, Gen Digital reported that their own systems were not infiltrated and confirmed that username and password combinations bought by the attacker on the dark web allowed them access to customer password managers. The breach, detected in December 2022 after an unusually high volume of failed log in attempts, would have effectively been prevented if account holders used long, complex passwords for each of their accounts.

Follow-on Threat

The compromise of Norton LifeLock is now likely to enable a string of follow-on breaches. If the attackers were able to log into Norton LifeLock accounts with stolen credentials bought on the black market, they might also access customer profiles that contain a full name, phone number, and mailing address. Worryingly, the attacker in the Norton LifeLock breach could also access a private vault with login

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credentials and passwords for accounts across the internet. Although passwords have been reset for the known compromised accounts, this stolen data poses serious consequences for entities that rely on LifeLock and similar applications for general identity theft protection, including government agencies, large corporations and others.

Similar Attacks

In December 2022, award-winning password manager platform LastPass, in business for 15 years, admitted that they had been compromised in an attack. A threat actor successfully accessed one of their cloud-based storage environments and then used stolen technical information to target a LastPass employee and seize their credentials. The hijacked log-in details were then used to access customer account information and metadata, including billing information, email addresses, and contact numbers. LastPass is currently facing a class action lawsuit in the US as a result of the breach. One year earlier, in April 2021, Click Software, which manages enterprise password manager Passwordstate, discovered that hackers had compromised their infrastructure and the latest version of their software, editing the latest update to allow them to steal customer passwords.

Mitigation Techniques

Although the future appears password-less with a reliance on multi-factor authentic via biometrics and more, password managers are in the meantime still a reliable security mechanism for generating and storing passwords for numerous accounts when used properly. Those with password manager accounts that require just a single password at login should be sure it is at least 16 characters and unique (i.e. not used elsewhere online). In the absence of multi-factor authentication, long, complex passwords are the best way to halt credential-stuffing and brute-force attacks (another type of password attack with automated login attempts via stolen usernames and a list of possible passwords).

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 like what we will see in 2023 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.

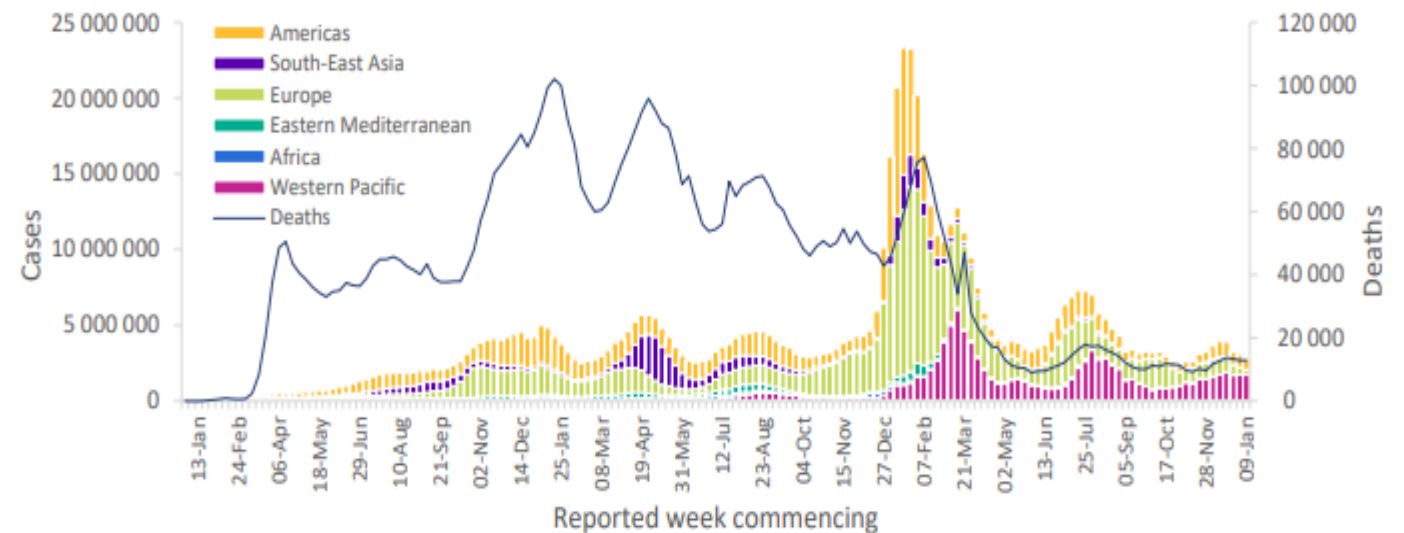
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Coronavirus Snapshot

As of 15 January 2023, over 662 million confirmed cases and over 6.7 million deaths have been reported globally.

- Globally, nearly 2.8 million new cases and over 13,000 deaths were reported in the week of 9 to 15 January 2023.
- Between 19 December 2022 and 15 January 2023, nearly 13 million cases and almost 53,000 new deaths were reported globally – a decrease of 7 percent and an increase of 20 percent, respectively, compared to the previous 28 days.

Figure 1. COVID-19 cases reported weekly by WHO Region, and global deaths, as of 15 January 2023**



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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. 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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