

# Dentons Flashpoint

## Daily Global Situation Report

March 23, 2022

# Global Situation Update: March 23, 2022

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## KEY TAKEAWAYS

Russia claims storm damage to loading facilities responsible for stoppage of the flow of crude oil through the Caspian pipeline.

Oxfam reports warns that as many as 28 million people in east Africa are at risk of slipping into extreme hunger due to commodity price hikes.

The Belarus military is moving equipment and troops toward its border with Ukraine, sending alarms for a possible opening of a new front in the war.

*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

Malta will hold general elections this upcoming weekend. The incumbent Labor Party (PL) government is likely to retain its majority in parliament and remain in power. The PL will continue its business-friendly approach in an effort to continue attracting foreign investment, including lowering corporate tax rates.

However, progress on tackling corruption under another PL government will remain slow, reflected in the inclusion of Malta on the Financial Action Task Force (FATF) grey list for shortcomings in tackling money laundering. Malta is recently in the news for its dealings with Russian oligarchs in search of a haven. This presents bureaucratic challenges for businesses seeking to send money to and from the country.



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# Global

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**Eyes are on the Belarus-Ukraine border amid reports that the Belarus military is moving equipment and troops toward the border for a possible opening of a new front. These movements come amid reports that Russian combat fatalities are significantly higher than official claims.**

- Ukrainian President Zelensky described **talks with Russia** as confrontational but moving forward. French President Macron held a one-hour phone call with Russian President Putin on Tuesday but could not reach an agreement on a ceasefire in Ukraine. A breakthrough in talks remain unlikely given the divergence in the positions of the two sides and the dynamic condition of the battlefield.
- **European energy security** faced new pressure with the announcement that supplies of Russian crude oil shipped through the Caspian pipeline have stopped, with Russia claiming storm damage to loading facilities. Analysts question the timing of the reported storm damage, as none of the pipeline's western partners had been able to inspect the facilities.
- US President Biden begins a visit to Europe today for a series of **summits with NATO, the EU and G7** allies, aiming to increase support for Kyiv and tighten the financial squeeze on Russia's economy.

# Markets & Business

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**Oil edged higher, with West Texas Intermediary crude near \$110 a barrel, ahead of high level meetings of NATO, the EU and G7 which may see fresh curbs on Russia.**

- A group of bondholders is moving closer to formal legal action against **Evergrande** after the world's most indebted property developer made a surprise disclosure that mystery lenders to one of its subsidiaries claimed more than \$2 billion in cash.
- Chinese regulators have asked some of the country's U.S.-listed firms, including **Alibaba, Baidu and JD.com**, to prepare for more audit disclosures, as Beijing steps up efforts to ensure domestic companies remain listed in New York.
- Hong Kong-based activist fund **Oasis Management** has voted in favor of a shareholder proposal demanding **Toshiba Corp** solicit buyout offers from private equity firms.
- Japan's securities watchdog filed criminal charges with prosecutors against **SMBC Nikko Securities Inc.** and seven of its employees, accusing it and the individuals of manipulating stock prices.

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# Environment, Sustainability & Governance

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**New research by investment research and asset manager Arabesque found that companies with significant numbers of women on their boards are more likely to be on track with climate goals.**

- British bank Barclays said that disruption in energy markets since Russia's invasion of Ukraine could hamper its ability to meet its **carbon emission reduction targets**.
- China announced plans to accelerate the use of **renewable energy sources in its energy mix** but maintain crude oil output and increase LNG production to balance security concerns.
- Keurig Dr. Pepper announced that it had joined the **UN-backed Water Resilience Coalition** and will aim to be water neutral by 2050.
- ING Groep NV will no longer **finance new oil and gas projects**, one of the first major global banks to commit to such a step in the fight against climate change.

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# Africa

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- The **EU** suspended combat training operations in **Mali**, saying that they could not secure guarantees that EU soldiers would not train alongside **Russian** mercenaries.
- **Sudanese** officials denied the presence of the Russian Wagner Group in the country.
- **Guinea's** military junta began a national conference aimed at bringing together representatives from the military, political parties, unions, and protesters to discuss a “*new institutional framework*” for the country; opponents to the coup have criticized the forum for not mentioning a transition to democratic rule.
- **Malawi** began an emergency campaign to vaccinate children against polio amid a new outbreak in sub-Saharan Africa; the continent will aim to vaccinate 20 million in the region in the next few months.
- A new Oxfam reports warns that as many as 28 million people in **east Africa** are at risk of slipping into extreme hunger due to commodity price hikes.



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# Asia

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- Authorities in the **Chinese** city of Shanghai have denied rumors of a pending city-wide lockdown after a sixth day of increasing daily asymptomatic coronavirus cases despite mass testing aimed at stifling the spread.
- **Taiwan** is considering extending compulsory military service beyond four months, as the war in **Ukraine** renewed discussion about how best to respond to **China's** military pressure. Taiwan has been gradually shifting from a conscript military to a volunteer-dominated professional force.
- **Chinese** Foreign Minister Wang Yi will visit **India** on Friday, the highest-level visit from Beijing since deadly clashes along their border in 2020. They are set to discuss **Russia's** war in **Ukraine** and their own Himalayan conflict.



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# Asia

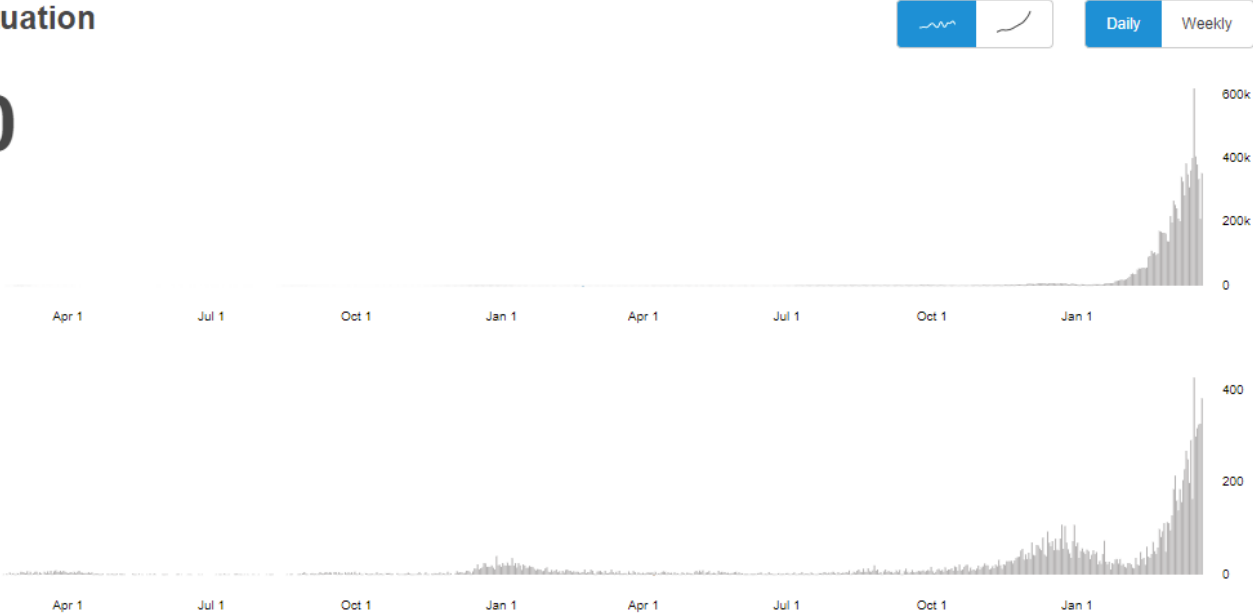
South Korea's total coronavirus infections is nearing 10 million, or nearly 20 percent of its population, as surging severe cases and deaths increasingly put a strain on crematories and funeral homes nationwide.

## Republic of Korea Situation

**9,936,540**  
confirmed cases

**13,141**  
deaths

Source: World Health Organization

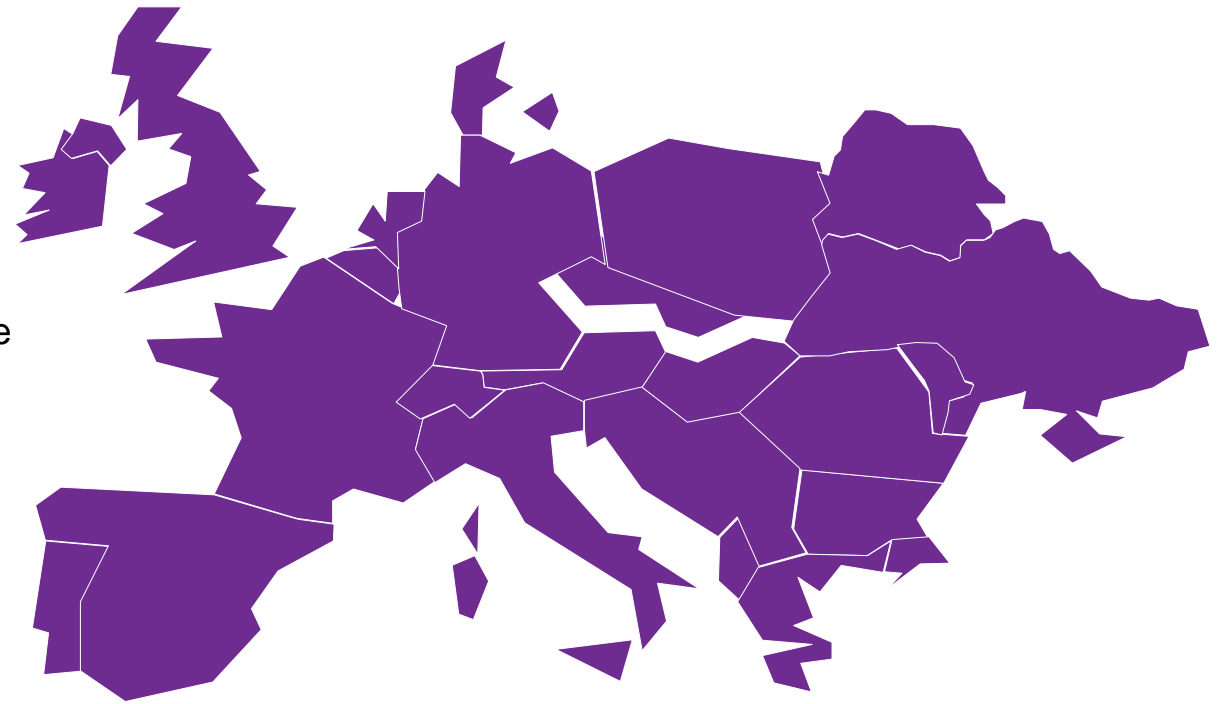


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# Europe

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- **Poland** became the latest eastern European country to announce plans to expel **Russian** diplomats, ordering around 40 Russian diplomats to depart for alleged espionage.
- **European** central banks are in discussions with energy trading firms calling for help to ease market strains sparked by the war in **Ukraine** but are resisting immediate extra support. Large spikes in commodity futures prices present potential risks to global trade.
- **British** inflation shot up faster than expected last month to hit a new 30-year high. Britain now has the second-highest annual inflation rate among Group of Seven countries, behind only the US as global commodity and energy prices soar.
- Ifo Institute forecasted that **German** growth will be weaker than expected this year due to the effects of Russia's invasion of Ukraine which will also push up inflation in Europe's biggest economy.
- **French** President Macron called for calm after the death of jailed Corsican separatist militant Yvan Colonna, whose assault by a fellow inmate triggered violent protests on the French Mediterranean island earlier this month. The protests prompted discuss on autonomy for Corsica.



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# How do You Manage Incident Response?

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*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:*

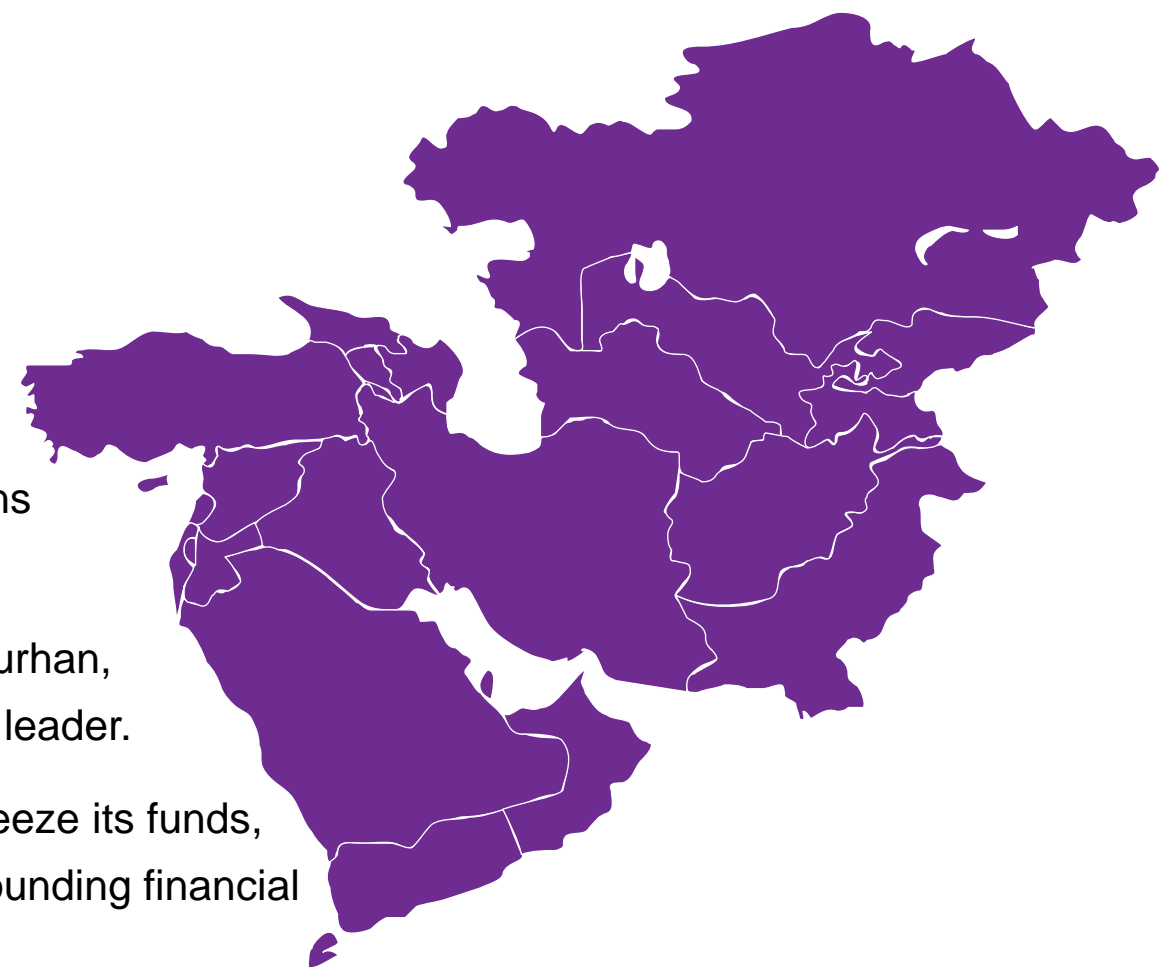
- ❖ Ransomware tabletop exercises
- ❖ Post-tabletop action reports
- ❖ Maturity assessments for preparedness
- ❖ Supply-chain attack simulation
- ❖ Comprehensive incident response plan
- ❖ Threat analysis and monitoring

*All interaction with Dentons is attorney-client privileged*

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

# Middle East

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- **Saudi Arabia** reaffirmed the “*essential role*” of the OPEC+ production agreement, sending further signals that the Kingdom is unwilling to increase production to ease disruptions from **Russian** sanctions.
- **Saudi Arabia’s** leaders met with **Sudanese** military leader Burhan, a sign of support for the domestically unpopular military junta leader.
- **Lebanon’s** Fransabank won an appeal that allowed it to unfreeze its funds, but it still cannot accommodate customer withdrawals, compounding financial crisis in the country.
- **Israel’s** Ministry of Defense approved a new regional security plan that increases budget for air defense systems amid increased threats from **Iranian** proxies.

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# Americas

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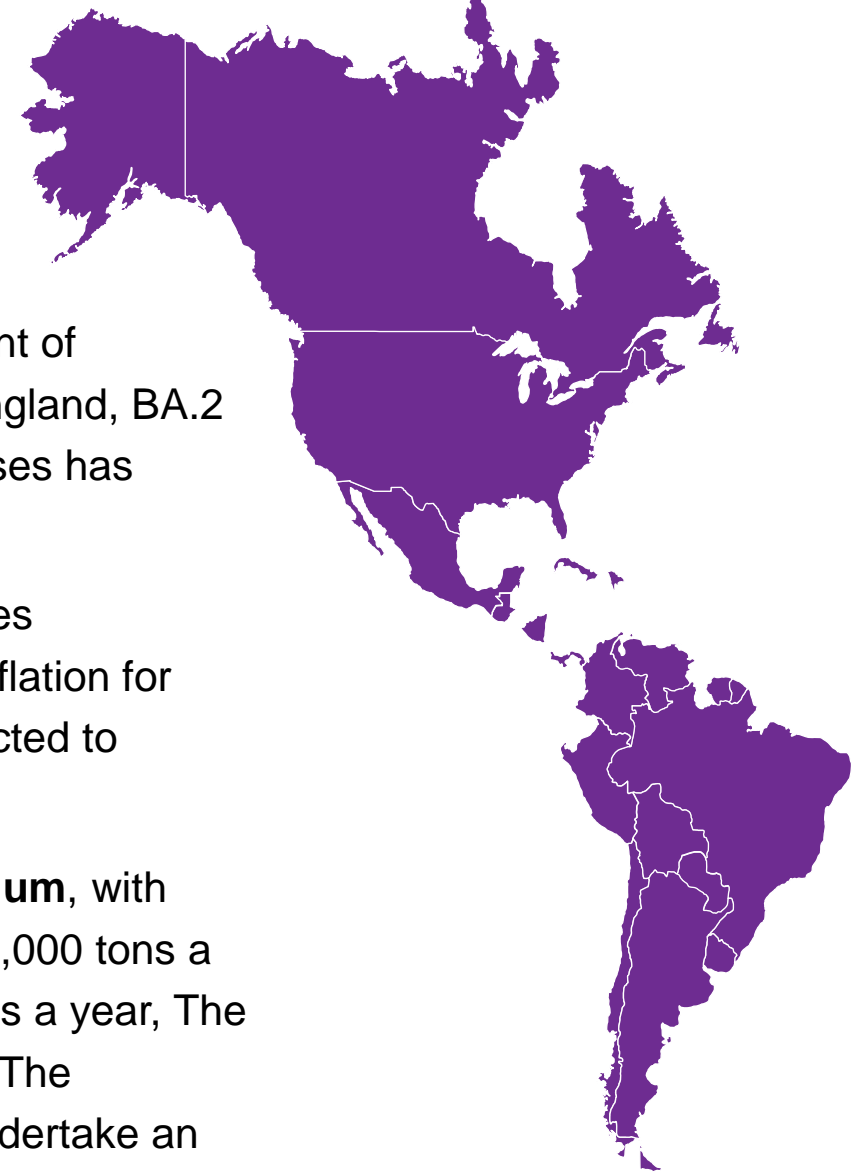
- **Canada's** ruling Liberal Party and opposition New Democratic Party signed a surprise agreement that could keep Prime Minister Trudeau in power for a full term, until 2025, rather than being the target of a no-confidence vote following parliamentary elections.
- **Chile** extended its deadline for a draft constitution by three months as the drafting committee faces a long list of social and environmental issues.
- A new study by the Earth Observation Group of the Colorado School of Mines found that **Mexico** flared a record amount of gas in 2021, despite pledges to curtail the practice.
- With the run-off election for the presidency in **Costa Rica** two weeks off, polling shows Rodrigo Chaves, the finance minister in Costa Rica's outgoing government, slightly ahead in a race too tight to call.



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# Americas: US

- The CDC reported that coronavirus **subvariant BA.2** accounts for 35 percent of coronavirus infections nationally, up from 22 percent a week ago. In New England, BA.2 accounts for 55 percent of new infections. So far, no broad surge of new cases has emerged in the US.
- A group of 40 Republican members of the Senate and House Armed Services Committees urged President Biden to include a 5 percent increase above inflation for **defense spending** in his proposal for the fiscal 2023 budget. Biden is expected to announce his budget next week.
- The US and UK reached an agreement to ease **tariffs on steel and aluminum**, with Washington suspending its 25 percent levy on UK steel imports of up to 500,000 tons a year and a 10 percent levy on aluminium products of up to about 21,600 tons a year, The UK will lift its retaliatory tariffs on US bourbon, agricultural and other goods. The agreement requires any UK steel company owned by a Chinese entity to undertake an audit of its financial records to “*assess influence from the People’s Republic of China.*”



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# Emerging and Existing Hotspots: US-Poland Relationship amid Ukraine War

*By Alexander Lucaci*

***As Russia's war on Ukraine enters its fourth week, President Biden will travel to Europe on Wednesday with stops planned at NATO headquarters in Brussels and in Warsaw, Poland. The trip is an effort to strengthen the security alliance and reassure key European allies of the US's commitment to military, humanitarian and economic coordination.***

The White House is also expected to roll out a new sanctions package against Russia in the coming days in consultation with European partners, with National Security Adviser Jake Sullivan adding that the EU and US will focus on tightening existing measures and ensuring robust enforcement. Russian President Putin is said to have been surprised at the high level of US-European coordination on a sanctions regime and the broader response to Moscow's invasion of Ukraine. The White House is seeking to reinforce those perceptions with its trip to NATO HQ and Poland.

The strength of the US-Poland relationship has been tested over the last four weeks, with political leadership in each country at times differing over the nature and scope of how the West should respond to Russia's war on Ukraine. The State Department and Pentagon were blindsided earlier this month by Poland's offer to transfer its Russian-made MiG-29 fighter jets to a US military base in Germany as a way to reinforce Ukraine's air force, a move that may have triggered a broader Russia-NATO conflict. In recent days, Poland has also floated the idea deploying a NATO-backed peacekeeping force to Ukraine, a proposal that was also swiftly rejected by US Ambassador to the UN Linda Thomas-Greenfield on Sunday. Reports have indicated that Warsaw may raise this issue again this week during the multilateral consultations in Europe, although President Biden has consistently said that he will not put American troops on the ground in Ukraine. It is unlikely that the Polish proposal will gain traction during the emergency NATO conference on Thursday, but Warsaw's willingness to discuss troop deployments to Ukraine shows that the key EU and NATO ally is increasingly concerned about the potential for the conflict to escalate and spread beyond Ukrainian borders.

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# Emerging and Existing Hotspots: US-Poland Relationship amid Ukraine War

Polish concerns about its security were likely exacerbated by a letter released over the weekend by former Russian President Dmitry Medvedev, in which he warned against Warsaw's "hatred of Russia" and the "de-Russification" of Poland's politics and economy. The letter was reminiscent to President Putin's essay on Ukraine last summer, which articulated his beliefs that Ukraine is an artificial construct and should not exist as a sovereign political entity outside of Russia. Relations between Warsaw and Moscow have been shaped by centuries of animosity, and Medvedev's denunciation of Poland's "de-Russification" will only exacerbate Warsaw's threat perception and heighten tensions in eastern Europe.

A key area of risk is the Suwalki Corridor, a small strip of land in Poland that separates the Russian enclave of Kaliningrad from Belarus. High-profile commentators on Russian state television have speculated in recent days that Moscow may seek to establish a land bridge to Kaliningrad, which would involve direct confrontation with NATO members Poland and Lithuania. Although over half of all available Russian military forces are bogged down in Ukraine, Moscow has always identified the Suwalki Corridor as a key strategic weakness for NATO. Given the increasingly desperate situation in Ukraine for Russian military forces, it is not an unrealistic proposition

that President Putin, possibly via Belarusian President Lukashenko, seeks to connect Kaliningrad by seizing the Suwalki corridor. This would represent a major escalation against NATO allies, and a scenario that will likely be discussed during security consultations in Warsaw this week.

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# Ukraine War Update: Belarus Mobilization, G-20 Downsizing, Pipeline Stoppage

*Eyes are on the Belarus-Ukraine border amid reports that the Belarus military is moving equipment and troops toward the border for a possible opening of a new front. These movements come amid reports that Russian combat fatalities are significantly higher than official claims.*

## *Political Developments*

Ukrainian President Zelensky described talks with Russia as confrontational but moving forward. French President Macron held a one-hour phone call with Russian President Putin on Tuesday but could not reach an agreement on a ceasefire in Ukraine. A breakthrough in talks remain unlikely given the divergence in the positions of the two sides and the dynamic condition of the battlefield.

US President Biden begins a visit to Europe today for a series of summits with NATO, the EU and G7 allies, aiming to increase support for Kyiv and tighten the financial squeeze on Russia's economy. US and European allies will discuss new sanctions on Russia, reportedly including new US sanctions on 300 members of Russia's lower house of parliament.

The transport ministers of Estonia, Latvia, Lithuania and Poland called on the EU to block its roads for Russian and Belarusian cargo trucks and to restrict entry to ports for their ships, the Lithuanian Transport Ministry said in a statement.

Following Ukrainian President Zelensky's address to the Italian parliament yesterday, Italian Prime Minister Mario Draghi publicly endorsed Ukraine's bid for EU membership. Zelensky will address the French parliament today via video link as he continues his campaign for western countries to impose tougher sanctions on Russia.

Russia denounced reports that the US and its western allies were pushing to expel Russia from the G20 meeting in Indonesia later this year. China signaled it stands by Russia's continued membership, saying the bloc needs to work together on issues from global economic growth to the pandemic.

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# Ukraine War Update: Belarus Mobilization, G-20 Downsizing, Pipeline Stoppage

The UN General Assembly will consider three resolutions today on the humanitarian crisis in Ukraine. One resolution advanced by Russia makes no mention of its attack in the country. One rival resolution supported by Ukraine and Western nations makes clear Russia is responsible for the escalating humanitarian crisis and the third, sponsored by South Africa does not mention Russia.

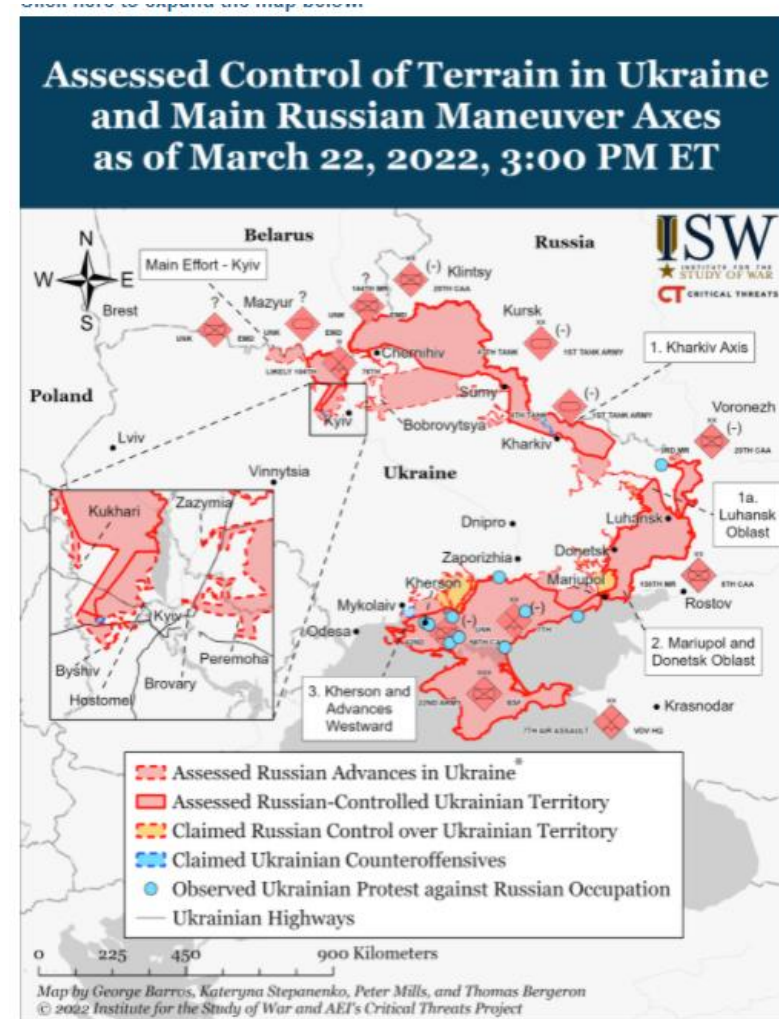
Deepening the information war, Russia's lower house of parliament passed a new censorship bill that penalize Russians found guilty of spreading "fake information" about state bodies operating abroad with a jail sentence.

## Battlefield Developments

A UK intelligence update on Wednesday noted that the battlefield across Ukraine remained largely static with Russian forces likely conducting a period of reorganization before resuming large-scale offensive operations. Russian forces are still attempting to envelop Ukrainian forces in the east of the country as they look to drive west towards Odessa.

Ukrainian officials are warning on the "possibility" of troops from neighboring Belarus crossing the border, opening a new front, citing the movement of military equipment from various locations in Belarus to the border.

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Source: [Institute for the Study of War](https://www.isw.us)

# Ukraine War Update: Belarus Mobilization, G-20 Downsizing, Pipeline Stoppage

Institute for the Study of War assessed that Russian forces around Kyiv and other major cities are increasingly prioritizing long-range bombardment after the failure of Russian ground offensives but are unlikely to force major cities to surrender in this manner. Russian forces continue to make slow but steady progress reducing the Mariupol pocket.

Partly as a result of significant losses, the US estimates Russia's troop presence in Ukraine had begun to decline significantly, for the first time falling below 90 percent of the original 150,000-strong invasion force deployed along Ukraine's borders. The number of Russian casualties is being debated after what is being called a "leaked report" was published and then quickly deleted in the Russian Komsomolskaya pravda newspaper, reporting a Russian death toll of nearly 10,000 soldiers in fighting in Europe. The online report on March 20 cited the Russian Defense Ministry as the source. Russia has officially confirmed just 498 deaths, while the US and Ukraine estimate around 7,000 deaths.

The US Pentagon judged that Ukraine was "*willing and able*" to take back territory from Russia but did not verify reports of Russian troops being pushed out of Makariv. Taking control of Makariv would place

Ukrainian troops at an important crossroads to the west of Kyiv, allowing them to pressure supply routes to Russian forces.

Zelensky's chief of staff urged western nations to provide his country with offensive weapons, claiming that Ukraine cannot win the war without them.

Kremlin spokesman Dmitry Peskov told CNN in an interview on Tuesday that Russia's security policy dictates that the country would only use nuclear weapons if its very existence were threatened. Peskov made the comment when asked whether he was confident President Vladimir Putin would not use nuclear weapons. Pentagon's spokesman John Kirby called the rhetoric "*dangerous*" and that "*it's not the way a responsible nuclear power should act.*"

## *Humanitarian Developments*

Ukrainian President Zelensky said 100,000 civilians remained trapped in Mariupol, enduring "*inhumane conditions.*" Around 7,000 civilians were evacuated on Tuesday.

Nine humanitarian corridors are open for evacuations today, including one from the besieged port city of Mariupol.

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# Ukraine War Update: Belarus Mobilization, G-20 Downsizing, Pipeline Stoppage

UNHCR reported that 3.6 million people have fled Ukraine. European countries are struggling to find housing for the refugees. Expecting that the displaced will remain for extended time, European countries are hiring Ukrainian teachers to integrate children into host country education systems.

Today, the head of the International Committee of the Red Cross (ICRC) in Moscow will discuss the “*pressing humanitarian issues*” arising from the devastating conflict in Ukraine with representatives of Russia’s Ministries of Foreign Affairs and Defense as well as the chairman of the Russian Red Cross.

## ***Economic Developments***

European energy security faced new pressure with the announcement that supplies of Russian crude oil shipped through the Caspian pipeline have stopped. The pipeline, which runs 1,500km from the massive Tengiz oilfield in western Kazakhstan to the port of Novorossiysk on Russia’s Black Sea coastline, transports up to 1 million barrels a day. Russia’s deputy energy minister said in a statement said flow could be cut for up to two months while repairs are made to storm-damaged loading facilities. Analysts raised

questions about the timing of the reported storm damage, as none of the pipeline’s western partners had been able to inspect the facilities.

The head of Vitol, the world’s largest independent oil trader, warned of a shortage of diesel in Europe stemming from potential disruption to Russian supplies. Russian energy giant Gazprom said on Wednesday it was continuing to supply natural gas to Europe via Ukraine in line with requests from European consumers.

The impact of sanctions on the rail and sea transportation sector is growing more evident. Data provider Refinitiv has recorded a decline of more than 55 percent in Russia-bound vessel traffic since the start of the conflict in Ukraine. Ship owners and operators face increased insurance costs, the risk of non-compliance with sanctions and reputational considerations and are increasingly avoiding Russian ports, not just those in the Black Sea.

Freight forwarding companies are scrambling to reroute more than a million containers set to ride 6,000-plus miles of railway linking Eastern China to Western Europe via Russia, to avoid transiting Russia, adding to costs and threatening to worsen the global supply chain chaos.

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# Ukraine War Update: Belarus Mobilization, G-20 Downsizing, Pipeline Stoppage

Vietnam Airlines will suspend Hanoi-Moscow flights from Friday after insurance partners sought changes to contracts due to the fighting in Ukraine.

Ukraine's central bank chief has urged international banks to cease all business in Russia and join international efforts to reduce Moscow's ability to finance its invasion. BNP Paribas announced plans to end all of its business in Russia at the end of March, becoming the latest major international bank to sever ties with corporate clients in the country.

TotalEnergies said it will stop buying Russian oil products by the end of this year, but the French group is not planning to sell its stakes in major Russian gas projects

Russia's latest interest payment on its dollar debt has been processed by JPMorgan, in a sign that Moscow is servicing its foreign currency debt and avoiding a default.

Evraz, the London-listed steelmaker part-owned by Roman Abramovich, said an interest payment on one of its bonds has reached the bank responsible for passing the cash to investors after being temporarily blocked earlier this week.

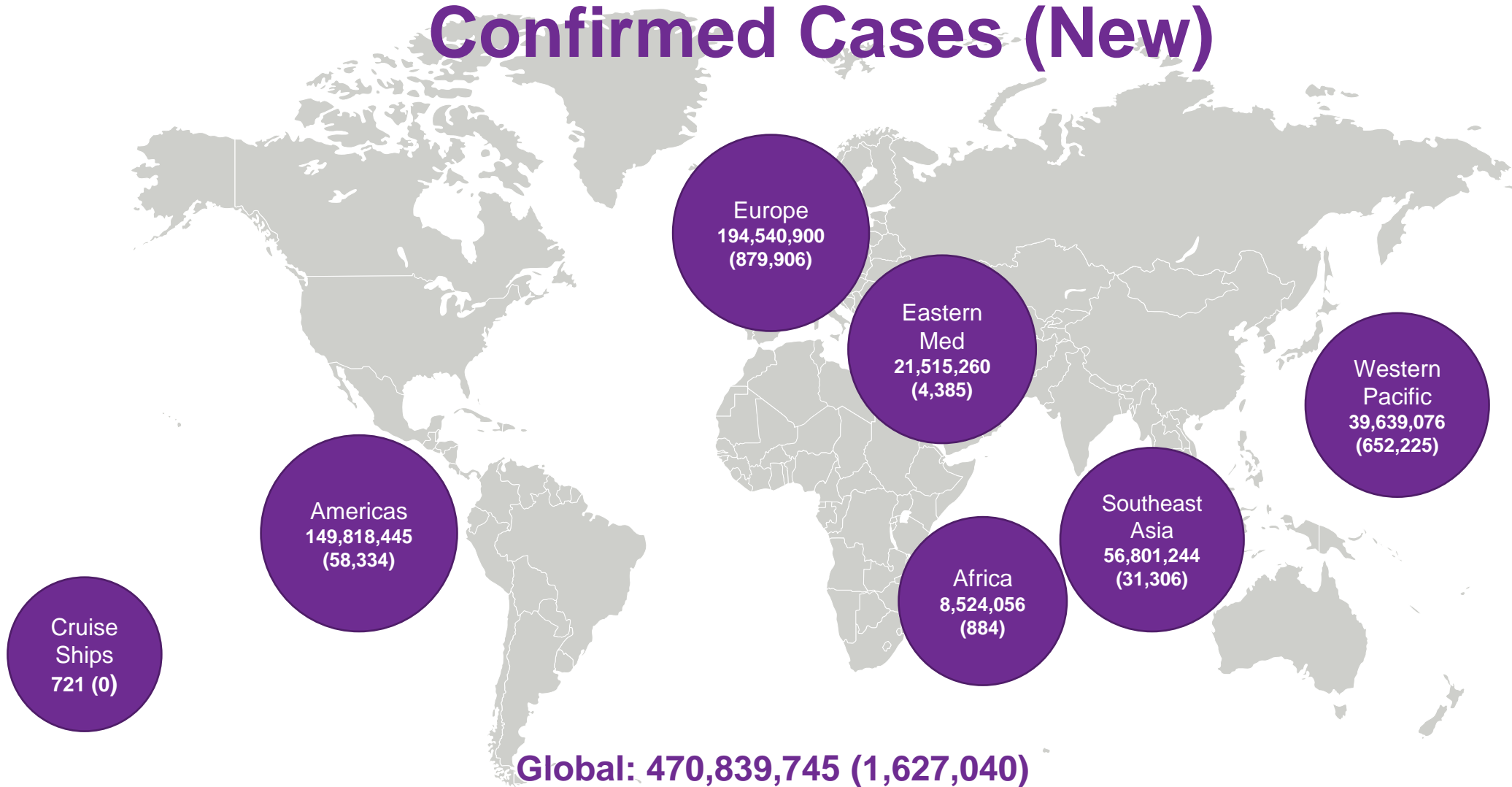
The European Central Bank warned that cryptocurrencies are being used by Russians to evade sanctions, citing the volume of roubles being converted into cryptocurrencies rising to its highest level in almost a year.

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# Coronavirus Condition Updates

As of 5:27 pm CEST on March 22, 2022

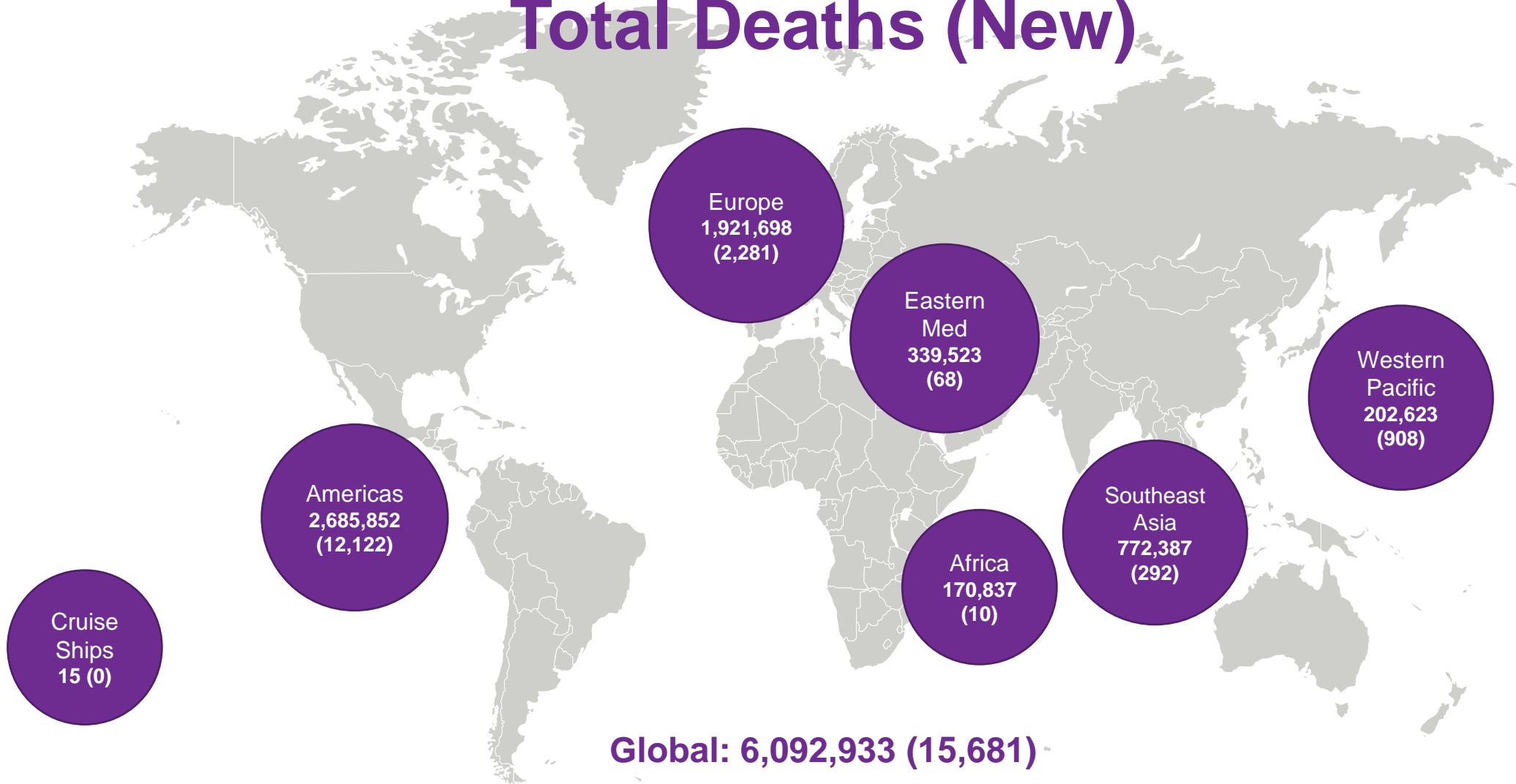
# Confirmed Cases (New)



Reflects data as of 5:27 pm CEST on March 22, 2022.  
Data Source: World Health Organization

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# Total Deaths (New)



Reflects data as of 5:27 pm CEST on March 22, 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.*

*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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