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Dentons Flashpoint

Daily Global Situation Report

September 10, 2021

Global Situation Update: September 10, 2021

KEY TAKEAWAYS

The leaders of Belarus and Russia agreed to establish a joint oil and gas market and deepen economic integration at a summit.

US President Biden announced a vaccine mandate that aims to cover two-thirds of all workers.

Multiple US airlines cut quarterly revenue forecasts as Delta variant slows travel demand.

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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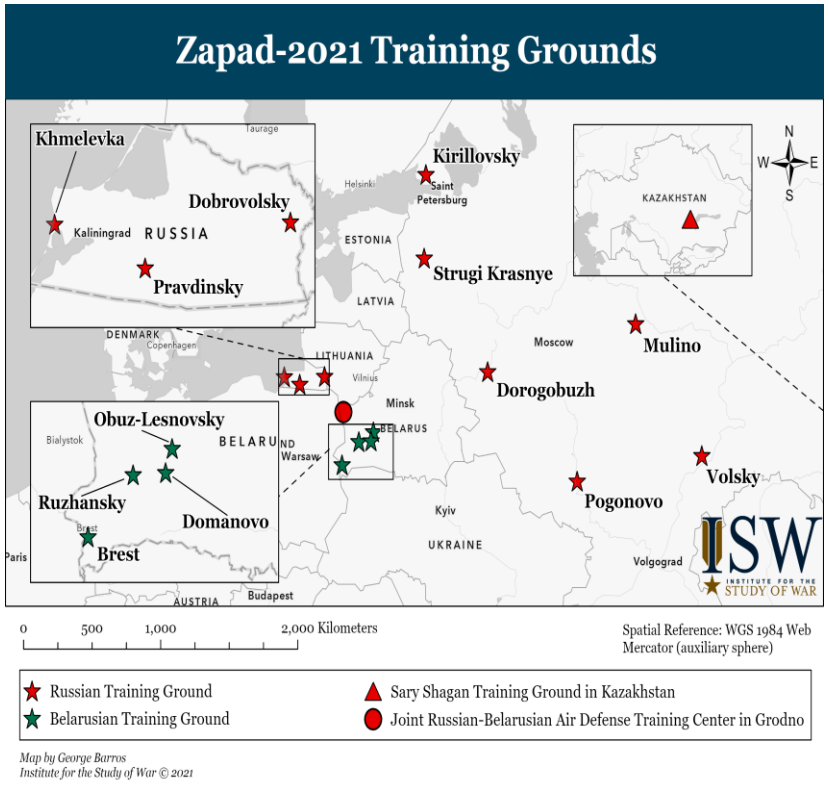
WHAT WE'RE WATCHING

Russia's largest military readiness exercises, known as Zapad 2021, begin today in coordination with Belarusian armed forces and representatives from eight other nations.

Zapad, the Russian word for West, will test Moscow's ability to contest strategic airspace and territory around the Baltic Sea and Gulf of Finland. The exercises are occurring during a period of heightened tensions with Europe. Poland, Latavia, and Ukraine have registered security concerns about the drills, which some nations fear may act as cover for Russian military intervention.

Although the likelihood of this is low, Brussels, Washington, and NATO continue to be concerned about Russian malign behavior, including cyber warfare, political interference, and intrusions on European sovereign territory.



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Global

Globally, confirmed coronavirus cases topped 222.4 million with 4.5 million deaths; more than 5.3 billion vaccine doses have been administered.

- China’s President Xi pledged to **donate 100 million COVID-19 vaccine doses** to developing countries by the end of 2021, at the BRICS summit with Brazil, Russia, India and South Africa.
- BioNTech is set to request approval across the globe for use of its **COVID-19 vaccine in children** as young as five over the next few weeks.
- US President Biden and Chinese leader Xi Jinping spoke for 90 minutes on Thursday, in their first talks in seven months, discussing the need to ensure that **competition between the world's two largest economies** does not veer into conflict.

Markets & Business

A cyber attack on Russian tech giant Yandex's servers in August and September was the largest known distributed denial-of-service (DDoS) attack in the history of the internet, per Yandex.

- **Microsoft** has indefinitely delayed plans to return to its US offices due to uncertainties of the latest COVID-19 wave.
- Multiple **US airlines** cut quarterly revenue forecasts due to a slowdown in bookings linked to the spread of the Delta variant.
- An increasing number of fund companies are **rebranding themselves as *"green"* or "*sustainable*"** - in some cases, without actually changing investment practices.
- **Mastercard** will buy blockchain analytics company **CipherTrace** in a progression of the company's bet on digital assets.
- **Ericsson** is reportedly planning to shut down one of its five research centers in China as the company loses market share to domestic players such as Huawei.
- **Facebook and Ray-Ban** introduced a $299 pair of "*smart*" glasses, which let people record photos and video, as well as receive calls – while looking like designer frames.
- **Amazon** is offering to pay college tuition for over 750,000 US employees at a number of universities nationwide.
- **Walmart** is phasing out quarterly bonuses for store workers as it implements hourly wage increases.

How do You Manage Political Risk?

Today, the economic and political changes affecting international business are more complex than ever. Conflicts, coups and the coronavirus pandemic continue to impact governments and people worldwide and shape the business landscape in 2021.

Dentons offers business leaders routine and one-off political risk assessments on specific interests. Many clients also retain our team of attorneys and former intelligence and military professionals, equipped with the latest big data analytics tools, deep substantive knowledge and extensive networks of contacts, to provide services, including:

- Political and country risk forecasts and analysis
- Market-entry assessments
- Legislative and government action forecast
- Comprehensive project analysis
- Coronavirus vaccine tracker and return-to-work monitoring
- Investment risk analysis

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*To learn more about the bespoke intelligence and risk services from Dentons, contact **Karl Hopkins**.*

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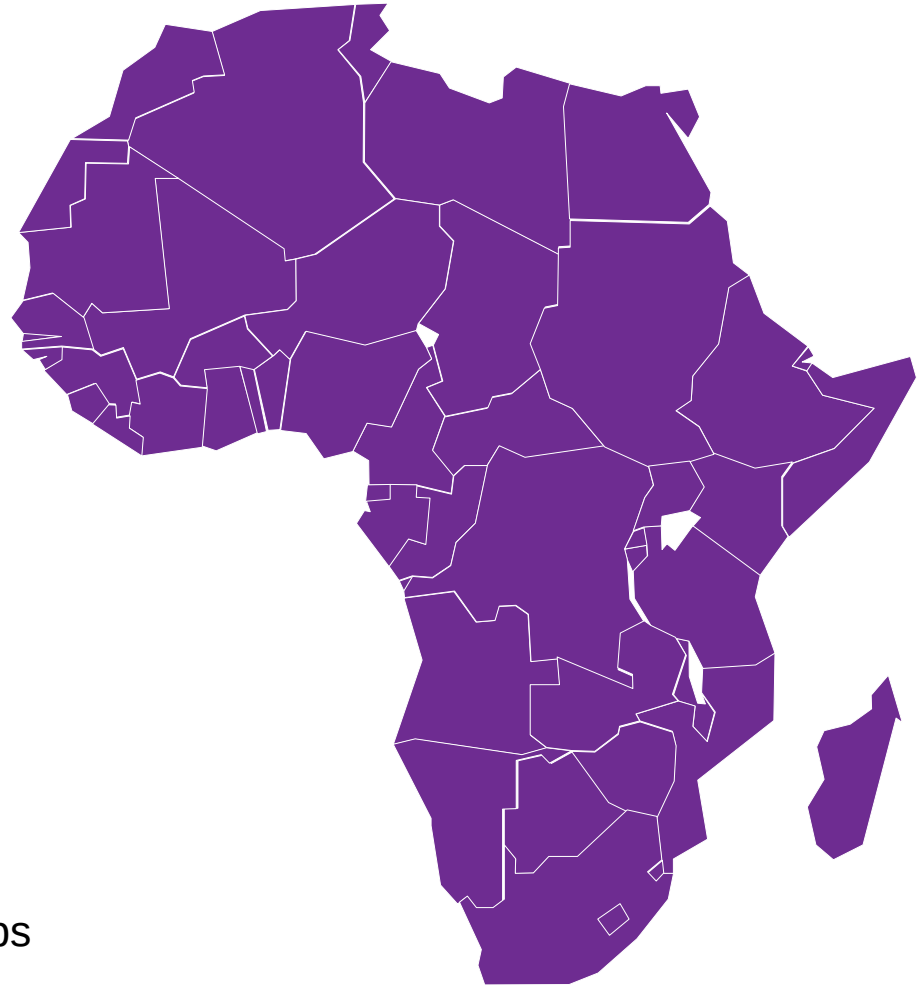
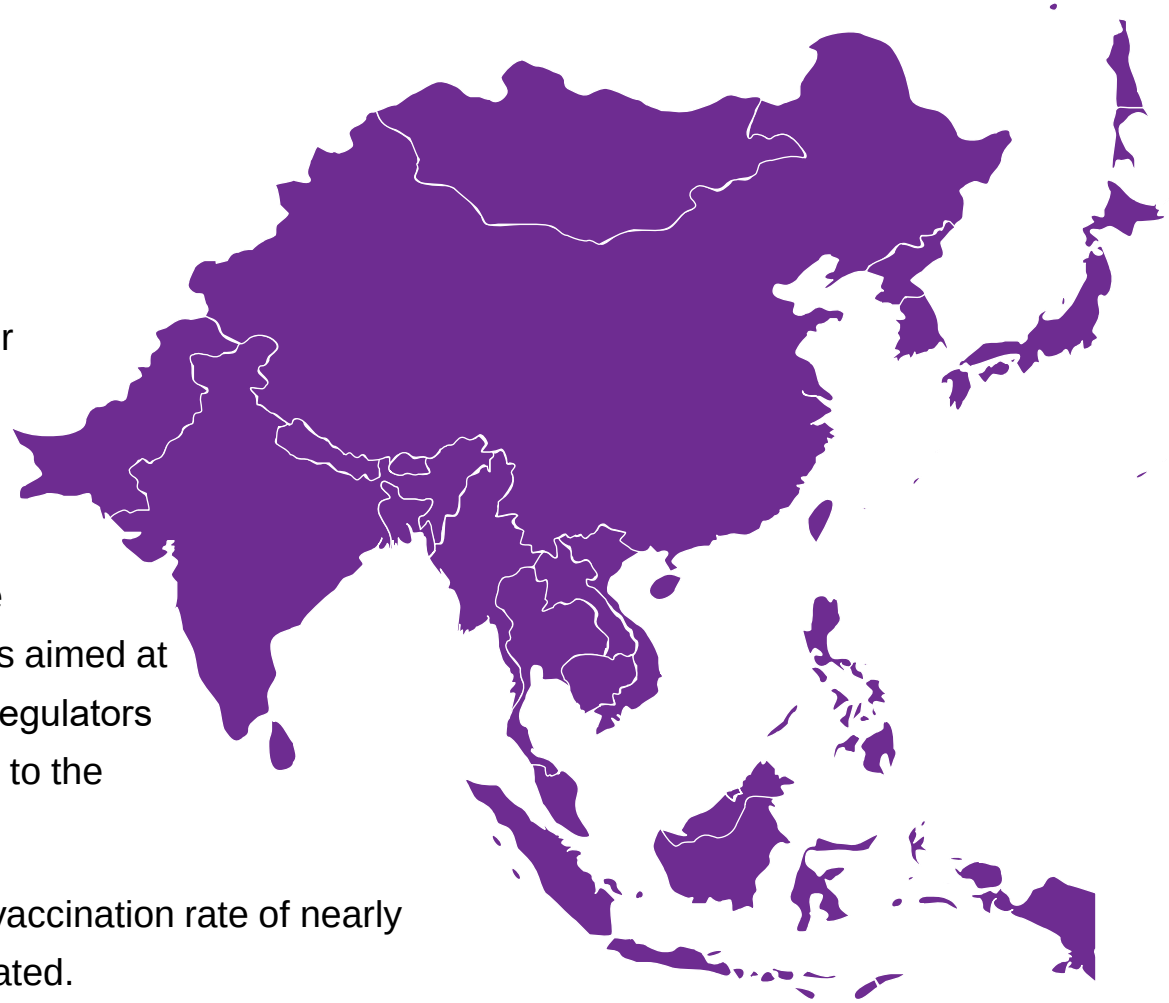
Africa

- The WHO warned that **Africa** will receive 25 percent fewer COVID-19 vaccine doses than expected this year, in part due to booster campaigns in richer countries.
- **Kenya's** economy shrank in 2020 for the first time in nearly 30 years, with a fall-off in tourism revenue as a leading cause of the contraction.
- The South African national insurance company reported that July riots over the imprisonment of former President Zuma cost $1.7 billion in damages.
- The **Ethiopian** government said that they had defeated Tigrayan troops in the Afar region; Tigrayan spokespeople rejected the claim, saying they had simply shifted their troop presence away.

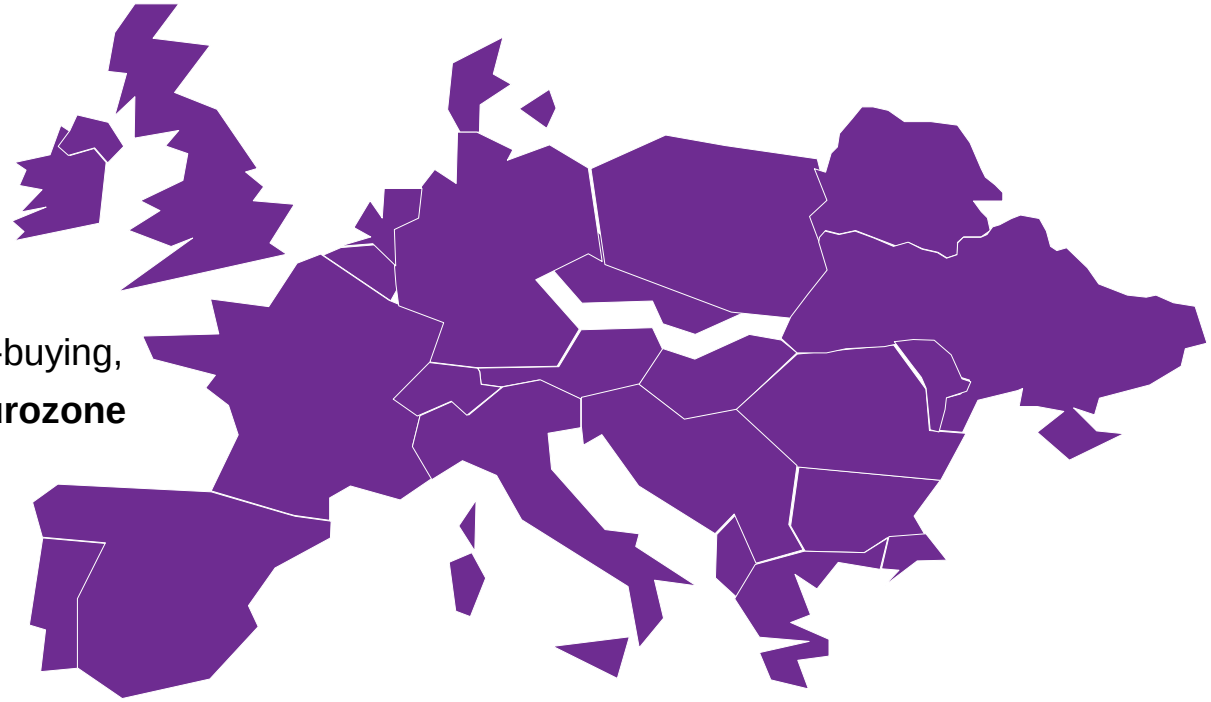


Asia



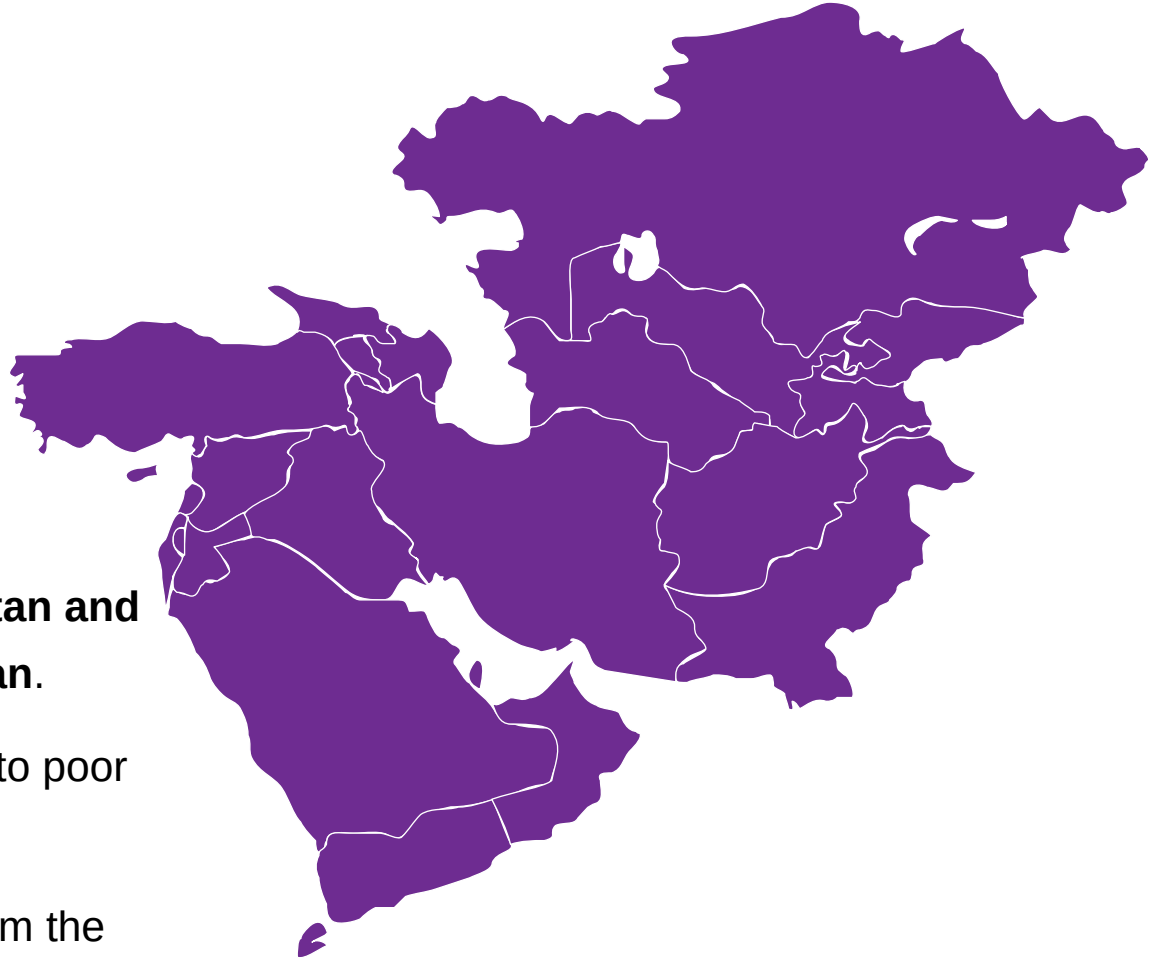
- **Japanese** vaccine minister Taro Kano will announce his candidacy for leader of the Liberal Democratic Party today, per Japanese news sources. Japan extended emergency COVID-19 restrictions in Tokyo and other regions.
- **China** is conducting military drills in the South China Sea, west of the Leizhou Peninsula; this year, China has conducted 20 naval exercises aimed at island capture, an increase from 2020's 13 such exercises. Chinese regulators are reportedly slowing approvals of new online games in a fresh blow to the country's online gaming sector.
- A surge of COVID-19 cases in Sarawak, a **Malaysia** state with a full vaccination rate of nearly 90 percent, is raising concerns about transmission among the vaccinated.
- **Hong Kong** pushed back its target date for vaccinating 70 percent of the population with an initial dose as the city confronts vaccine hesitancy, particularly among seniors. The leaders of the group which used to organize annual Tiananmen square vigils were charged with subversion under Hong Kong's national security law. Hong Kong police later raided the closed June 4th museum, dedicated to Tiananmen Square victims

Europe



- The European Central Bank decided to slow the pace of its bond-buying, but overall maintain its loose monetary policy, warning that the **eurozone** economy is *"not out of the woods*." A hawkish group of eight EU finance ministers are preparing to take a hard line on post-pandemic changes in EU budget rules.
- **Britain's** economy unexpectedly slowed to a crawl in July as the Delta variant of COVID-19 spread rapidly after lockdown restrictions were eased.
- Former **French** health minister Agnès Buzyn is facing a potential judicial investigation for failure in her handling of the early stages of the pandemic. Some **German** regions are planning to end state compensation for unvaccinated workers who lose earnings due to mandatory quarantine. The **Italian** police warned that anti-vaccine campaigners had called for armed attacks during anti-government protests planned for this weekend.
- The leaders of **Belarus and Russia** agreed to establish a joint oil and gas market and deepen economic integration at a summit.
- **German** prosecutors raided the finance and justice ministries amid an investigation into Germany's anti-money laundering agency.
- The **EU** rejected a **British** demand to renegotiate their deal governing the trading position of **Northern Ireland**, saying that to so would only lead to instability and uncertainty.

Middle East



- Allies of **Tunisian** President Saied said that the intends to continue the suspension of the constitution and may offer changes to the political system via referendum.
- The UN condemned reports of Taliban reprisal killings. **Pakistan and Qatar** called for unconditional humanitarian aid to **Afghanistan**.
- **Lebanon** will begin providing cash assistance, in US dollars, to poor families to reduce hunger amid the fiscal crisis.
- **Yemeni** Houthis imposed levies on goods entering Yemen from the government-controlled port of Aden in a bid to pressure trade to switch to the rebel-run port of Hodeidah.
- **Morocco's** Islamist party, which has led the government since 2011, suffered a heavy defeat in legislative elections; the pro-monarchy liberals National Rally of Independents party won a plurality of seats.

Americas

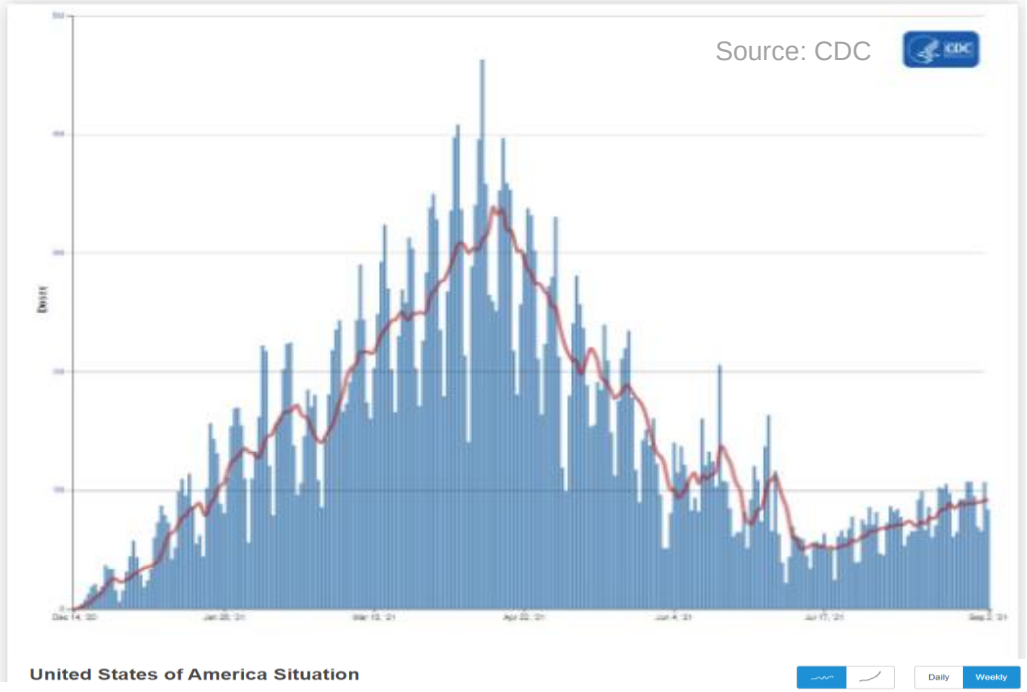
- **Latin America's** mothers are falling behind in the pandemic economic rebound, returning to the labor force more slowly than men in a trend experts say could set back female workforce participation by a decade, according to a UNDP report.
- **Mexico's** central bank chief said that bitcoin is barter, not money, making clear that Mexico does not intend to follow in El Salvador's footsteps.
- **Brazilian** President Bolsonaro met with striking pro-government truckers as police attempted to clear their blockades, saying they interfere with crucial grain and beef routes.
- **Argentine** ranchers vowed a protest over a beef export cap but did not announce details.

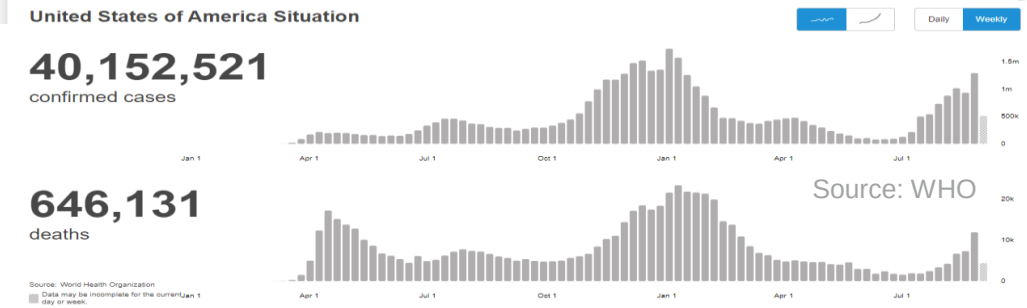
Americas: US

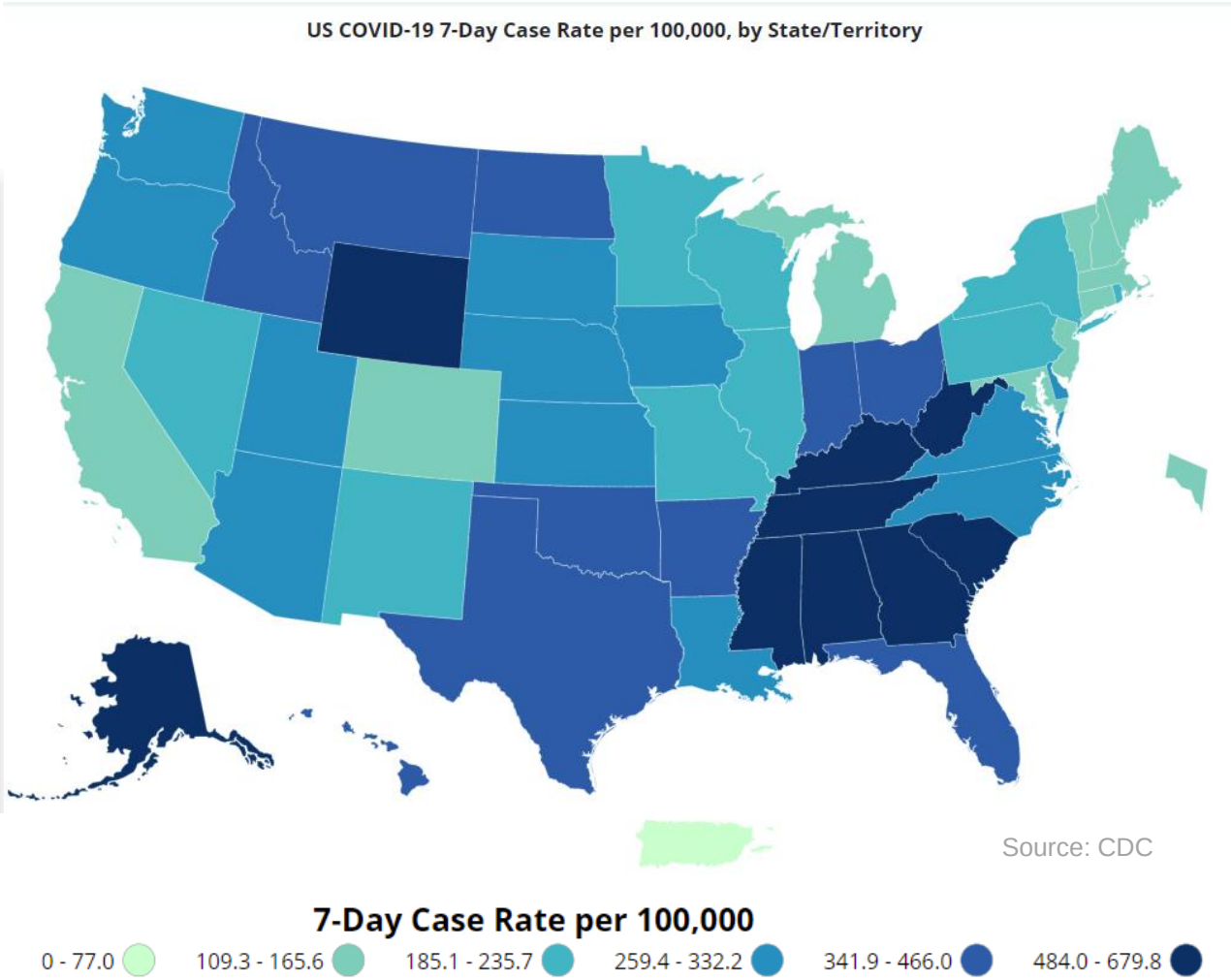
- Across the nation, 208.3 million have received at least one dose of the **vaccine**; or 62.8 percent of the total population. President Biden tightened vaccine requirements for federal workers and called on private employers to mandate vaccines in a bid to boost lagging national vaccination rates. Kentucky will deploy 300 more national guard members to help **hospitals** around the state strained by Delta. Los Angeles passed vaccine mandates for school **students.**
- **Weekly jobless claims** fell to a pandemic-era low of 310,000. UPS and USPS are seeking to **hire 140,000 workers** in preparation for busy holiday seasons.
- The US had its **hottest summer** in 2021, tying with the Dust Bowl year of 1936.
- The Justice Department sued Texas to block to state's new **law banning most abortions**. The Biden Administration released initial details of its plans to lower **prescription-drug prices.**
- US and EU officials will start a **new tech and trade council** on September 29.

Americas: US

7-Day moving average Daily Vaccinations







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Organizations Face Increasingly Blurry State-Sponsored Cyberthreat Landscape

By Scott Muir

There are emerging indicators that state-sponsored cyberattacks on commercial organizations in the US and Western Europe are tapering off. Legislators are beginning to adopt laws and declare redlines that mandate severe consequences for perpetrators, including massive retaliatory cyberattacks, sanctions and more. The main nation-state protagonists of cyberattacks on the global stage right now do not want breaches and misinformation campaigns to blowback and endanger their rule.

Brazen attacks are likely to continue in states seen as incapable of strong responses, while unaffiliated cybercriminals within their borders will receive incentives to continue digital strikes on information or resource rich targets in powerful countries. Thus, the threat landscape grows murkier as obvious nation-state cyberattacks will persist in some jurisdictions, while in others the distinction between state and non-state bad actors becomes more difficult to discern. Business leaders and cybersecurity experts can better understand the risks posed by specific state-sponsors of cyberattacks through recent advisories (linked below) and reinforcement of email phishing training to ensure employees are aware of the evolving tactics used to deliver malicious content.

Following is an overview of recent nation-state cyber activity:

Russia

One month after US President Biden met with Russian President Putin in Geneva, there was a ransomware attack on Florida-based IT firm Kaseya over the Fourth of July holiday weekend. American authorities determined the attack originated from Russia and US lawmakers like Sen. John Kennedy (R-Louisiana) called for a "serious cyberattack" on Moscow as a response. The frequency of state-sponsored cyberattacks between Moscow and Washington

Organizations Face Increasingly Blurry State-Sponsored Cyberthreat Landscape

has diminished since then, but Russian state hackers and proxies remain undeterred from wreaking havoc on the global stage. For example, Germany blamed Russia's GRU military intelligence this week for cyberattacks that targeted German politicians through phishing emails which aimed to steal private information and spread false information about candidates in the upcoming pivotal federal election. Nearby, Slovakian government officials are the target of a spear phishing campaign by Russian state-linked advanced persistent threat groups, likely to gather intelligence for disinformation and espionage. The aim of such campaigns is to undermine links between the targeted states and the EU and NATO, widen their domestic social divisions and discredit their institutions.

Cyber-attacks by one actor often beget retaliatory attacks in turn.. Thus, it is no surprise that a cyberattack on the servers of Russian tech giant Yandex in August and early September was the largest known distributed denial-of-service (DDoS) attack in the history of the internet. To better identify state-sponsored threats from Russia, organizations would be wise to consult a joint advisory released in July 2021 by US and UK authorities.

China

Suspected state-sanctioned cyber activities from Beijing are increasingly in the eye of the US and European publics. In mid-July, the US, NATO and EU formally blamed China's Ministry of State Security for exploiting vulnerabilities in Microsoft Exchange servers and calendar software for corporate and government data centers. More recently, prominent US media outlets have reported that similar to the Kremlin, China is engaged in misinformation campaigns via fake social media accounts with the aim of encouraging Americans to protest against various social justice issues across the country with the objective to sow further disagreement among a currently polarized US public. Australia, New Zealand and Japan have vowed to join a new effort by the NATO and the EU to call out and confront the threat posed by Chinese state-sponsored cyberattacks.

This joint effort precedes news this week that a novel malware backdoor technique called SideWalk used by China-linked hackers recently struck companies in the IT, media, finance and telecoms sectors in Mexico, Taiwan, Vietnam, and the US. Meanwhile,

Organizations Face Increasingly Blurry State-Sponsored Cyberthreat Landscape

Norway's national security agency just confirmed that Chinese state actors were behind attempts in 2018 to capture classified information relating to its national defense and security intelligence, while an American cybersecurity firm told media that Chinese operatives posed as a team of hackers from Tehran when they hacked computers across Israel's government and tech companies in 2019 and 2020. Organizations would be wise to consult a joint advisory issued in July 2021 by US authorities that lists 50 tactics, techniques and procedures that Chinese state-sponsored hackers employ.

North Korea

State-aligned groups operating from North Korea have recently stuck targets in Russia, Japan, South Korea, Mongolia and Nepal with a variant of Konni, a remote administration tool used to steal files, capture keystrokes, take screenshots, and execute arbitrary code on infected hosts. Pyongyang was recently discovered to be targeting Moscow since July 2021 with spear phishing and weaponized Russian-language documents as the primary infection vectors for the Konni malware which can avoid most forms of antivirus software. The known targets are political organizations in Russia and reported lures include emails about trade and economic relations with the Korean Peninsula and Russia's relations with Mongolia. The operation is likely part of North Korea's surveillance and intelligence operation. Recently, Pyongyang's hackers also struck the automotive, health and chemical industries in Japan, Vietnam and some Middle Eastern countries, with a focus on stealing intellectual property.

In August 2021, a mitigation advisory published by US authorities for the Konni malware employed by North Korea recommends updating antivirus solutions and disabling file sharing. Given the newest variant's ability to avoid detection, this should be accompanied by careful screening of attached documents before opening. Organizations should be aware that this variant of malware may be used in further, more wide-ranging and highly targeted attacks across the world.

Iran

With some of the most skilled hackers worldwide, Iran continues to attack governments and organizations across the globe. Recent rapprochement with Arab Gulf states in the aftermath of the US exit from Afghanistan may lead to temporarily less disruptive cyberattacks in the Middle East. Of course, if nuclear negotiations

Organizations Face Increasingly Blurry State-Sponsored Cyberthreat Landscape

between Washington and Tehran fail and Iran accelerates uranium enrichment, there is a danger that the US and Israel resort to cyberattacks instead of military operations to set back the nuclear program. In the meantime, Tehran is conducting surveillance operations against thousands of dissidents in Iran and dozens of other countries, including in the United States. The most recent campaign discovered involves Iranian hackers using mobile spyware to monitor ethnic Kurdish targets. Iranian hackers are disseminating Android apps via Facebook that appear to share Kurdish language news and information, but actually enable espionage for Tehran through backdoor vulnerabilities.

Recent Iranian cyber exploits have attracted the ire of other nation state cyber groups as well as hacktivists. In July, Iran's Transport Ministry website was hit by a ransomware attack, just hours after a similar apparent attack was carried out against the state railway company. Most recently, in late August, hackers leaked videos from 150,000 cameras in Iran's notorious Evin prison showing detainees being beaten by guards. Organizations should be aware that US authorities regularly issue advisories about Iranian cyber tactics and techniques and maintain a dedicated webpage on which they are available.

Taliban-led Afghanistan

The eyes of the world are upon Afghanistan and there is increasing consideration to what cyber threat may emanate from the newly declared Islamic Emirate. In the short term, there appears to be no real threat to the international community as the new rulers of Kabul attempt to build goodwill and secure their grip on power. Worryingly, however, the Taliban is reported to be in possession of several government databases built with US funds which contain personally identifiable information, including addresses biometric data, emails and phone numbers, on tens of thousands of Afghans. This cyber footprint will aid them in efforts to eliminate opponents within the country. The Taliban is also scanning emails from the ousted government for other sensitive information that could be mined by them or foreign adversaries and that is why Google recently locked Afghan government accounts. The Taliban could potentially recruit cyber professionals from within Afghanistan and neighboring countries like Pakistan to leverage confiscated data for financial gain and intelligence operations. There is a real possibility that Afghanistan will become a safe haven for international cyber-criminal groups over the next few years.

Coronavirus Condition Updates

As of 5:39 pm CEST on September 9, 2021

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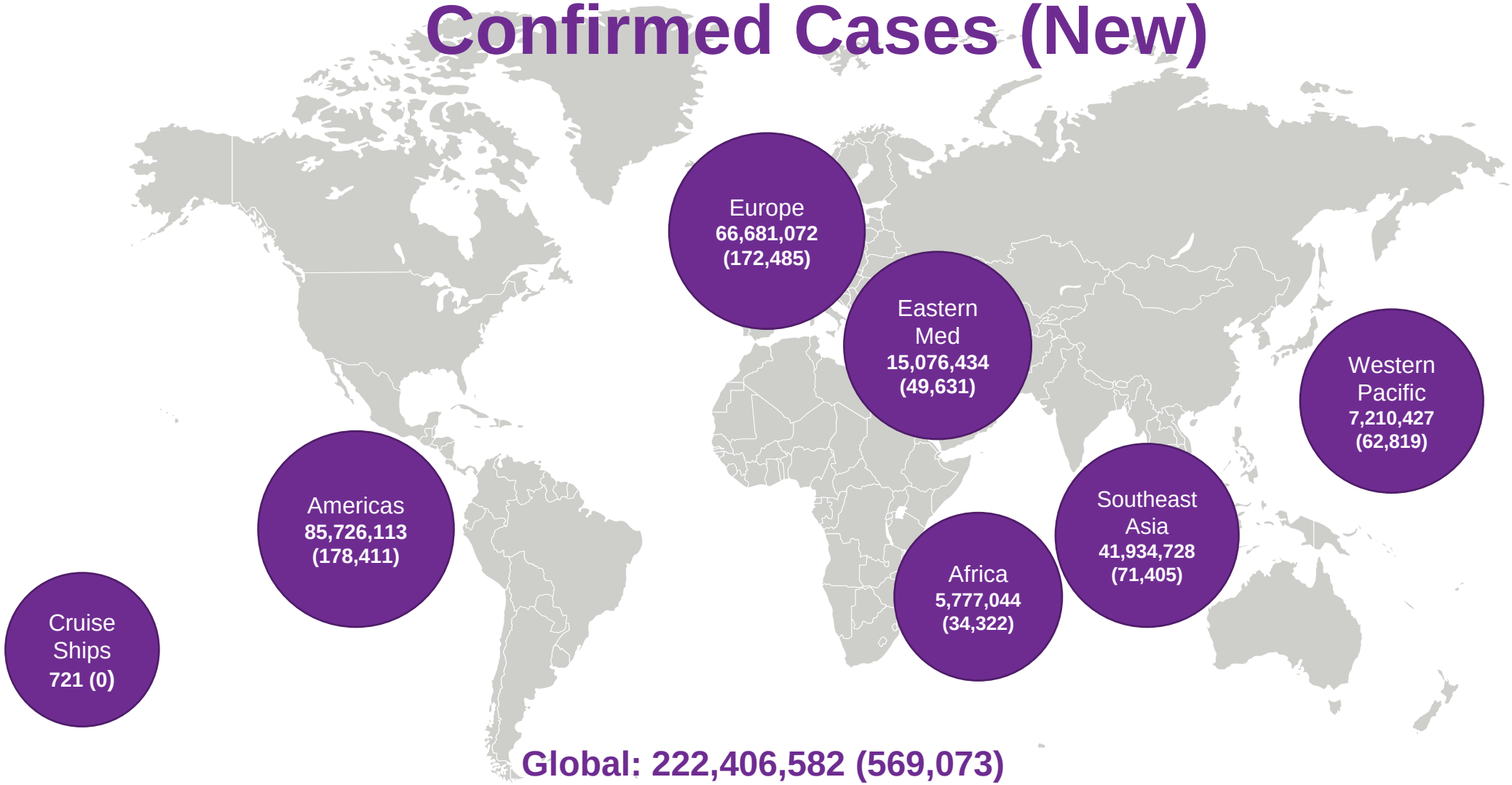
Confirmed Cases (New)



Global: 222,406,582 (569,073)

Reflects data as of 5:39 pm CEST on September 9, 2021.
Data Source: World Health Organization

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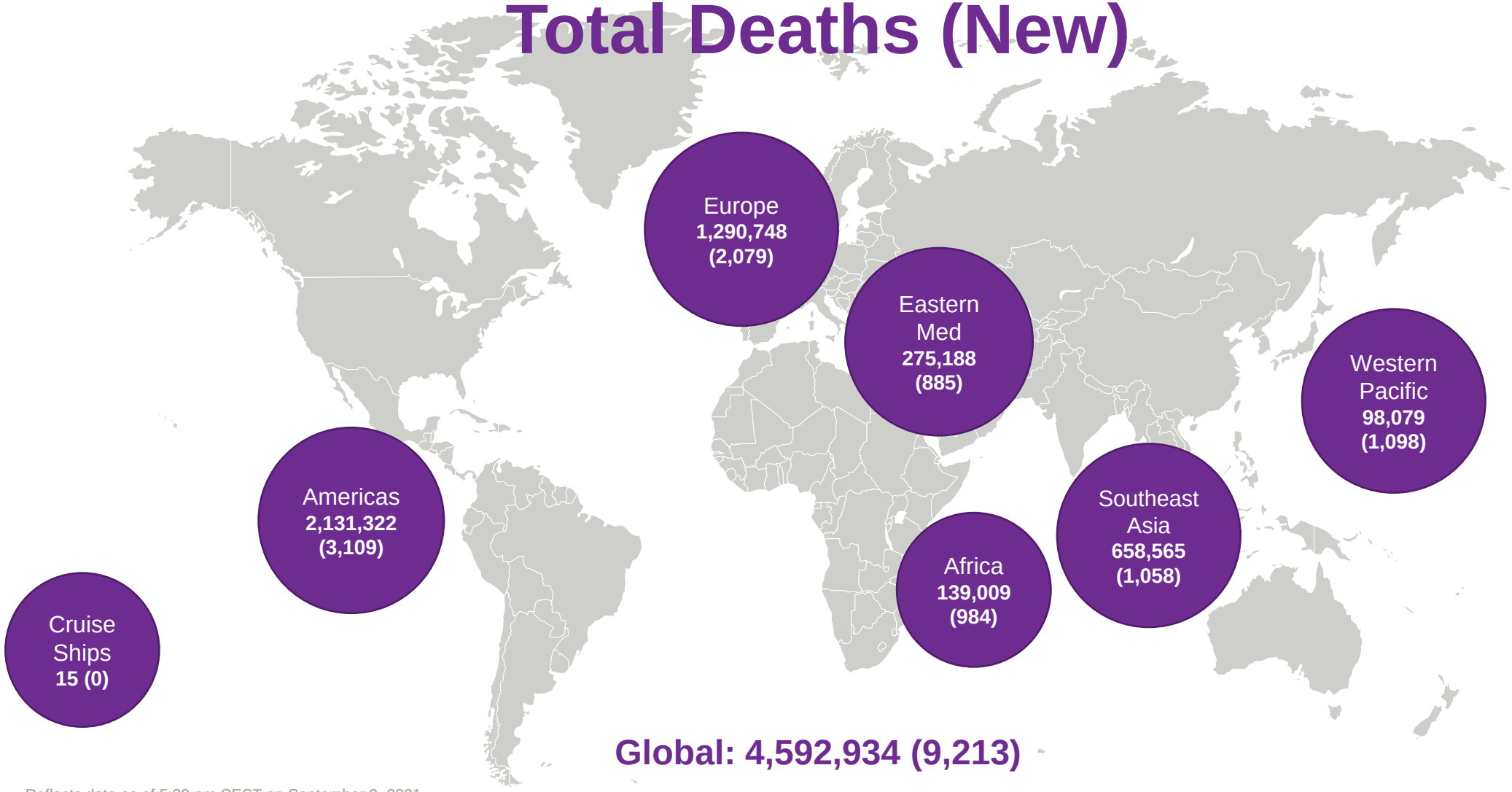
Total Deaths (New)



Global: 4,592,934 (9,213)

Reflects data as of 5:39 pm CEST on September 9, 2021
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.*

Karl Hopkins

Partner and Global Chief Security Officer
Dentons
Washington, DC

D +1 202 408 9225
karl.hopkins@dentons.com

Melissa Mahle

Senior Analyst
Dentons
Washington, DC

D +1 202 408 6383
melissa.mahle@dentons.com

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