

Dentons Flashpoint

Daily Global Situation Report

July 12, 2021

Global Situation Update: July 12, 2021

KEY TAKEAWAYS

G20 finance ministers endorsed the landmark worldwide minimum tax rate deal reached by G7 nations last month.

Just 25 big cities, many in China, account for more than half of the climate-warming gases.

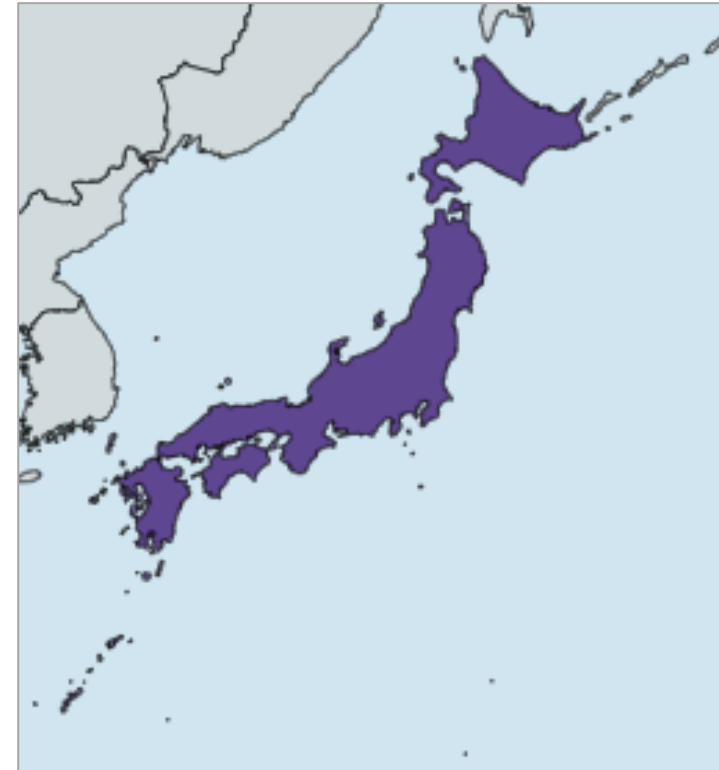
The US warned China that an attack on Philippine forces in the South China Sea would trigger the mutual defense treaty.

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WHAT WE'RE WATCHING

Today, a coronavirus state of emergency will begin in Japan, ahead of the Tokyo Olympics. It is the fourth COVID-19 state of emergency for the country and will last from today until August 22, a period that will cover the duration of the Olympics. Tokyo's seven-day rolling average of infections is up 26.1 percent from the previous week.

The Tokyo Olympics will go ahead without any spectators at events in an effort to curb a resurgence in coronavirus infections. Hundreds of millions of dollars in ticket revenue and spending from fans will be lost, and the Japanese government will have to make up for it. The fallout from the controversial decision not to host spectators may have political consequences for the ruling party in the near future.



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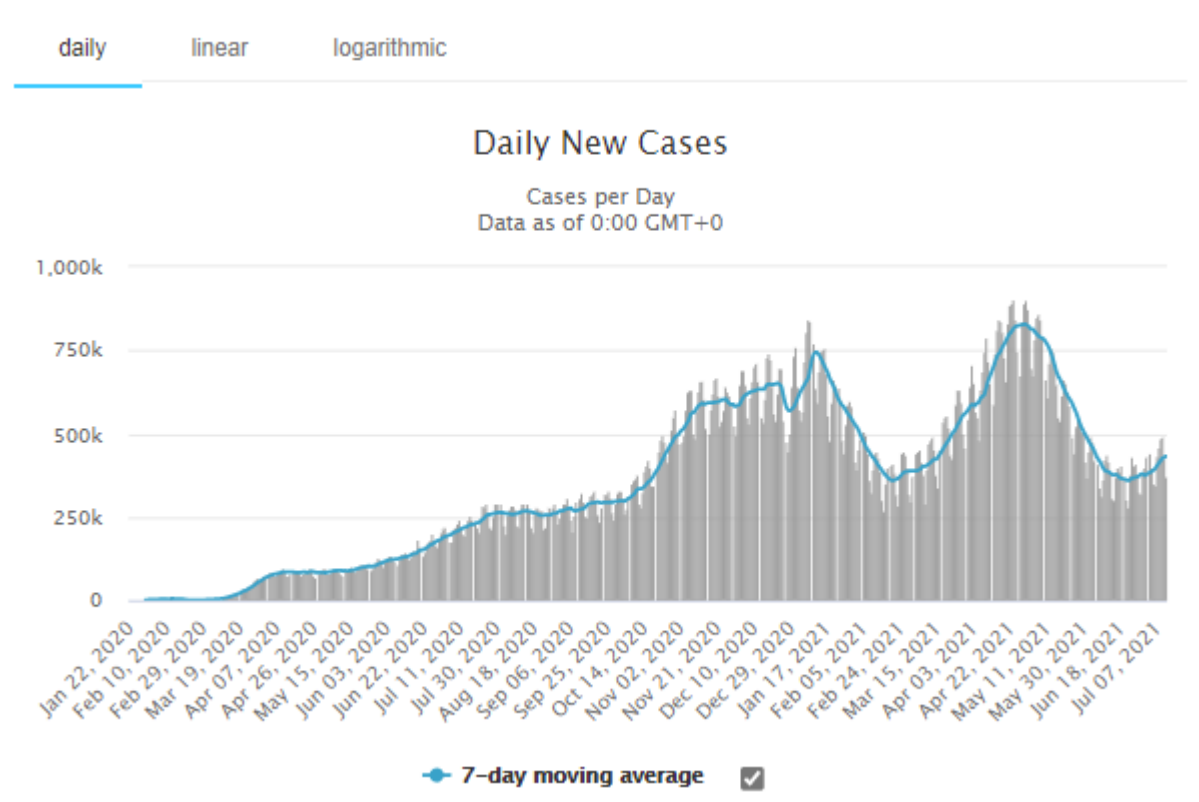
Global

In a major step towards space tourism, British billionaire Richard Branson soared more than 50 miles above the New Mexico desert aboard his Virgin Galactic rocket plane and safely returned in the vehicle's first fully crewed test flight to space.

- An upsurge in new coronavirus variants and poor access to vaccines in developing countries threaten the **global economic recovery**, finance ministers of the world's 20 largest economies warned.
- A 90-year-old Belgian woman who died from COVID-19 in March had contracted **two variants of coronavirus at the same time**, which is believed to be the first documented case of its kind.
- Just 25 big cities – almost all of them in China – accounted for more than half of the **climate-warming gases** pumped out by a sample of 167 urban hubs around the world, an analysis of emissions trends showed on Monday.
- G20 finance ministers in Venice over the weekend endorsed the landmark **global tax deal** reached by G7 nations last month to set a worldwide minimum rate and to overhaul taxing rights.

Global

Globally, confirmed coronavirus cases topped 186.4 million with 4.0 million deaths; more than 3.0 billion vaccine doses have been administered.



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COVID-19 Vaccine

Pfizer Inc will meet with US federal health officials today to discuss the need for a booster dose of the coronavirus vaccine as it prepares to seek authorization.

- **Thailand's** health ministry announced more than 600 medical workers who received two doses of China's **Sinovac vaccine** have been infected with COVID-19, as authorities weigh giving booster doses to raise immunity. Additionally, Thailand announced will use **AstraZeneca vaccine** as a second dose for those who received Sinovac's shot as their first dose to increase protection against the disease.
- **Indonesia** plans to give booster Moderna shots to health workers, amid its struggles to contain the recent surge in COVID-19 cases. Indonesia's medics have been inoculated mostly with Chinese-made vaccines.
- **France's** top health advisory body recommended that coronavirus vaccinations should be made compulsory for all health workers and other professionals who come into contact with people vulnerable to COVID-19.
- Tech companies Taiwan Semiconductor Manufacturing Company and Foxconn have signed an agreement to buy 10 million doses of the **Pfizer vaccine**, which they will donate to **Taiwan's** government.
- The **US** last week sent almost 15 million vaccines to countries in need, including **Moldova, Guatemala, Uruguay, Paraguay, Bolivia, Afghanistan, Indonesia, Nepal, Bhutan and Vietnam.**

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Markets & Business

ByteDance Ltd., the Chinese owner of popular short-video app TikTok, put on hold indefinitely its intentions to list offshore earlier this year.

- US Treasury Secretary Yellen plans to push multilateral development banks further away from fossil fuel projects, calling on them to "*increase their climate ambition*" to support the Paris Agreement on **carbon emissions reductions**.
- At the G20 meeting, BlackRock Chief Executive Larry Fink called for governments to develop a stronger long-term climate finance plan to unlock the private capital needed to fund the transition to a **low-carbon economy**.
- China's antitrust regulator is set to order the music streaming arm of **Tencent Holdings Ltd** to give up exclusive rights to music labels which it has used to compete with smaller rivals.
- **Google** is in negotiations to buy all the shares in **Pring**, a Tokyo-based cashless payment and settlement startup owned by Mizuho Bank and other investors.

Africa

- **South Africa** extended COVID-19 restrictions for another 14 days, including a ban on gatherings, a curfew from 9 pm-4 am. and a prohibition on the sale of alcohol.
- A suicide car bomb targeting a government convoy exploded at a busy junction in **Somalia's** capital on Saturday, killing at least eight people,
- Prime Minister Ahmed's Prosperity Party won the most seats in **Ethiopia's** parliamentary election, the election board said on Saturday, a victory that assures him another term in office.
- Coronavirus restrictions have been reimposed across Lagos, with the state governor warning that **Nigeria's** largest city faces a possible third wave of the pandemic.



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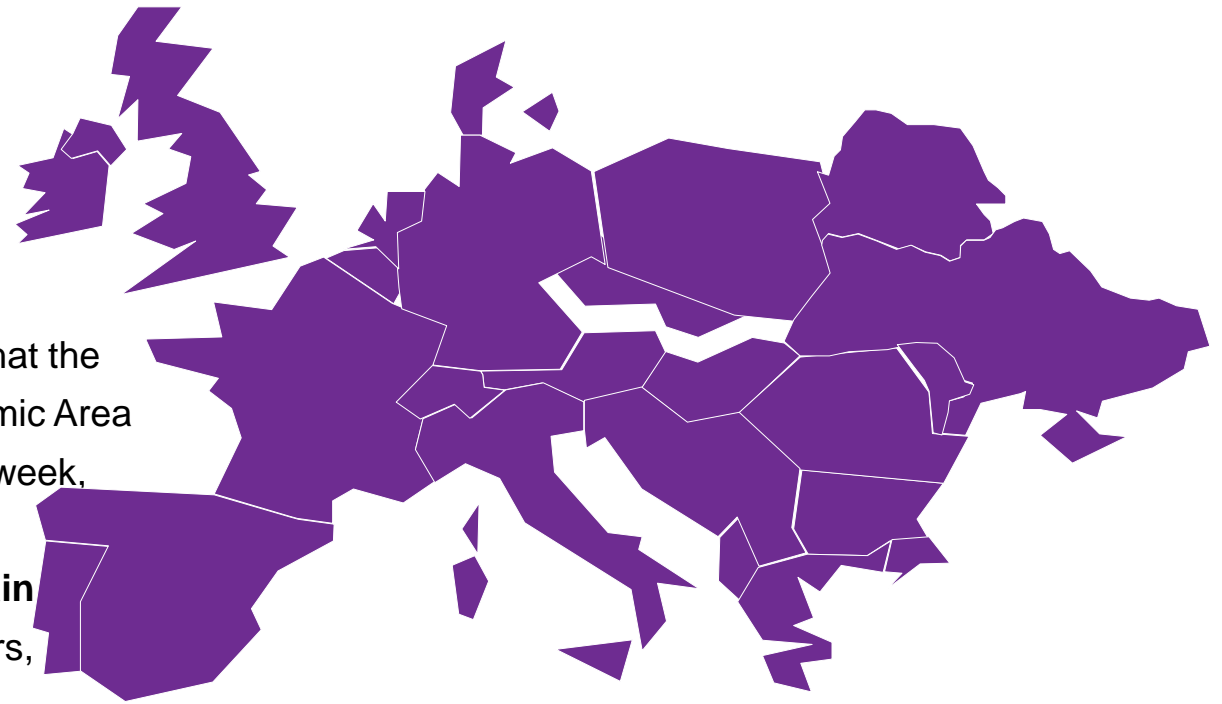
Asia

- **Australian** authorities reported the highest number of new COVID-19 cases in more than a year, as the Delta variant continues to spread across Sydney.
- **North Korea** has accused the US of using humanitarian assistance as a tool for interfering in its internal affairs, criticizing international attempts to deliver coronavirus vaccines and food aid to the rogue state.
- The **US** repeated a warning to **China** that an attack on **Philippine** armed forces in the South China Sea would trigger a 1951 US-Philippines mutual defense treaty.
- **China's** cyberspace regulator announced that any company with data for more than 1 million users must undergo a security review before listing its shares overseas, broadening a clampdown on its large "platform economy".
- **Vietnam** will expand movement restrictions beyond Ho Chi Minh City as the current coronavirus outbreak spreads, with new restrictions in the Mekong Delta city of Can Tho starting Monday for 14 days. Vietnam has seen a tenfold increase in new cases since late April.



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Europe



- The **European** Centre for Disease Prevention and Control said that the weekly COVID-19 infection rate for the EU and European Economic Area had risen to 51.6 per 100,000 people, up from 38.6 the previous week, while the hospitalization and death rates were stable. On Friday, **Germany and France** warned their citizens against travel to **Spain**. The **Netherlands** announced new restrictions on restaurants, bars, cafés, nightclubs and live events — only two weeks after lifting them. **Cyprus** also reintroduced rules on the number of people allowed at hospitality and entertainment venues. The **EU** and **Switzerland** have approved recognition of each other's Covid-19 digital status certificates.
- **Lithuania's** foreign minister called on the **EU** to consider a fifth round of sanctions on **Belarus** because the country's government is flying in migrants from abroad to send them illegally into the bloc; in the first half of the year most migrants came from **Iraq, Iran and Syria**, while in July the majority were nationals of **Congo, Gambia, Guinea, Mali and Senegal**.
- Pro-Western **Moldovan** President Maya Sandu's PAS party won the country's snap parliamentary elections, on a platform of fighting corruption and carrying out reforms.

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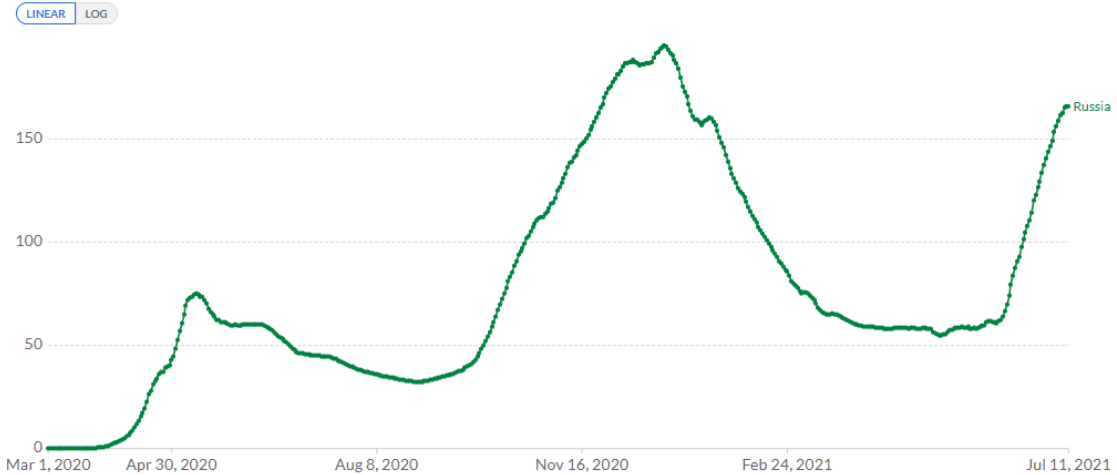
Europe

Russia is seeing an intense surge of new cases, as authorities struggled to suppress a surge in infections blamed on the more contagious Delta variant. More than 25,000 new cases are being reported daily, highest numbers since January. On Saturday, the country reported a record daily death toll of 752.

Daily new confirmed COVID-19 cases per million people

Shown is the rolling 7-day average. The number of confirmed cases is lower than the number of actual cases; the main reason for that is limited testing.

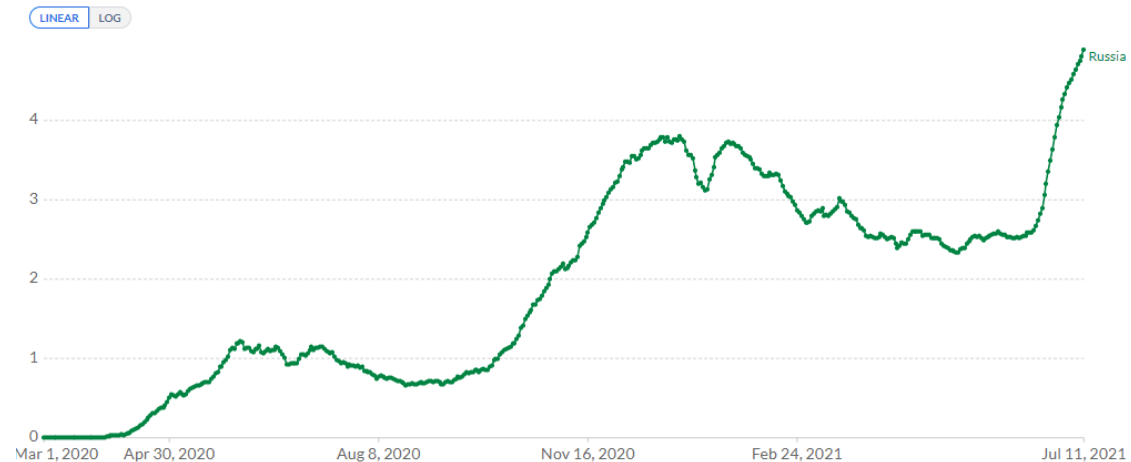
Our World in Data



Daily new confirmed COVID-19 deaths per million people

Shown is the rolling 7-day average. Limited testing and challenges in the attribution of the cause of death means that the number of confirmed deaths may not be an accurate count of the true number of deaths from COVID-19.

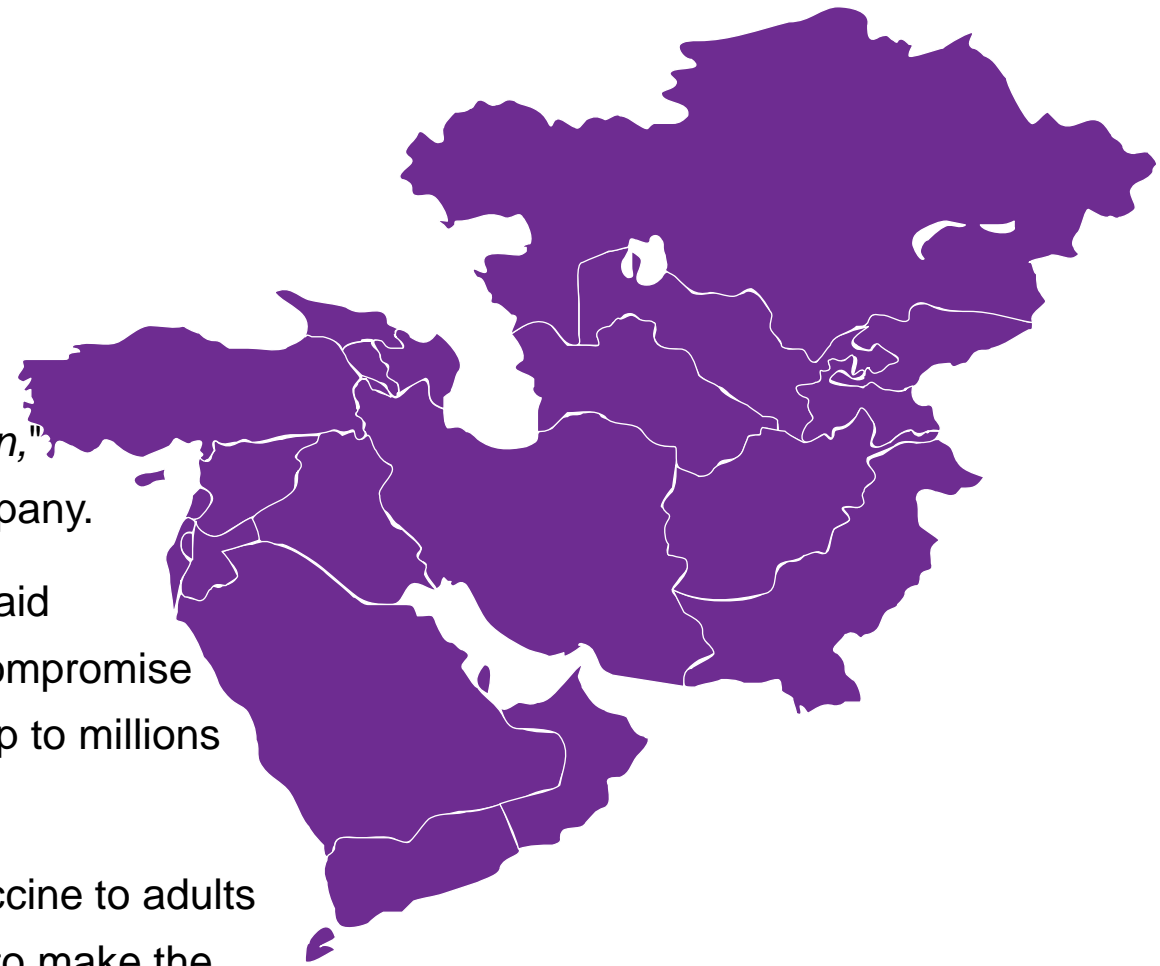
Our World in Data



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Middle East

- The website of **Iran's** transport ministry was taken down on Saturday by what state television said was a "*cyber disruption*," a day after an apparent cyberattack on the state railway company.
- The **UN** Security Council on Friday extended a cross-border aid operation into **Syria** from **Turkey** after **Russia** agreed to a compromise in last-minute talks, ensuring the delivery of humanitarian help to millions of Syrians for up to 12 months.
- **Israel** said it will begin offering a third dose of Pfizer Inc's vaccine to adults with weak immune systems but it was still weighing whether to make the booster available to the general public.
- The **Jordanian** State Security Court has jailed an ex-royal court advisor and a member of the royal family for 15 years, after they pleaded guilty to plotting to destabilize the country and harm the monarchy.



How do You Manage Cyber Risks?

Today, there are more risks for cybersecurity and a wider array of threat actors capable of doing damage to organizations due to rapid advances in technology. A single cyber breach risks dealing irrevocable harm to businesses and their critical assets.

Dentons offers business leaders a full complement of counseling and advice, regulatory and litigation services, analysis and intelligence products for cyber risk management that helps them thrive in complex operating environments, including:

- ❖ organizational cyber risk assessment
- ❖ crisis management for cyber incidents
- ❖ privacy law and compromised data advice
- ❖ self-reporting, liaising with law enforcement following cyberattack
- ❖ ransomware attack guidance
- ❖ cybersecurity readiness and remediation
- ❖ cyberattack source and method identification

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

Americas

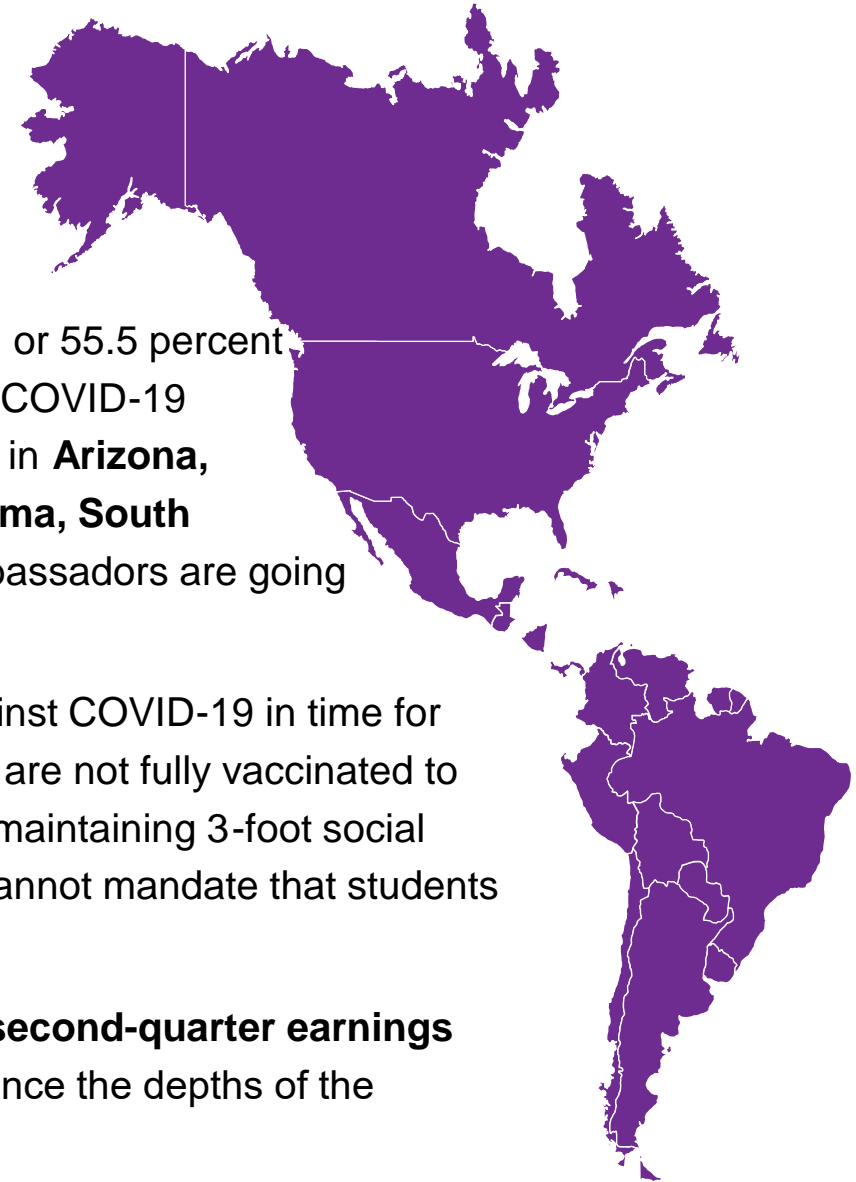
- **Haitian** authorities arrested a Haitian man suspected of playing a leading role in the assassination of President Moïse, allegedly recruiting some of the assailants by telling them they would be his bodyguards. Christian Emmanuel Sanon, 63, planned to assume the presidency and the men as his security team. Sanon is reportedly a doctor with long-standing ties to Florida.
- Thousands of **Cubans** took to the streets from Havana to Santiago over the weekend in rare protests, expressing frustration over pandemic restrictions, the pace of COVID-19 vaccinations and what they said was government neglect.
- **Canada** ordered rail transport restrictions for areas where there is a high wildfire risk after a blaze destroyed the town of Lytton, British Columbia, and killed two people earlier this month.



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Americas: US

- Across the nation, 184.1 million have received at least **one dose of the vaccine**, or 55.5 percent of the total population. **New York** state is recording double the positivity rates for COVID-19 compared with a month ago. New case rates have risen over the past two weeks in **Arizona, Florida, Illinois, Kentucky, Mississippi, Missouri, Nebraska, Nevada, Oklahoma, South Carolina, Texas, Wisconsin and Wyoming**. In Washington DC, community ambassadors are going door to door encouraging coronavirus vaccinations.
- Health experts say the time is now for **students** 12 and up to get vaccinated against COVID-19 in time for school reopening. The CDC recommended that students, teachers and staff who are not fully vaccinated to continue to wear masks indoors. It also urged schools to reopen in person while maintaining 3-foot social distancing and encouraging more families to get vaccinated. Schools generally cannot mandate that students get **vaccines**, though other authorities like state legislatures can.
- Big US companies are expected to reveal a significant rebound in profits during **second-quarter earnings** season, underscoring the scale of the recovery in corporate America's fortunes since the depths of the pandemic.
- The Gen. Austin Miller, the US general leading the war in **Afghanistan**, will relinquish command on Monday, in a symbolic end to America's longest conflict.



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COVID-19 Tolerance Divides International Pandemic Response

“As vaccination numbers increase, a growing divergence is developing between countries based in willingness to tolerate the continued COVID-19.”

Around the world, the rollout of effective COVID-19 vaccines holds the potential to end the pandemic. But as new variants spread and vaccination campaigns face both supply and demand hurdles, it is clear that the end of the COVID-19 pandemic will be, at best, a long, bumpy exit ramp. As vaccination numbers increase, a growing divergence is developing between countries based in willingness to tolerate the continued COVID-19. On the cautious end of this COVID-tolerance spectrum, a number of countries remain dedicated to full elimination of COVID-19 and seem set to continue enforcing strict border controls and using lockdown measures to prevent local outbreaks. On the other end, some governments are rapidly lifting virus-

related restrictions despite the spread of new variants, showing an apparent willingness to tolerate some spread of COVID-19 and trust in vaccination numbers to prevent a public health emergency.

Two prominent examples of the contrasting approach to pandemic restrictions can be seen in the UK and China. Following a successful vaccine rollout, the UK is now quickly approaching its promised July 19 deadline to lift most COVID-19 restrictions – even as the Delta variant is causing a new wave of cases. Prime Minister Johnson’s government maintains that the “protective wall” of vaccinated people will allow for full reopening to proceed safely, without risking

COVID-19 Tolerance Divides International Pandemic Response

another health system overload. Some analysts characterize the strategy as essentially allowing the virus to run through the population and trusting in vaccines and natural immunity to prevent excessive cases and hospitalizations. The outlook for this strategy's success is uncertain. If vaccines hold up against new variants, a rise in overall cases may not be as strongly linked to a rise in hospitalizations and deaths, allowing the UK to enjoy the benefits of open society and economic growth without high risks of severe illness. Nearly 70 percent of the UK's adult population has received at least one dose of vaccine; among the other 30 percent, those who are infected will develop some level of natural immunity – potentially creating some level of “herd immunity,” though governments are unlikely to frame their strategy as such. On the other hand, the Delta variant (or other dangerous strains) could cause another public health emergency and force the government to ultimately reimpose restrictions.

China's COVID-19 strategy is completely different, and likely to remain cautious even as higher proportions of the population is vaccinated. Focusing on the elimination of COVID-19 has allowed

most Chinese people to live relatively lockdown-free lives throughout the pandemic. But whenever a small outbreak is detected, the Chinese government goes into overdrive to clamp down and prevent its spread, resulting in strict localized lockdowns and persistent widespread surveillance for any hint of new outbreaks. This success of this strategy has bolstered the government's reputation and allowed China to avoid public health emergencies, but it comes at several costs. When they happen, localized lockdowns are highly disruptive to daily life and often to economic activity. Moreover, China is maintaining strict border controls that will remain in place until at least 2022, isolating the country from international travel. Though China's vaccine rollout has already reached over 40 percent of the country, the government shows no sign of relaxing its vigilance for COVID-19. With the spread of new variants, the possibility of strict local lockdowns and the continuation of border restrictions is set to persist for the foreseeable future. Even once a vast majority of the country is vaccinated, it remains uncertain whether Chinese authorities will be willing to tolerate any cases of COVID-19. For government like China that have staked legitimacy on the ability to eliminate

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COVID-19 Tolerance Divides International Pandemic Response

COVID-19, exiting pandemic restrictions is likely to take a significantly longer amount of time than countries like the UK, even as the threat posed by COVID-19 fades through rising vaccination rates. In China's case specifically, reputational stakes are heightened by the fact that the national vaccine rollout relies entirely on Chinese-made vaccines, meaning that high prevalence of breakthrough cases could further undermine government legitimacy.

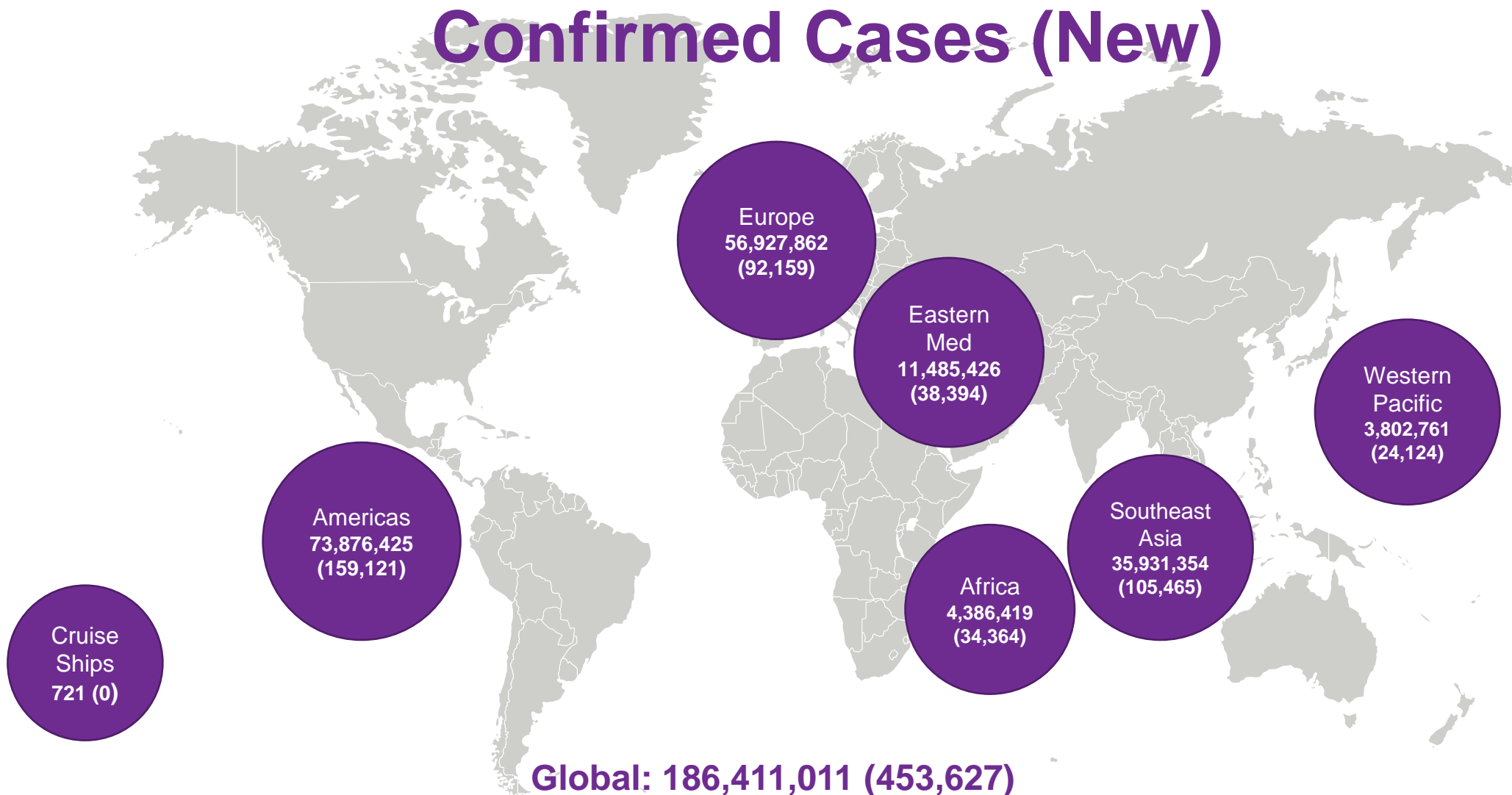
As countries across the world follow different strategies as vaccination numbers rise, both poles of COVID-tolerance hold different risks. Continued restrictions could stifle economic growth, cause further supply chain disruptions, and isolate countries from international opportunity. But lifting restrictions too quickly could cause avoidable strain on public health systems and further deaths – and in the worst-case scenario, allow the coronavirus to mutate into even more dangerous and vaccine-resistant variants.

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Coronavirus Condition Updates

As of 11:30 am CEST on July 12, 2021

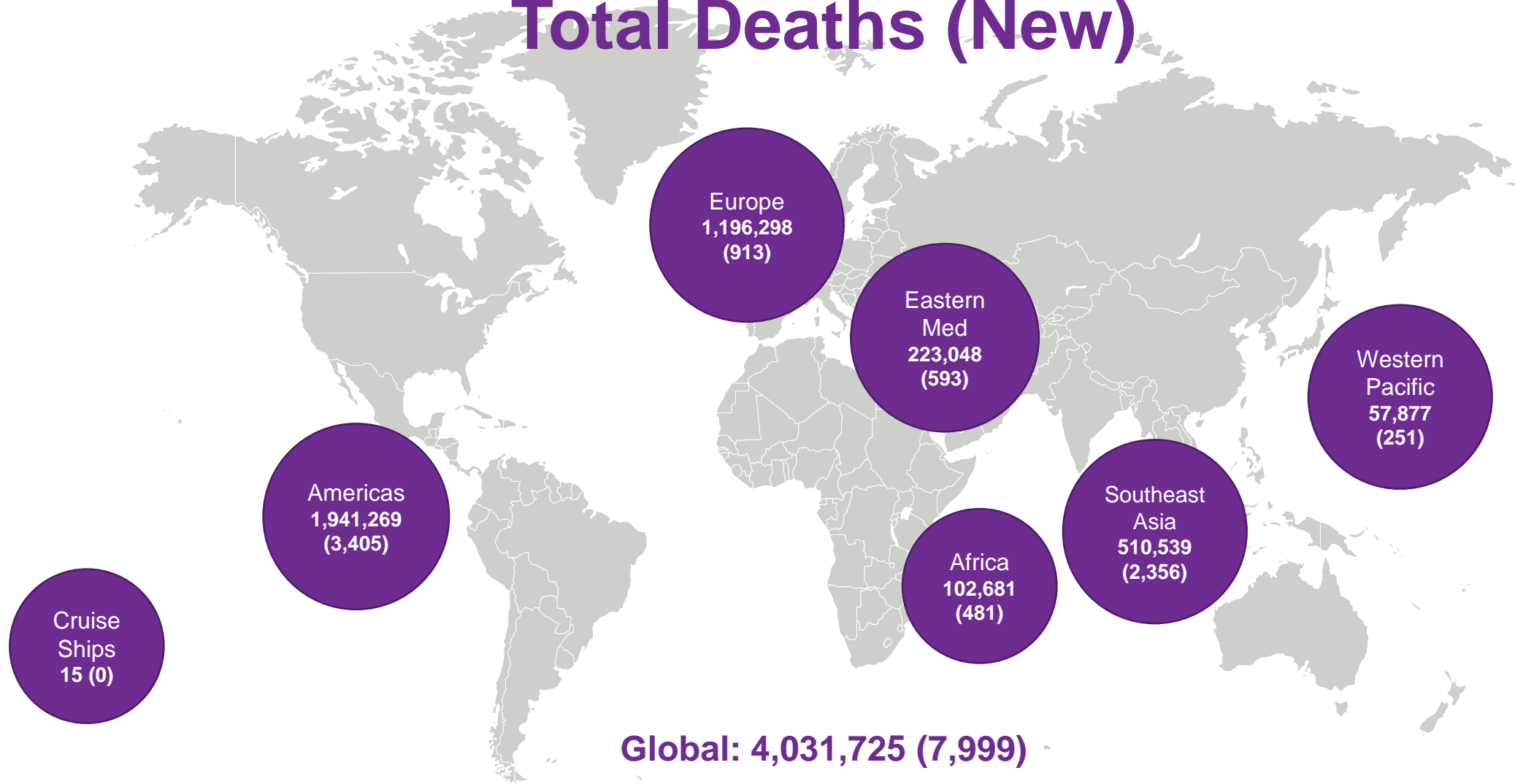
Confirmed Cases (New)



Reflects data as of 11:30 am CEST on July 12, 2021.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 11:30 am CEST on July 12, 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.

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