

# Dentons Flashpoint

## Daily Global Situation Report

January 27, 2022

# Global Situation Update: January 27, 2022

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## KEY TAKEAWAYS

Diplomatic impasse between Russia and US/NATO deepens.

New Omicron sub-variant BA.2 spreads in Europe and Asia.

PAHO warns of worst educational crisis ever seen in the Americas region, with millions of children yet to return to classes.

# Global Situation Update: January 27, 2022

## WHAT WE'RE WATCHING

Today is the inauguration of Honduran President-elect Xiomara Castro, the first ever female head of the nation. The popular leftist leader won on a platform of rooting out corruption, restoring democracy and curtailing organized crime, and her victory brought to an end more than a decade of rule by the right-wing nationalist party.

US Vice President Kamala Harris will lead an American delegation to Honduras to attend the inauguration. She is expected to meet with new Honduran government leaders and discuss cooperation on issues that impact migration from the Northern Triangle to the US. Castro's presidency already faces a challenge as she is denied a chamber controlled by her allies after members of her party elected a rival as Congress president.



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

# Global

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**Globally, confirmed coronavirus cases topped 356.9 million with 5.6 million deaths; more than 9.6 billion vaccine doses have been administered.**

- The US and NATO advised Russia that they were committed to keeping the transatlantic alliance open to new members, rebuffing a central Russian security demand in written responses that could determine the outcome of the **Ukraine crisis**. Russia responded it had “little cause for optimism.”
- Moderna Inc has started a mid-stage study, testing a **booster dose** of its COVID-19 vaccine specifically designed to target the Omicron coronavirus variant.

# Markets & Business

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**Germany is considering banning Telegram, an encrypted messaging app, after accusing it of facilitating hate speech and conspiracy theories.**

- The UK competition regulator has launched a study into the **music streaming market** to establish whether innovation is “*being stifled*” and if any groups hold “*excessive power*.”
- The **European Central Bank** has warned lenders with significant exposure to Russia to ready themselves for the imposition of international sanctions against the country if Moscow invades Ukraine.
- **Bank of America**, the second-largest US bank by assets, has started a review of its Hong Kong business to identify workers who can be relocated to Singapore, citing COVID-related travel restrictions.
- The **Diem Association**, the consortium **Facebook** founded to build a payments network, is selling its technology to a small California bank that serves bitcoin and blockchain companies for about \$200 million.

# Environment, Sustainability & Governance

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**The Biden Administration canceled leases for Antofagasta Plc's proposed copper and nickel mines in Minnesota following pressure from environmentalists.**

- The European Commission announced that they will not make any fundamental changes to proposed **green financing rules** that classify nuclear and gas investments as sustainable, despite objections from some EU states and activist groups.
- PepsiCo Europe announced plans to eliminate all virgin fossil fuel-based **plastics in its packaging** by 2030.
- Italian energy services group Saipem, steel pipe giant Tenaris and chemicals group SIAD have signed a MoU for the study of a **CO2 capture and utilization** project in Italy.
- Renault, Nissan and Mitsubishi have unveiled a €23bn **electric car plan** that will produce dozens of battery-powered models and deepen collaboration between the members of the often-troubled alliance.

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# Africa

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- About a thousand **Sudanese** pro-military protesters demonstrated in Khartoum against a UN-led effort to negotiate a democratic transition. During a visit to the region, a US envoy reiterated that the US will not resume aid until civilian rule is restored.
- Former government sources told media that ousted **Burkina Faso** President Kabore is physically well but still under army custody.
- Major **Nigerian** unions, the Nigeria Labour Congress (NLC) and the Trade Union Congress (TUC), will begin a nationwide strike today in protest of the government's decision to remove fuel subsidies.
- Leaders of the Economic Community of **West African** States (ECOWAS) will hold an extraordinary summit on **Burkina Faso** and **Mali** on Friday, after military takeovers in both countries.



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# Asia

- **North Korea** fired what appeared to be two short-range ballistic missiles today, drawing condemnation from the US for what would be the sixth round of missile tests this month.
- The number of **Hong Kong** residents moving to **Taiwan** climbed to a record high, up 3.3 percent over last year, a sign of frustrations over a political crackdown and strict rules to curb the coronavirus.
- Beijing has limited the movement of people in more parts of the **Chinese** capital, even as it reported fewer COVID-19 cases on Thursday, in a bid to lower virus risk less than 10 days before its hosting of the Winter Olympics Games. **Hong Kong** will loosen mandatory isolation for arrivals from 21 days to 14 days, in response to growing business complaints about impact on operations.
- **Thailand's** state oil and gas explorer looks set to take over **Myanmar's** biggest gas field, as TotalEnergies and Chevron Corp exit the country in the wake of last year's coup. **Australian** oil and gas company Woodside Petroleum announced it plans to abandon all gas exploration in Myanmar, citing continuing political instability and human rights abuses. The **US** issued a business advisory on Myanmar of increased operational, security and reputational risks, warning that business activity could benefit the Burmese military regime and support its violent repression of democracy.



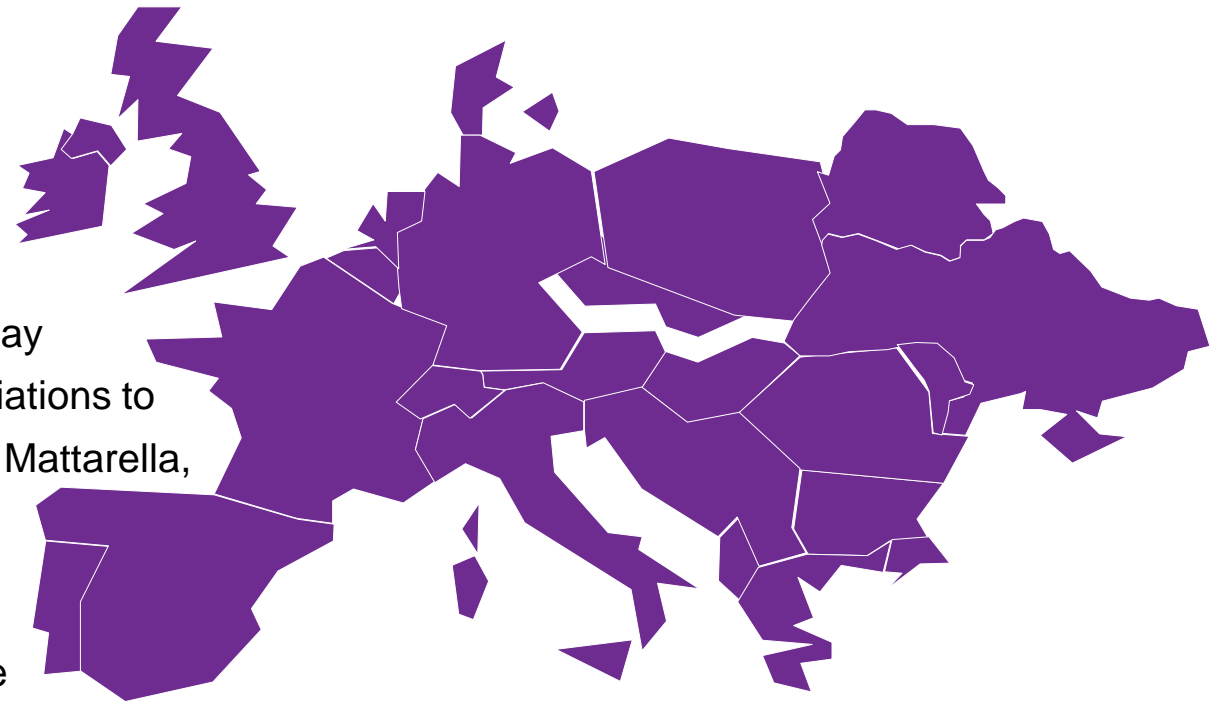
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# Europe

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- **Italian** lawmakers failed to elect a new president for a third day running, sending political parties into yet more intense negotiations to come up with a viable candidate to replace President Sergio Mattarella, whose term expires next week.
- Close Putin ally and former president Dmitry Medvedev said **Russia and the US** must engage in diplomacy to resolve the standoff over Ukraine and not build up tensions to score political points, comments that some analysts are interpreting as an indicator of a new approach by Moscow on the crisis.
- In **Denmark**, the BA.2 subvariant of the Omicron coronavirus variant has become the dominant strain as of the second week of January. The number of new COVID-19 infections in **Germany** exceeded 200,000 in a day for the first time on Thursday, leading to staffing shortages in sectors including logistics, healthcare and childcare. Infections in the **UK** have risen, as children return to schools and a subvariant of Omicron coronavirus emerges.
- The **EU** plans to file a World Trade Organization case to challenge **China's** discriminatory trade practices against **Lithuania**. The action takes place in the context of Chinese retaliation against Lithuania for allowing Taiwan to open a representative office or de-facto embassy in Vilnius last November.



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# How do You Manage Incident Response?

*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:*

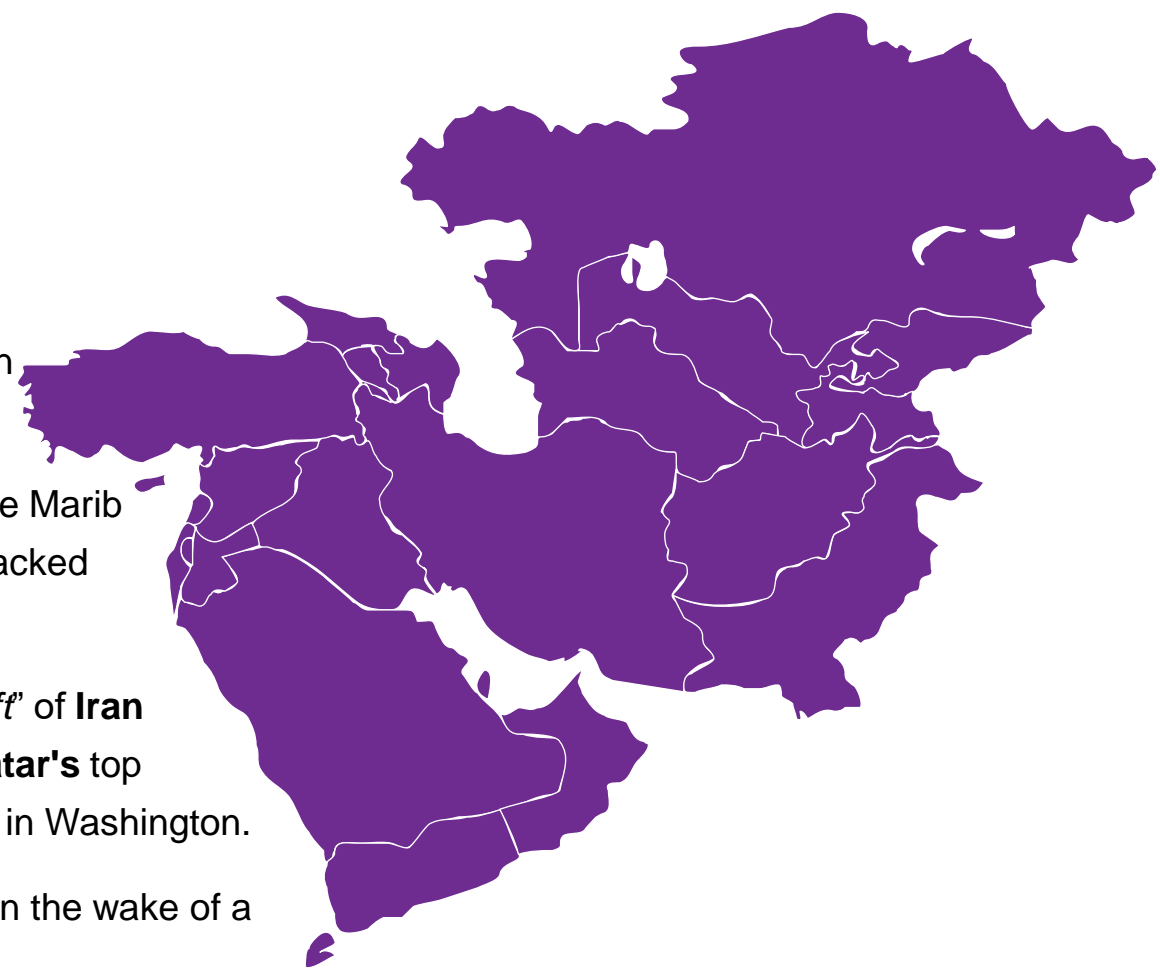
- ❖ Ransomware tabletop exercises
- ❖ Post-tabletop action reports
- ❖ Maturity assessments for preparedness
- ❖ Supply-chain attack simulation
- ❖ Comprehensive incident response plan
- ❖ Threat analysis and monitoring

*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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- The US-backed **Syrian** Defense Forces said that they had fully retaken a prison that ISIL members had controlled since a jailbreak last week.
- The **Saudi**-led coalition in **Yemen** took control of the Harib region of the Marib province, a key province that Saudi-led forces (with the help of UAE-backed brigades) have recently seen some progress in regaining.
- **US** Secretary of State Blinken said that there are “*only a few weeks left*” of **Iran** nuclear negotiations, putting a more definite time limit on the talks. **Qatar's** top diplomat visited Iran today, days before Qatar's ruling emir holds talks in Washington.
- **Emirati** officials said that they may upgrade their defense capabilities in the wake of a deadly attack from **Yemen**.
- Mohammed Dahlan, a political rival of Palestinian President Abbas who is currently residing in the UAE, donated 1 million COVID-19 vaccines to **Gaza**.
- **Tunisia** extended its night curfew and renewed its ban on large gatherings for another two weeks; critics say the measures have less to do with COVID-10 than with demonstrations against President Saied.

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# Americas

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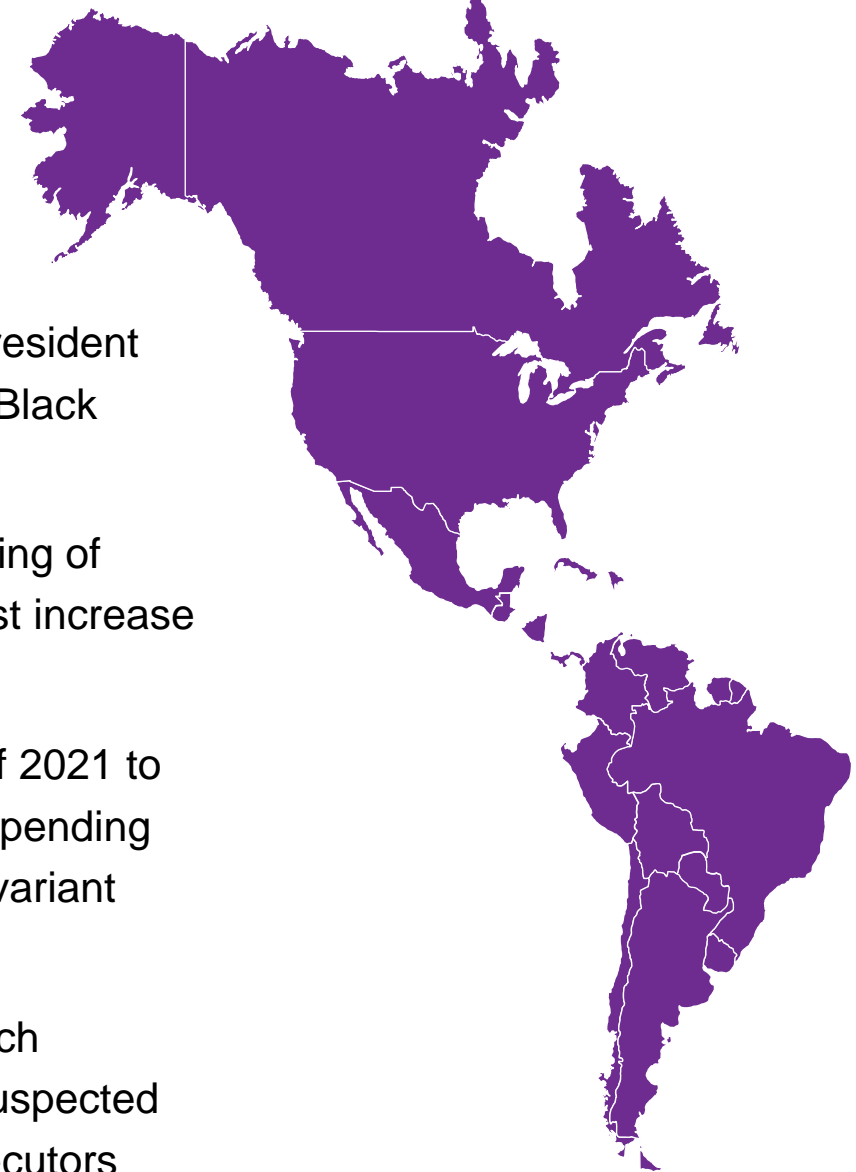
- The President of **Antigua** called on the US to increase financing to the **Caribbean** to help the region recover from the pandemic.
- The Pacific Alliance, made up of **Colombia, Mexico, Peru and Chile**, signed a trade agreement with **Singapore** to facilitate trade and closer ties with Asia.
- The **Chilean** central bank announced a surprise rate hike of 150 basis points, the largest jump in ten years.
- Children in the **Americas** are facing the worst educational crisis ever seen in the region, with millions of children yet to return to classes, according to Pan American Health Organization, which recommended that countries try to get them safely back to school to protect their social, mental and physical wellbeing.



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# Americas: US

- Liberal **US Supreme Court** Justice Stephen Breyer plans to retire, giving President Joe Biden the opportunity to fulfill a campaign promise to nominate the first Black woman to the nation's top judicial body.
- Federal Reserve Chairman Powell refused to rule out a more aggressive string of **interest rate rises** than markets had been expecting, while signaling the first increase would be implemented in March.
- US **economic growth** is expected to have accelerated in the final quarter of 2021 to 5.5 percent, up from 2.3 percent in the third quarter, boosted by consumer spending and business investment, before disruptions from the Omicron coronavirus variant became widespread.
- Criticism is growing over the Department of Justice's "**China Initiative**," which launched during then-President Donald Trump's Administration to counter suspected Chinese economic espionage and research theft in reaction to federal prosecutors dropping charges against a MIT professor, citing lack of evidence.

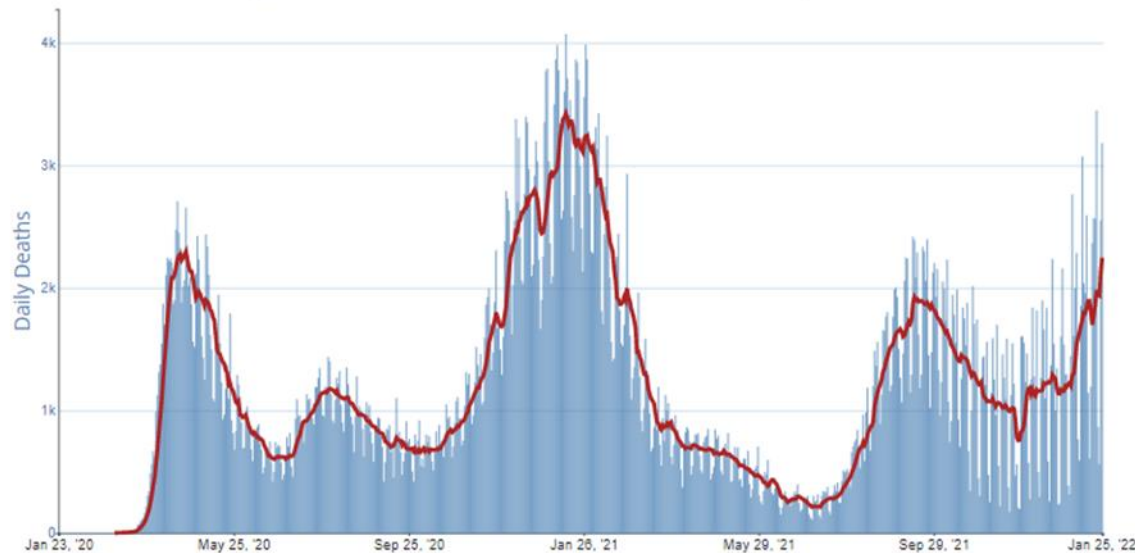


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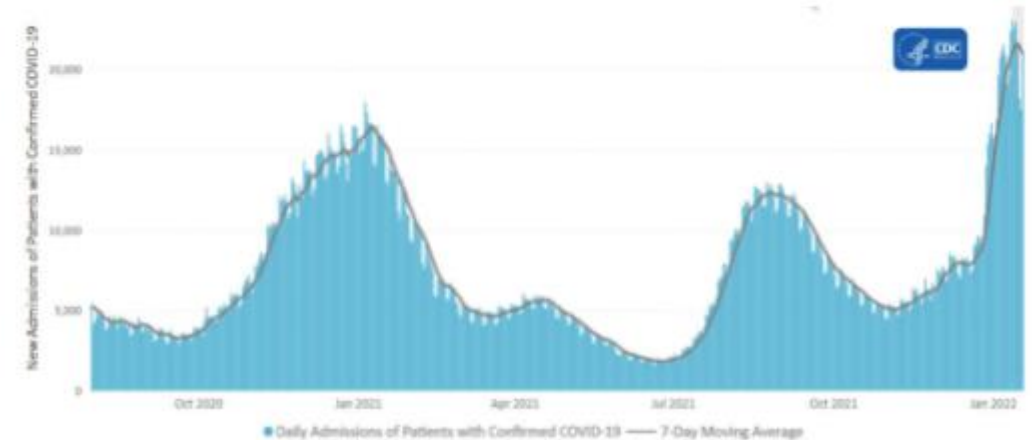
# Americas: US

Daily average deaths from the Omicron variant have surpassed the peak of the original COVID-19 Wuhan virus and are approaching the peak reached during the surge driven by the Delta variant set last February. Record level hospitalizations continue to strain healthcare systems. The current surge of Omicron infections has peaked on the coasts but not in the central part of the nation.

Daily Trends in Number of COVID-19 Deaths in The United States Reported to CDC



Daily Trends in Number of New COVID-19 Hospital Admissions in the United States



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# The Future of the Pandemic

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***Two years into the pandemic, with over 5.5 million dead and at least 350 million infection survivors, the global yearning for an end to the crisis is palpable, from the demands to rip off masks to calls to return to normal patterns of human engagement and mobility. A recently-released South African study has spread hope that the pandemic off-ramp is near, with the highly infectious but less deadly Omicron variant creating herd immunity and transforming the pandemic to an endemic. Unfortunately, the reality is that Omicron is not done with us, and the next variant has already arrived. Furthermore, endemics can prove deadly, too.***

## ***Omicron May Cut Future Severity of Coronavirus***

The study that has stirred new hopes is led by reputable virologist Alex Sigal of Africa Health Research Institute. The study found that while those who previously caught the Delta variant could contract Omicron, those who contracted the Omicron strain could not be infected with Delta, particularly if they have been vaccinated. With other research showing that Omicron, while being more infectious, is less severe, the researchers posited that if Omicron became dominant, replacing the Delta variant, then the incidence of COVID-19 severe disease would be reduced, and the infection may shift to

become less disruptive to individuals and society. In other words, Omicron would push COVID-19 into an endemic, still present with community outbreaks, but more predictable and manageable.

Sigal's study has not yet been peer reviewed but has been extensively commented upon by experts in the field, who inject multiple cautionary considerations. The first is that the study is very small, with cases from only 35 people infected over a two-month period of time. The second is that it assumes there will not be new variants that displace Omicron.

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# The Future of the Pandemic

## *Omicron: The last wave of COVID?*

There is no question that Omicron has been a public health tsunami, spreading across the globe in two months and far outpacing governments' abilities to contain through a cordon sanitaire. The Omicron variant is unusual as a mutation, with virologists still investigating how it developed, seemingly defying the rules of evolution. Unlike most virus variants from the original Wuhan virus, which have around a dozen mutations, Omicron has 53, effecting both how the virus latches on to cells and how the virus evades human antibodies by making it harder for them to stick to the virus.

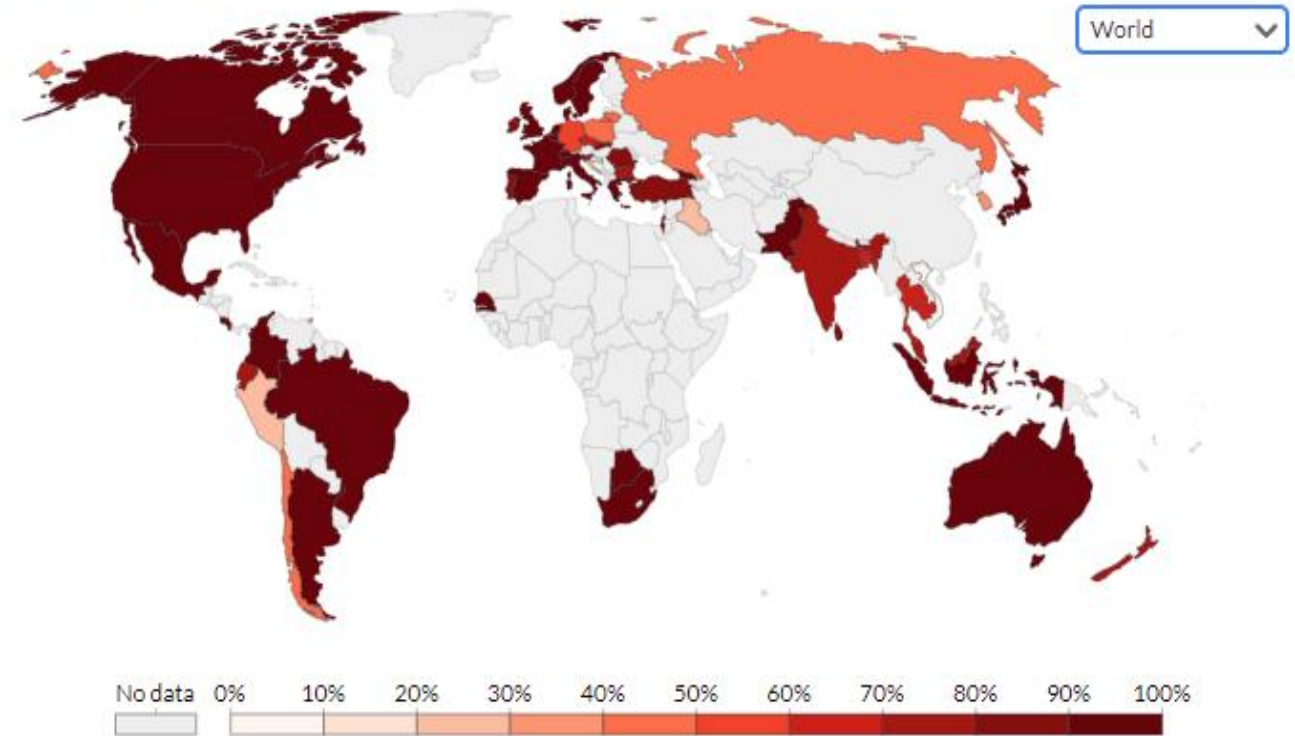
Understanding Omicron's ability to dominate is crucial and, unfortunately, data is uneven. Omicron has supplanted earlier variants, but not completely. Sequencing information is not available for China, Central Asia and much of Africa and the Middle East. In Europe and South America, there are still pockets of the Delta variant.

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Share of SARS-CoV-2 sequences that are the omicron variant, Jan 24, 2022

Share of omicron variant in all analyzed sequences in the preceding two weeks.

Our World  
in Data





# The Future of the Pandemic

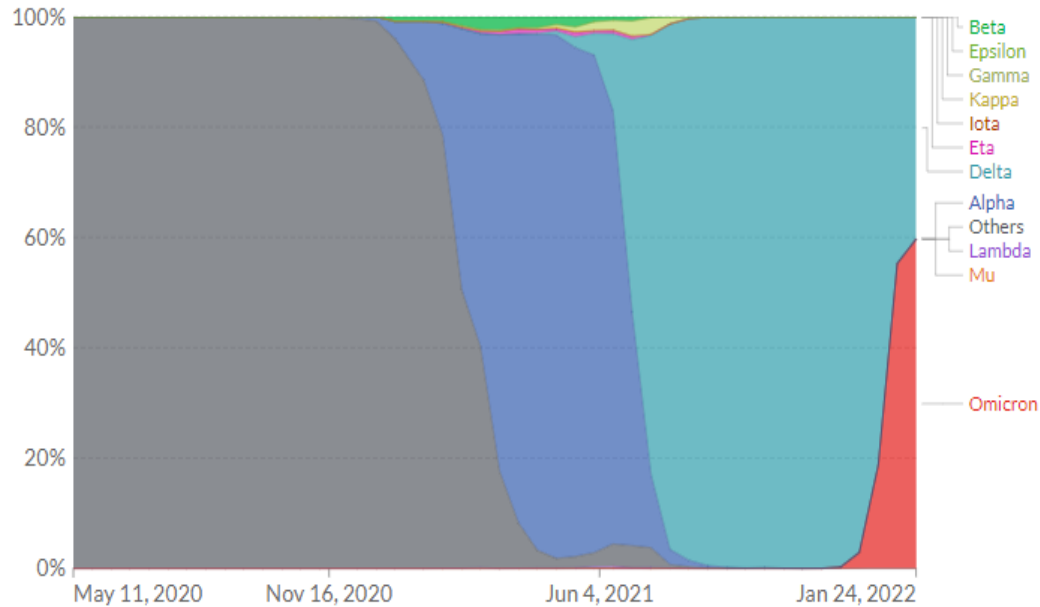
## Omicron Variant (Red) – Not Universally Dominant over Delta (Turquoise) as of January 10, 2022

### SARS-CoV-2 variants in analyzed sequences, Germany

The number of analyzed sequences in the preceding two weeks that correspond to each variant group. This number may not reflect the complete breakdown of cases since only a fraction of all cases are sequenced.



Change country  Relative

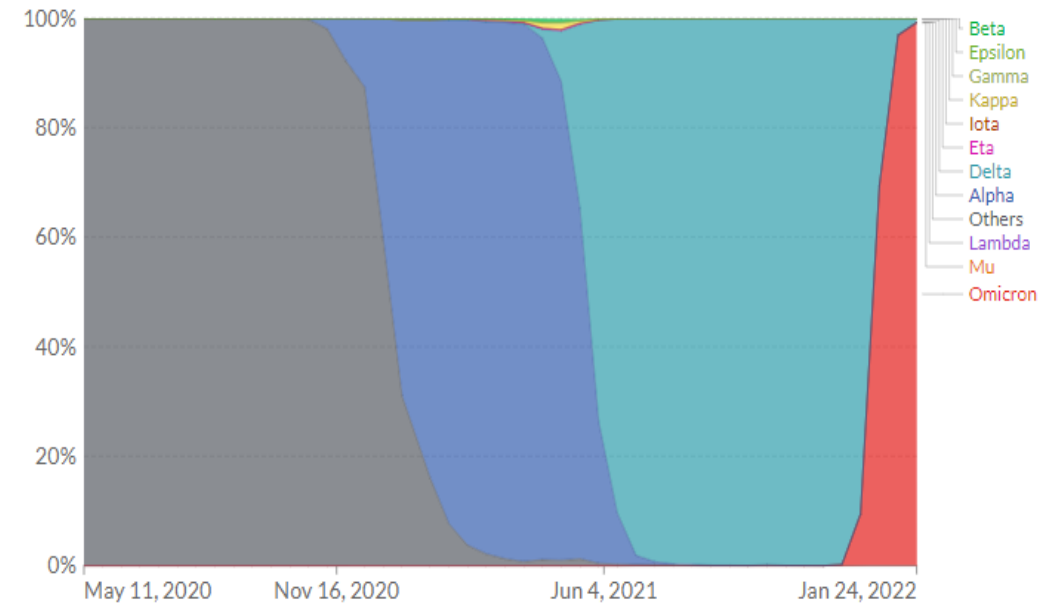


### SARS-CoV-2 variants in analyzed sequences, United Kingdom

The number of analyzed sequences in the preceding two weeks that correspond to each variant group. This number may not reflect the complete breakdown of cases since only a fraction of all cases are sequenced.



Change country  Relative



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# The Future of the Pandemic

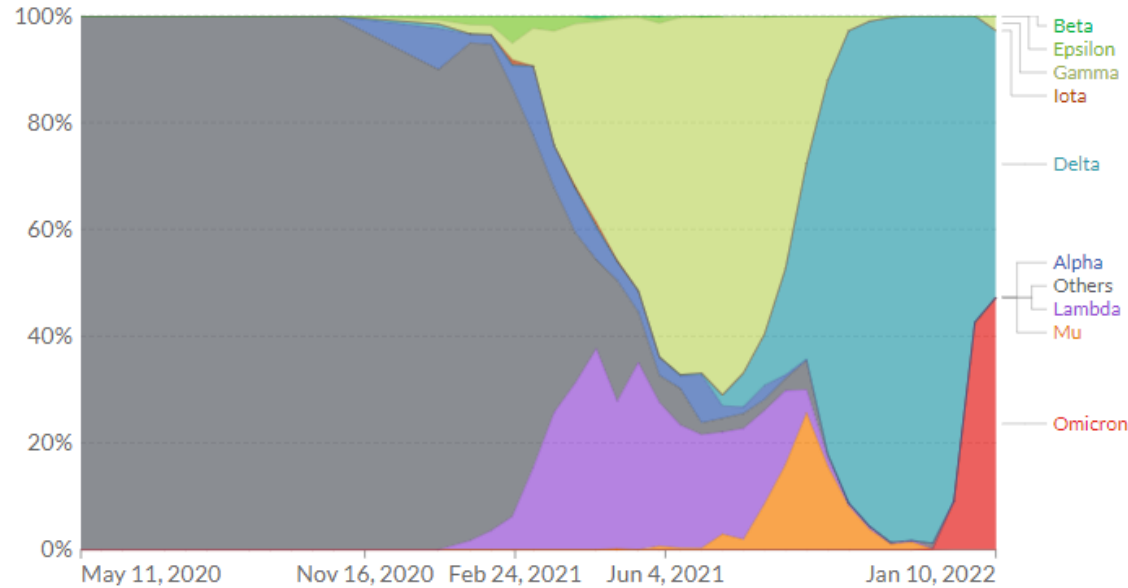
## Omicron Variant (Red) – Not Universally Dominant over Delta (Turquoise) as of January 10, 2022

### SARS-CoV-2 variants in analyzed sequences, Chile

The number of analyzed sequences in the preceding two weeks that correspond to each variant group. This number may not reflect the complete breakdown of cases since only a fraction of all cases are sequenced.

Our World in Data

Change country  Relative

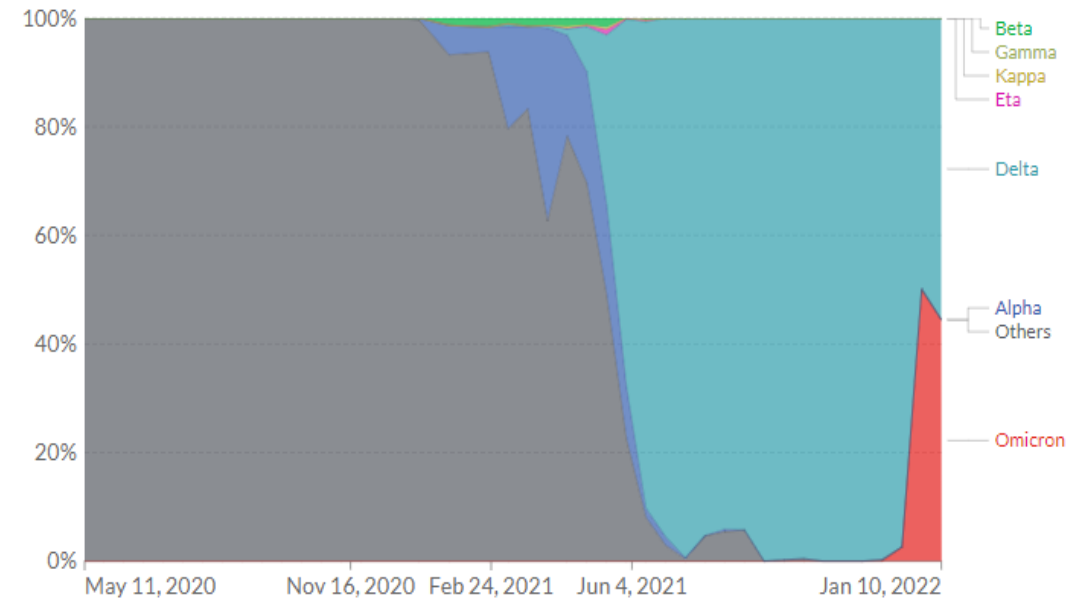


### SARS-CoV-2 variants in analyzed sequences, Russia

The number of analyzed sequences in the preceding two weeks that correspond to each variant group. This number may not reflect the complete breakdown of cases since only a fraction of all cases are sequenced.

Our World in Data

Change country  Relative



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# The Future of the Pandemic

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The World Health Organization (WHO) cautions that the pandemic will not end as long as there continues to be high levels of infection around the world, leading to new variants as the virus mutates. Viruses like COVID-19 continuously evolve as changes in the genetic code (genetic mutations) occur during replication of the genome. Thus, mutations are normal and expected. Most die out because their mutations are not such that they transform the virus' ability to spread. When they do, they can become Variant under Investigation and then sometimes advance to a Variant of Interest, per the WHO classification. They become a Variant of Concern when there is an increase in transmissibility, more severe disease (for example, increased hospitalizations or deaths), significant reduction in neutralization by antibodies generated during previous infection or vaccination, reduced effectiveness of treatments or vaccines, or diagnostic detection failures.

Earlier this week, the WHO recommended investigation of BA.2, descendant lineage from Omicron (making it a Variant under Investigation (VUI)). The UK's Health Security Agency has already been investigating BA.2 due to a growing number international and domestic cases. The variant has been identified in 40 countries, including India, Denmark, Britain and the US. There is no current

evidence that BA. 2 is more virulent or escapes immunity better than BA. 1, the Omicron original variant, although preliminary information from Dutch public health officials state that it may be appears more contagious. Because Omicron can clearly evade preexisting immunity, the evasive ability of its off shoot (BA.2) is of keen interest. BA.2 has become the dominate variant in Denmark. Some scientists have dubbed BA. 2 the “stealth Omicron” because it has genetic traits that make it more difficult to identify on PCR tests.

## ***Endemic does not mean COVID is Defeated***

The South African study is being used as an argument that the pandemic is over and that governments should stop imposing onerous restrictions on their citizens that are no longer needed. The WHO is pushing back on this stance, saying that such easing is premature. While the intense outbreak of new Omicron infections has lessened on some countries, many countries are still reporting record levels of new infections. Indeed, across the six WHO regions, over 21 million new cases were reported the week of January 17-23, representing the highest number of weekly cases recorded since the beginning of the pandemic. Nearly 50,000 new deaths were also reported.

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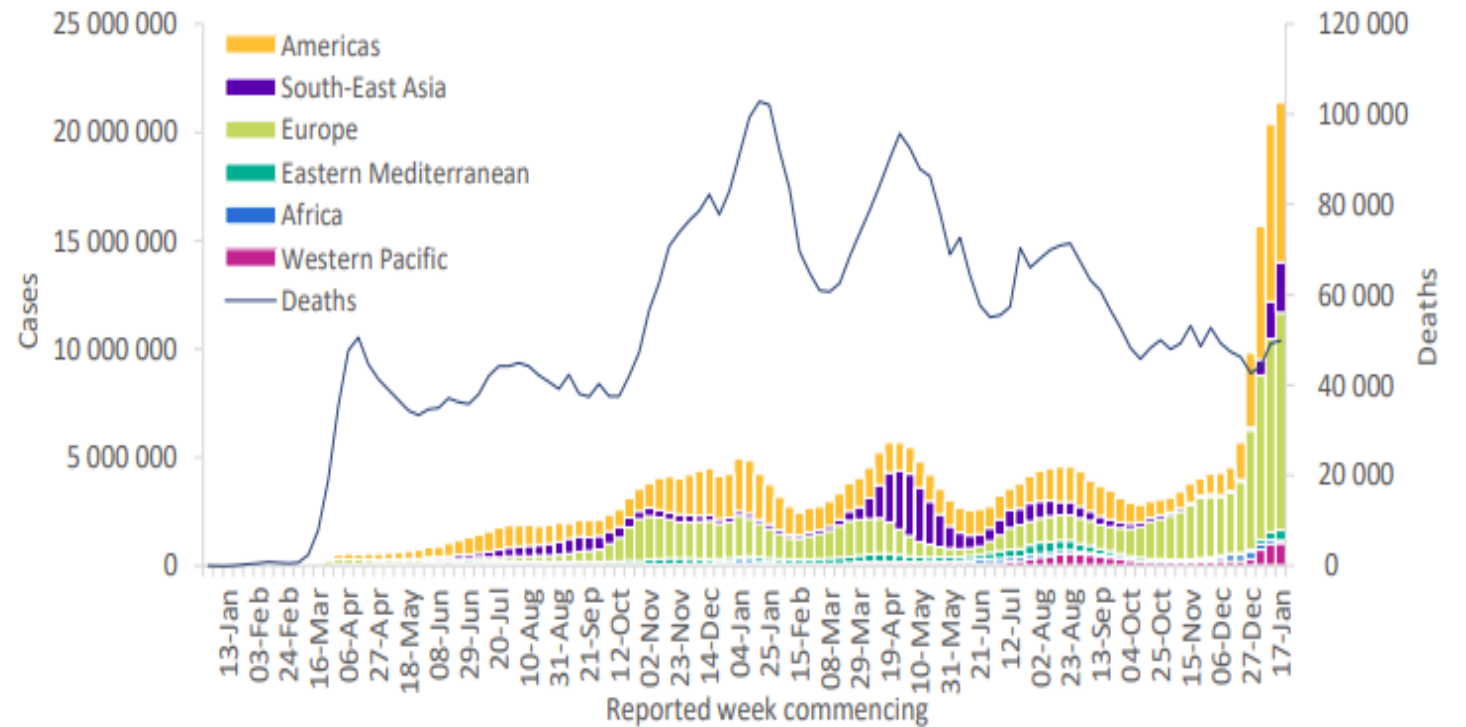
# The Future of the Pandemic

Looking forward to a future when the pandemic does become an endemic, when there is equilibrium between the level of transmission of the virus and the level of immunity in the population, public health officials caution that a “status change” does not mean that COVID-19 will disappear. It will continue to circulate at the community level, people will continue to become sick, be hospitalized and die. The main difference

will be that the virus’s disruptive power will have been reduced, making it manageable through a combination of behavior interventions (masks, social distancing) and preventive efforts (vaccines). Countries will have different risk thresholds, so it is likely that public health policies will continue to differ around the globe.

There is one common refrain from public health experts, and that is the need to make vaccines universally available and overcome vaccine hesitancy as a critical milestone on the path to endemic COVID. While significant pockets of the unvaccinated remain, there is a ready pool of human Petri dishes to harvest the next variant, increasing the risk of new cycles of outbreaks, evasive variants and societal disruption.

Figure 1. COVID-19 cases reported weekly by WHO Region, and global deaths, as of 23 January 2022\*\*

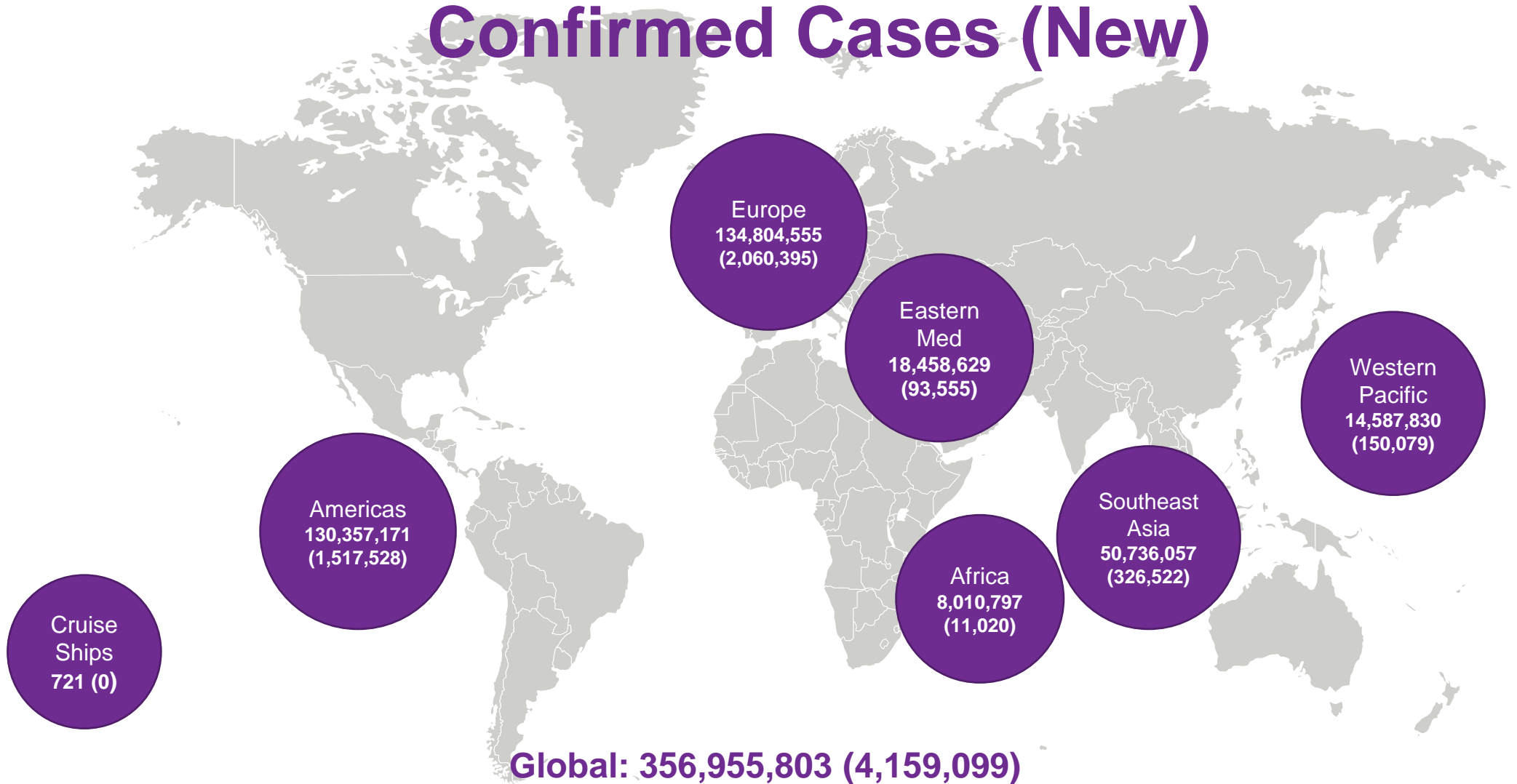


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# Coronavirus Condition Updates

As of 5:30 pm CEST on January 26, 2022

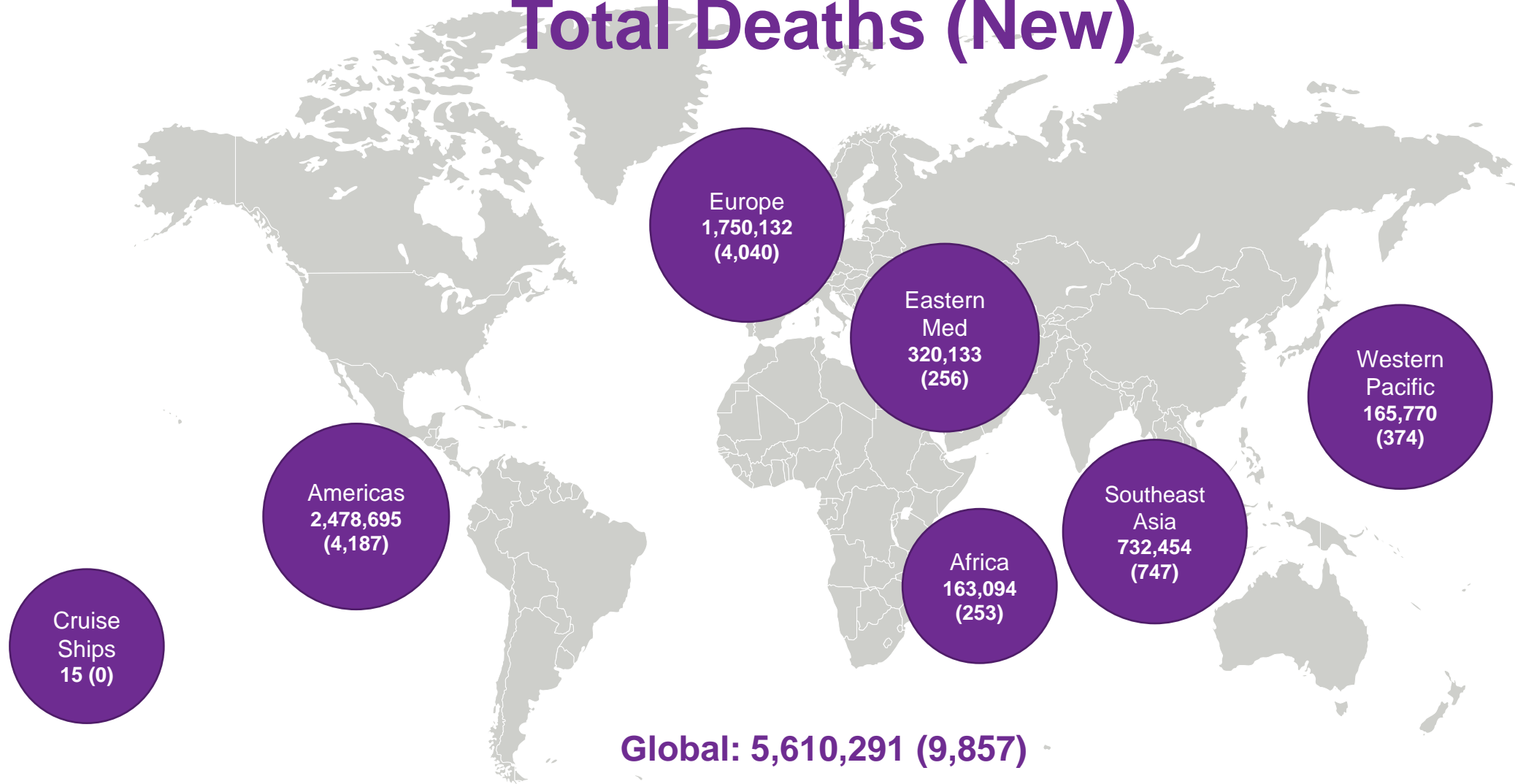
# Confirmed Cases (New)



Reflects data as of 5:30 pm CEST on January 26, 2022.  
Data Source: World Health Organization

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# Total Deaths (New)



Reflects data as of 5:30 pm CEST on January 26, 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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