

Dentons Flashpoint

Daily Global Situation Report

January 28, 2022

Global Situation Update: January 28, 2022

KEY TAKEAWAYS

Russia is “*studying*” the US and NATO response to its security demands, with more talks planned between the US and Russia.

Europe is increasingly moving forward with COVID-19 easing measures as policies adjust to “living with” COVID-19.

The Ukraine crisis drives global coal prices towards record highs.

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WHAT WE'RE WATCHING

Turkey plans to import gas from Azerbaijan after its gas supply from Iran was shut off. Ankara previously said a technical failure in a pipeline from Iran forced power cuts to Turkish industrial facilities. However, after Turkey's President Erdogan announced an upcoming visit to his country by Israel's new president, the break in the supply from Iran appears indefinite.

Tehran is sending a signal to Ankara that it does not approve of the normalization of relations with Iran's main adversary and rivals. Turkey though needs economic and energy allies as it suffers record low foreign exchange reserves and a rapidly weakening currency and must secure energy for citizens and industry during an unusually cold winter.



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

Global

Globally, confirmed coronavirus cases topped 360.5 million with 5.6 million deaths; more than 9.6 billion vaccine doses have been administered.

- Russia is “*studying*” the US and NATO response to its security demands, with more talks planned between the US and Russia. US President Biden warns that a Russian invasion of **Ukraine** could happen in February, after refusing to permanently ban Ukraine from joining NATO and saying allied deployments of troops and military equipment in Eastern Europe are nonnegotiable.
- Britain warned big business to bolster defenses against possible **Russian cyber attacks** as the Ukraine crisis deepens.
- Transparency International released its **2021 Corruption Index**, identifying South Sudan, Syria, Somalia, and Venezuela as among the most corrupt nations in the world. As in previous years, Denmark, Finland and New Zealand are tied for least corrupt.
- **COVID-19 boosters** increase protection against death from the Omicron variant to 95 percent in people aged 50 or over, per the UK Health Security Agency.
- A large UK study yesterday found that **COVID-19 patients** released from the hospital were more than twice as likely as the general population to be re-hospitalized or die within the next 10 months. They were also at nearly five times the risk for death from any cause.

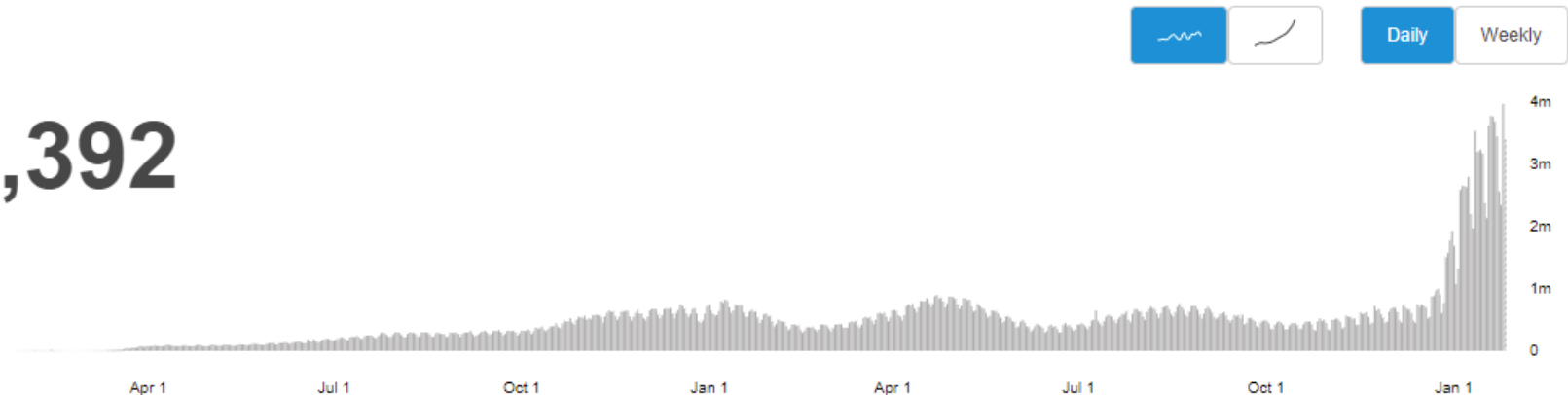
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Global

Global Situation

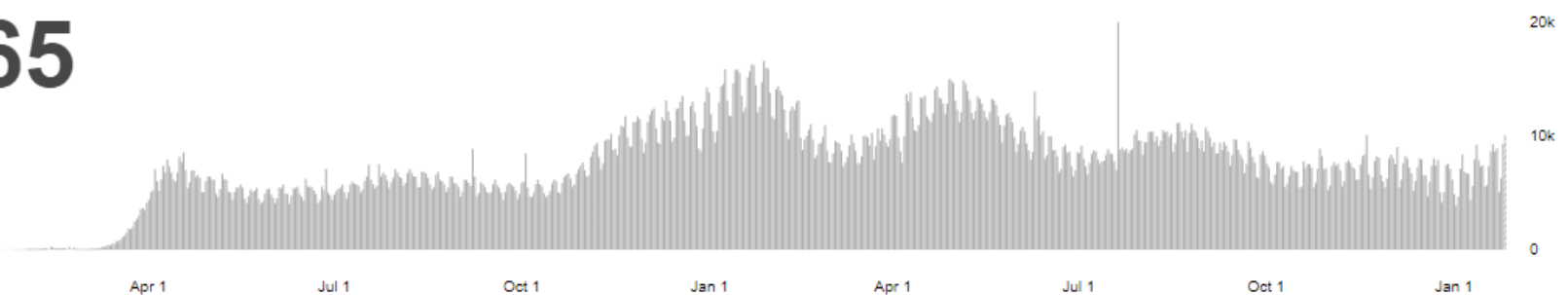
360,578,392

confirmed cases



5,620,865

deaths



Source: World Health Organization

▨ Data may be incomplete for the current day or week.

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Markets & Business

A flying car prototype by Klein Vision, has recently been given an airworthiness certificate in Slovakia, moving one step closer to reaching the public market.

- **China's Great Wall Motor** will invest 11.5 billion yuan (\$1.81 billion) over the next decade to build electric vehicles in Brazil where it has taken over a factory from **Daimler AG**.
- **Chinese stock exchanges** have halted processing at least 60 initial public offering (IPO) applications as regulators investigate intermediaries in the deals. China has vowed to show "*zero tolerance*" towards securities and accounting fraud.
- **UniCredit** has pulled out of a potential bid for Russian lender **Otkritie** due to escalating tensions over Ukraine.
- **Global coal prices** have risen towards record highs as the Ukraine crisis raises expectations that European buyers will buy more coal to hedge against the risk of Russia cutting off gas supplies over the Ukraine crisis.
- High global natural gas prices are creating demand needed for three new **US liquefied natural gas** (LNG) projects in Louisiana and Texas to move forward with construction this year, with Europe and China willing to sign long-term supply contracts.

Environment, Sustainability & Governance

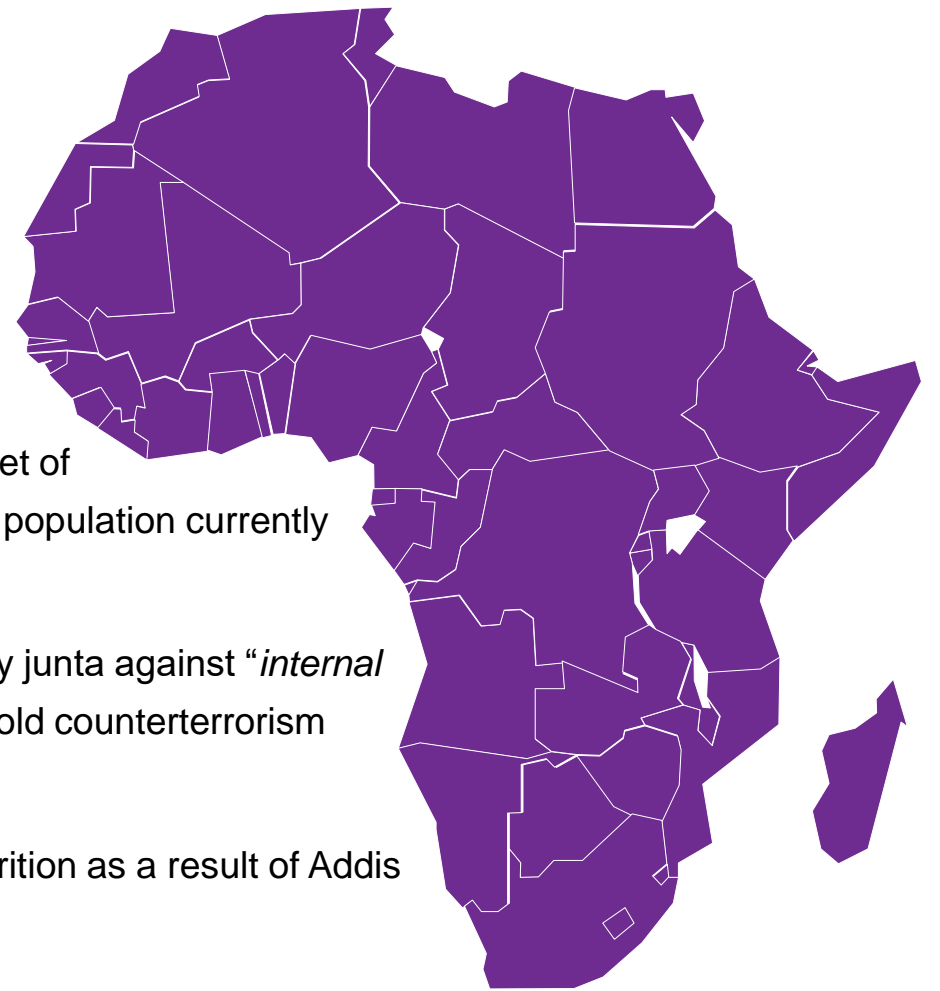
A new report by the Environmental Working Group found that insurance payouts for crops lost to drought or floods have hit their highest level in 25 years due to high incidence of extreme weather.

- Nestle will start paying cocoa farmers cash if they send their children to school rather than on the farm, amid mounting pressure to ensure that their supply chain is free of **child labor**.
- A US federal judge invalidated the results of an oil and gas lease sale in the Gulf of Mexico saying the Biden administration failed to properly account for the auction's **climate change impact**.
- Australia will spend A\$1 billion (\$700 million) on new **protection measures for the Great Barrier Reef**, seven months after the UN threatened to put the site on its “danger list” because of the damage caused by climate change and development.
- The US said it has sufficient information to determine that Malaysian palm oil producer Sime Darby Plantation Bhd uses **forced labor** and that the firm's goods are subject to seizure.

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Africa

- The UN reported that renewed violence in the Darfur region of **Sudan** has displaced at least 15,000 people in recent weeks.
- The head of the **African** CDC said that the continent is on track to reach its target of 70 percent vaccination by the end of 2022; with approximately 11 percent of the population currently vaccinated, reaching the target will require significant resources.
- **Denmark** pulled its troops out of **Mali** following warnings from the Malian military junta against “*internal interference*,” military opposition to foreign forces, which are there on a decade-old counterterrorism effort, has grown in recent weeks.
- The Tigrayan health bureau claimed that some 5,000 people had died of malnutrition as a result of Addis Ababa’s blockade of the **Ethiopian** region.
- A **South African** court ruled that the dismissal of an employee over non-compliance with a vaccination rule was legal, setting a precedent for further vaccine mandates in the country.
- **Burkina Faso’s** coup leaders said that they would return the country to civilian rule “*when the conditions are right*” in their television appearance since the coup.



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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:

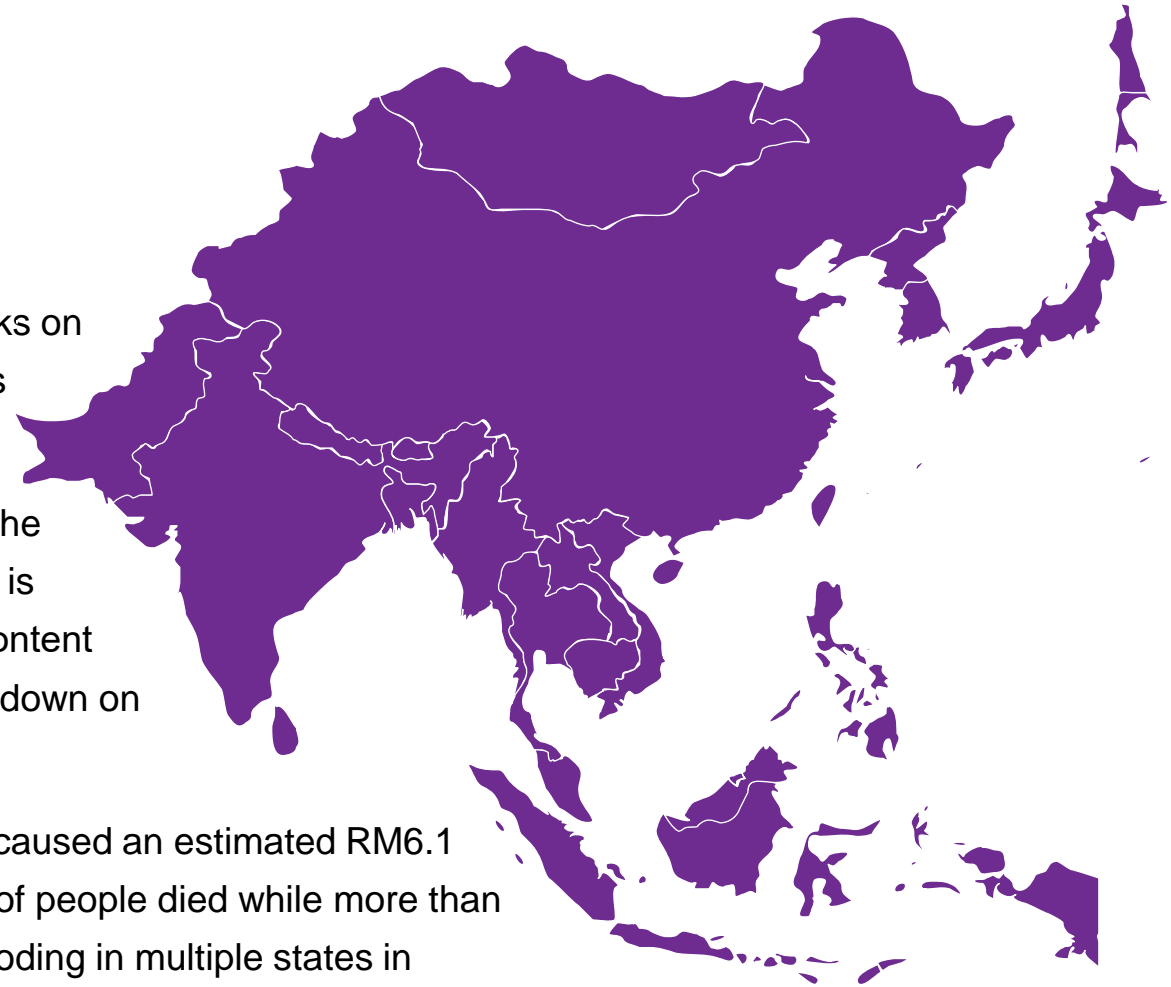
- ❖ Ransomware tabletop exercises
- ❖ Post-tabletop action reports
- ❖ Maturity assessments for preparedness
- ❖ Supply-chain attack simulation
- ❖ Comprehensive incident response plan
- ❖ Threat analysis and monitoring

All interaction with Dentons is attorney-client privileged

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

Asia

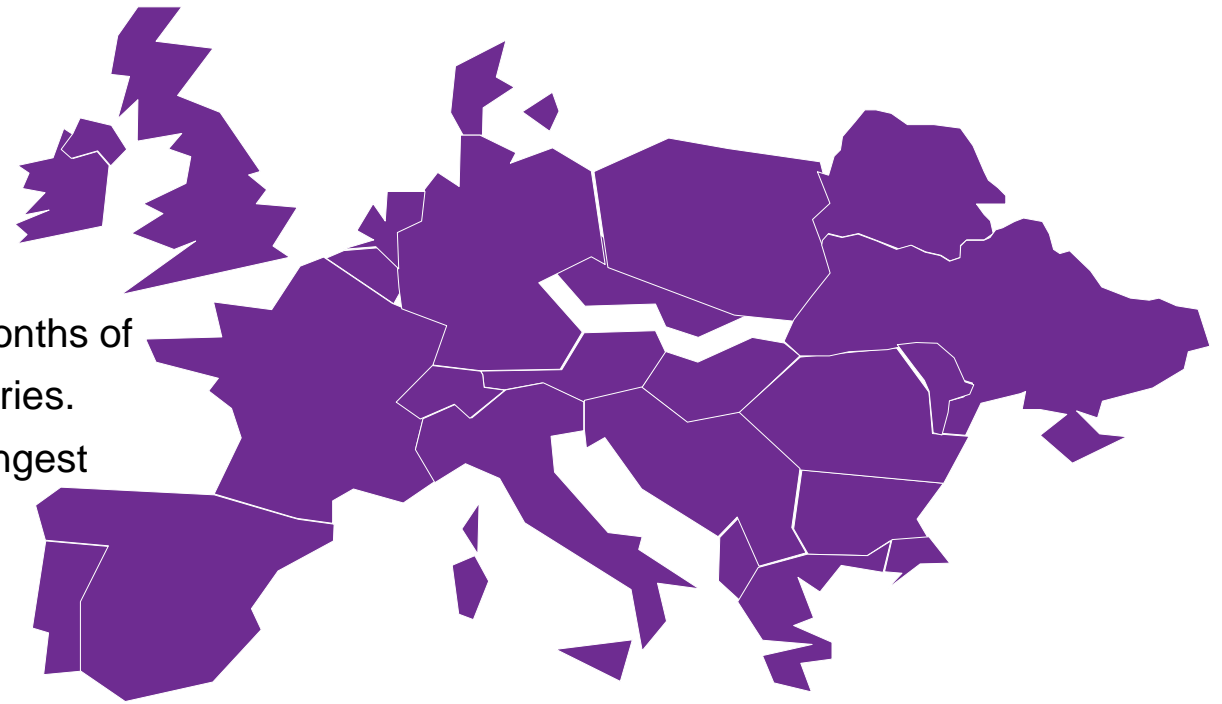
- **Russia's** foreign ministry said there was still a chance for six-way talks on **North Korea** to resume despite Pyongyang's recent missile launches which Moscow was closely monitoring.
- **China** has agreed to let the UN's human rights chief visit Xinjiang in the first half of 2022 after the Beijing Winter Olympics as long as the visit is "friendly." China's cyberspace regulator issued draft rules today for content providers that alter facial and voice data, the latest measure to crack down on "deepfakes."
- Floods that had devastated much of **Malaysia** in recent weeks have caused an estimated RM6.1 billion (S\$1.97 billion) in overall losses, per the government. Dozens of people died while more than 120,000 were displaced after unusually heavy rain caused severe flooding in multiple states in mid-December and early January.
- **Australia** suffered its deadliest day of the COVID-19 pandemic today with nearly 100 deaths, but several large states said they expect hospital admissions to fall amid hopes that the latest wave of infections would begin to subside. **Indonesia** is reporting the highest levels of new cases since last August's Delta surge, despite more than 80 percent of the population being vaccinated. The **Philippines** will grant entry to visitors vaccinated against COVID-19 from February 10.



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Europe

- **Germany's** economy shrank 0.7 percent in the final three months of last year, underperforming most other major European countries. **France's** economy ended 2021 on a high, reporting the strongest growth in 52 years. **Spain's** grew 2 percent between the third and fourth quarter of last year. Inflation and the economic impact of the pandemic have pushed more than half a million **UK** businesses towards bankruptcy.
- Advisors to the heads of state of **Russia, Ukraine, France and Germany** reaffirmed their commitment to uphold a ceasefire in eastern **Ukraine** after holding Normandy Format talks in Paris. Another round of talks will be held in Berlin in two weeks.
- **Montenegro's** government coalition is on the brink of collapse as the parties once united around dislodging corruption in the country are now divided over ideological issues. Deputy Prime Minister and the leader of the United Reform Action party Abazović filed a motion for a vote of no confidence against prime minister Zdravko Krivokapić and the rest of the government.



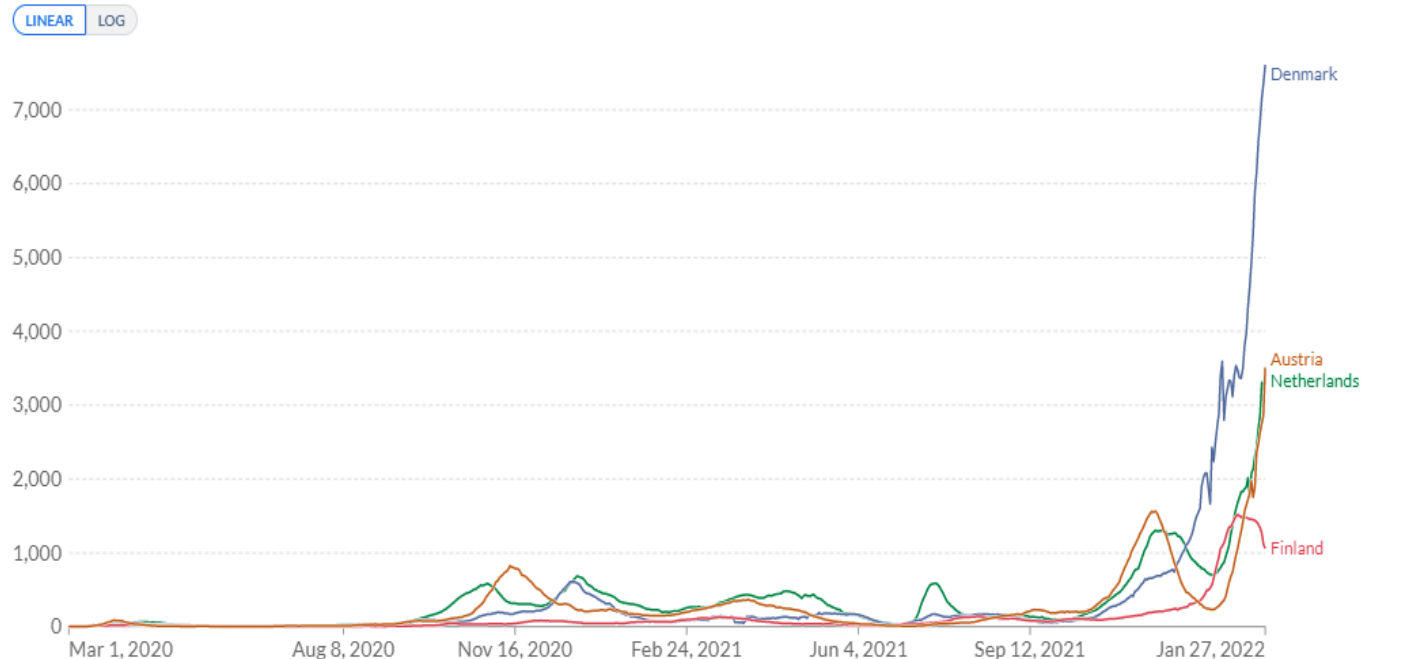
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Europe

Europe is increasingly moving forward with COVID-19 easing measures as policies adjust to “living with” COVID-19, with Finland, the Netherlands, Denmark and Austria announcing easing measures.

Daily new confirmed COVID-19 cases per million people

7-day rolling average. Due to limited testing, the number of confirmed cases is lower than the true number of infections.

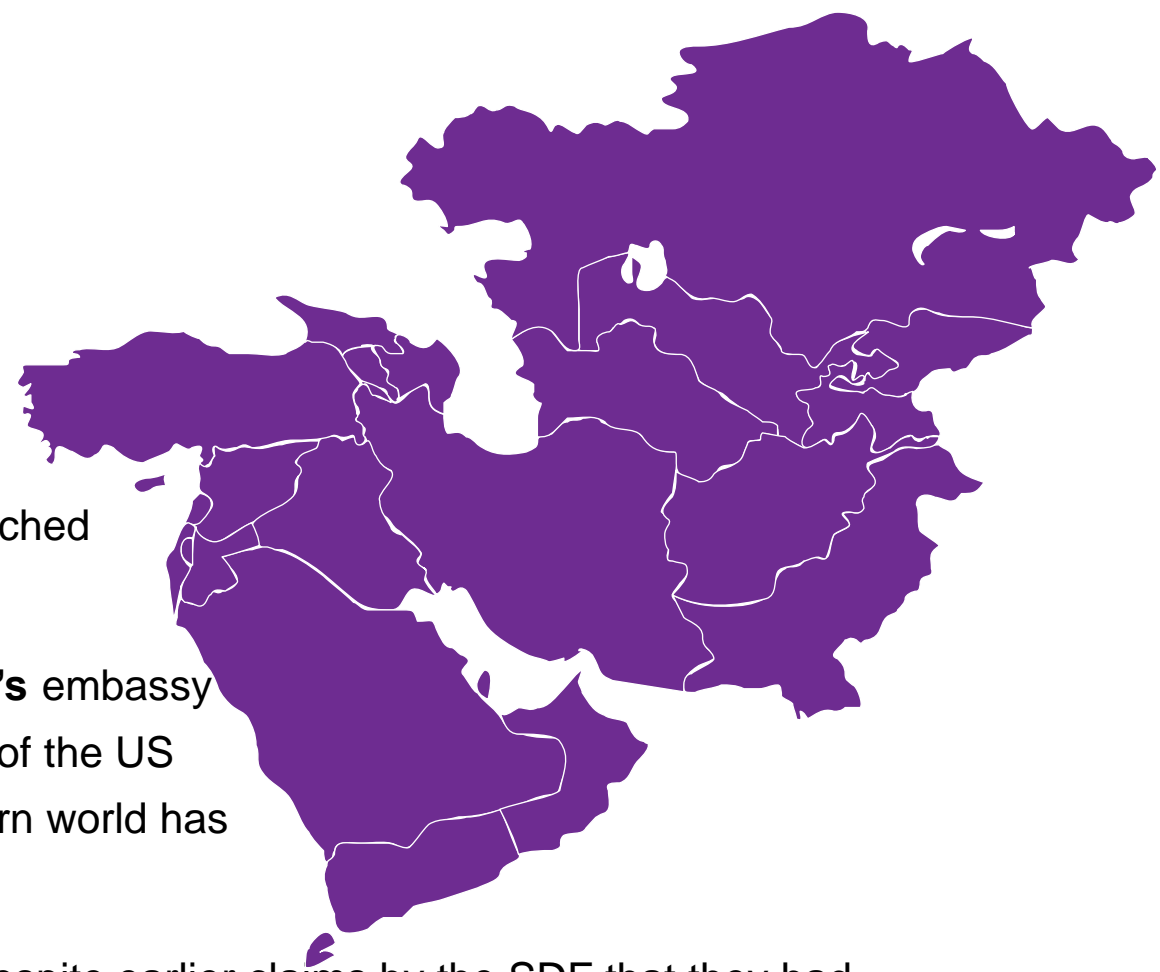


Source: Johns Hopkins University CSSE COVID-19 Data

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Middle East



- The **US** updated travel guidance to warn against trips to the **UAE** due to a heightened risk of airstrikes.
- A **UAE** medical convoy of one million COVID-19 vaccines reached the **Gaza Strip** via the Rafah border with **Egypt**.
- The **US** is reportedly planning on shutting down **Afghanistan's** embassy and consulates in the US; the move would fit within a pattern of the US attempting to impose costs on Kabul while much of the western world has agreed to make contact.
- Dozens of ISIL fighters still have control of a **Syrian** prison, despite earlier claims by the SDF that they had fully retaken the area.
- The speaker of **Tunisia's** suspended parliament, an opponent of President Saied, warned of a “*social explosion*” if current conditions continue and Saied does not expedite a return to a democratic system.

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Americas

- Xiomara Castro was sworn in as the first female president of **Honduras**.
- **Argentina** is facing a deadline today to pay back \$730 million in loans to the IMF, with another payment of \$365m due in February, a payment it is likely unable to make amid stalled talks with the IMF to revamp \$40 billion in loans.
- US border officials are preparing for nearly 9,000 arrests per day on the **US-Mexico** border this spring, significantly larger than last year's peak.
- Hundreds of **Canadian** truckers are converging on Ottawa from several directions today in a protest against a vaccine mandate, seeking to paralyze downtown traffic.
- **Venezuela's** electoral commission shot down an attempted recall of President Maduro.

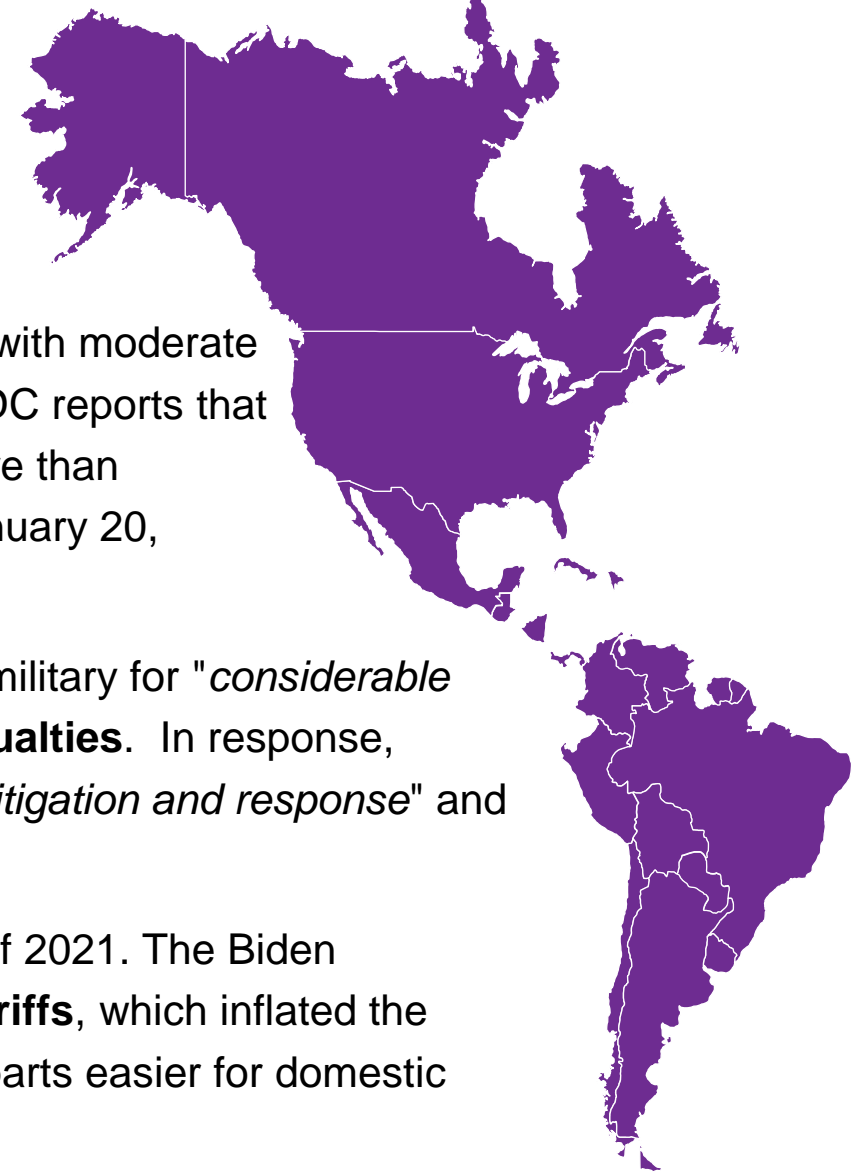


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Americas: US

- The CDC reached out to pharmacists to reinforce the message that people with moderate to severe immune suppression are eligible for **fourth COVID shots**. The CDC reports that the **Omicron variant** now accounting for 99.9 percent of all new cases. More than **1.1 million children** were diagnosed with COVID-19 in the week ended January 20, according to the American Academy of Pediatrics' Children.
- A congressionally-mandated study by the RAND Corporation faults the US military for "*considerable weaknesses*" and inconsistencies in its review of allegations of **civilian casualties**. In response, Defense Secretary Austin ordered the creation of a plan on civilian harm "*mitigation and response*" and establishment of civilian protection center of excellence.
- The **US economy** grew a blockbuster 6.9 percent in the last three months of 2021. The Biden Administration is reportedly considering keeping President Trump's **solar tariffs**, which inflated the prices of solar power, mostly in place with a few tweaks to make procuring parts easier for domestic producers, in a bid to appease union labor.
- The Federal Communications Commission has banned **China** Unicom, China's third-biggest telecoms company by subscribers, from operating in the country over national security concerns.

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Emerging Ransomware Threats in Early 2022 Engage in Double Extortion

By Scott Muir

Ransomware attacks are on the rise again, matching a pattern over the past two years where a lull around the holiday season is followed by an uptick in the new year. Heading into February, organizations should be aware that ransomware operators based in Eastern Europe and East Asia are striking businesses across a range of sectors on several continents with “double extortion” attacks that demand payment in cryptocurrency, even as recent international cybersecurity cooperation has led to arrests and asset seizures.

Double extortion, which demands one ransom for the return of data and an additional ransom to prevent it from being leaked or sold, is likely to be the preferred tactic of ransomware gangs over the first few months of 2022.

Of course, there are several developments that could shift this trend, such as if payments to ransomware gangs are made illegal, or if cryptocurrency becomes regulated in certain jurisdictions. A war

between nation states would also have major impacts on the ransomware threat landscape for organizations. Regardless of what scenarios unfold this year, cybercriminals will not go away, but rather pivot to other types of attacks with new tactics, techniques and procedures. Following is a brief overview of three ransomware groups and variants that in the past 30 days have struck victims around the world and will remain potent in the near term:

Night Sky

A new ransomware variant called Night Sky is being used to target several large organizations in double extortion attacks that combine ransomware and data leaks. The ransomware family appears to have started operating in late December 2021 and is believed by experts to have ties to China-based groups. It infiltrates corporate networks through social engineering tactics or the use of stolen credentials. Once launched, this ransomware encrypts the majority of the files on affected computers. So far, the ransomware’s leak site has listed two victim organizations, a Japan-based IT company and a Bangladesh-based pharmaceutical business. One of the victims was asked to pay a USD \$800,000 ransom to obtain a decryptor. Night

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Sky has also used the Log4j bug to hack VMware Horizon servers and in the coming months is likely to target organizations in the Asia-Pacific region, especially large multinationals.

Blackcat

The BlackCat ransomware group was discovered on Russian-language forums in December 2021, and its core developers are recruiting affiliates to breach corporate environments. BlackCat operates as a ransomware-as-a-service (RaaS) enterprise and, in addition to ransomware encryption and data leak extortion attacks, also conducts extortive distributed denial of service (DDoS) attacks to further increase pressure on victim organizations to pay with Bitcoin or Monero cryptocurrencies. The average ransom demand is between USD \$400,000 to \$3 million. The group appears open to communicating with professional negotiators and maintains a public and private leak sites as well as several other dark web pages for negotiations with victims. BlackCat, which through its cybercriminal affiliates likely has indirect links to BlackMatter and REvil, has in the past month struck a French IT services firm and an Italian luxury fashion brand. It also targeted organizations in the US, Australia, and India across the mining, legal, retail, logistics and transport,

pharmaceuticals and manufacturing industries. BlackCat will likely pose a high threat to organizations across a range of sectors in the coming months, as the group seeks to build its reputation within the cybercriminal community.

Rook

The ransomware family dubbed Rook was discovered in late 2021 and embraces a multi-extortion approach. In early 2022, the Microsoft Threat Intelligence Center confirmed that a Chinese ransomware operator is responsible for deploying Rook ransomware. On their dark web page, the gang has already listed several victim companies and data stolen from those that proved uncooperative. Its first victim was a financial institution in Kazakhstan from which it stole roughly 1 terabyte of data to leverage for extortion. It recently hit US-based global professional services provider Evalueserve, from which 320GB of data were seized and threatened for leak. Rook has also claimed responsibility for breaching the network of Denso, Japan's largest auto parts maker, via outdated computers at the company's production plant in Mexico and holding 1.1TB of data hostage. Other companies that are victims of Rook include a Turkish pharmaceutical business and an Indian

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Emerging Ransomware Threats in Early 2022 Engage in Double Extortion

aerospace firm. There are no signs yet of Rook slowing down and geopolitical events, corporate mergers and more factors could even accelerate its activity.

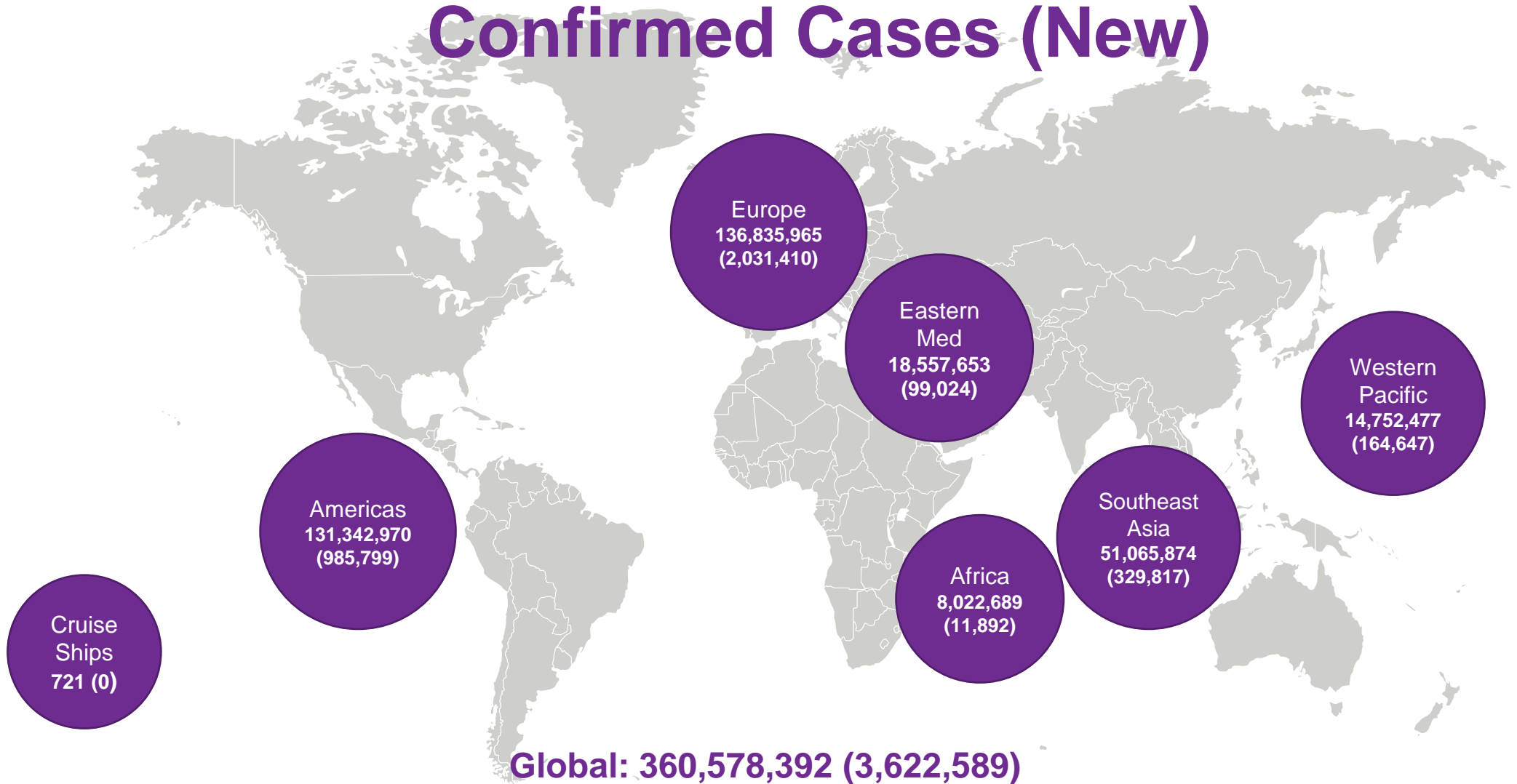
Today, the economic and political changes affecting international business are more complex than ever and the exposure and vulnerabilities of organizations will adjust as a result. Conflicts, coups and the coronavirus pandemic will continue to shape the business landscape in 2022, and it is necessary for decision-makers to consider how the cyber threats that accompany each will affect their organization. Dentons offers business leaders a full complement of counseling and advice, regulatory and litigation services, analysis and intelligence products for cyber risk management to help them thrive in complex operating environments. Importantly, all interaction with Dentons is attorney-client privileged. To learn more about the bespoke intelligence and risk services from Dentons please contact us today.

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Coronavirus Condition Updates

As of 4:37 pm CEST on January 27, 2022

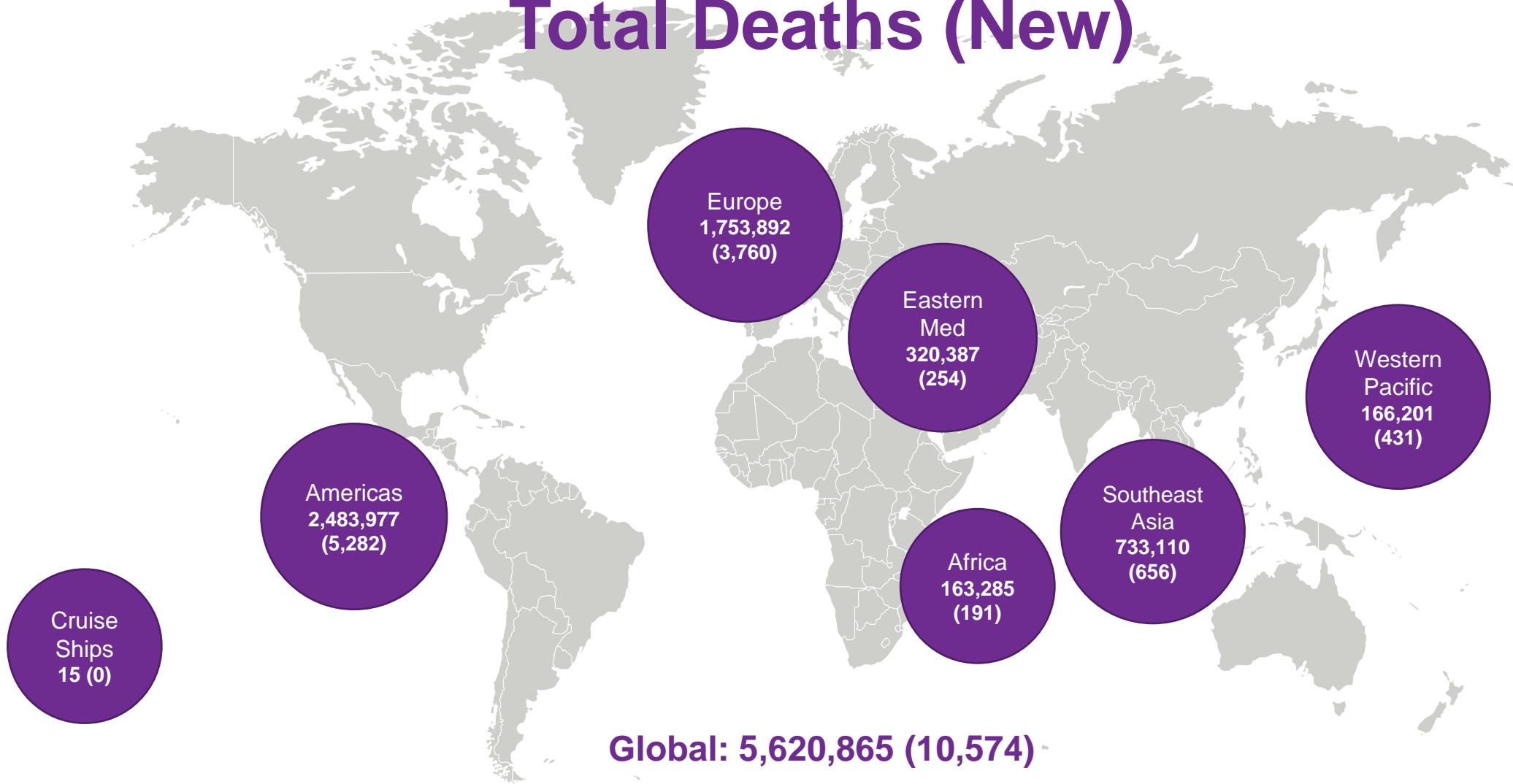
Confirmed Cases (New)



Reflects data as of 4:37 pm CEST on January 27, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 4:37 pm CEST on January 27, 2022.
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.

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