# Dentons Flashpoint

Global Situation Report

**September 16, 2022**

# Global Situation Update: September 16, 2022

## KEY TAKEAWAYS

The World Bank warns of growing risks for a global recession.

As the US announces more military assistance to Ukraine, Russia threatens escalation if long range missiles provided.

Recent catastrophic floods will wipe out economic growth and cause acute food shortages in Pakistan, risking sovereign default.

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## WHAT WE'RE WATCHING

The Shanghai Cooperation Organization (SCO) summit in Uzbekistan concludes today with membership that now represents about 50% of the world's population and about 25% of global GDP. Iran will join the Beijing-headquartered bloc as a full member, while China and Russia vowed to work together to prevent a "unipolar world."

At the summit, India and Central Asian members emphasized the neutrality of the group, but hardline Russian senators are quoted as predicting the SCO will be the "gravedigger of the West." The SCO is steadily adding more and more dialogue partners to discuss security and trade, while the US-led Indo-Pacific alliance is finding new partners in the region more slowly.



**Member states**

China, Tajikistan, Kazakhstan, Uzbekistan, Kyrgyzstan, India, Russia, Pakistan, Iran

**Observer states**

Afghanistan, Mongolia, Belarus

**Dialogue partners**

Armenia, Nepal, Egypt, Azerbaijan, Sri Lanka, Saudi Arabia, Cambodia, Turkey

**Guest attendances**

ASEAN, CIS, Turkmenistan, UN

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# Global

**The World Bank warned of growing risks of a global recession as central banks simultaneously hike interest rates to combat persistent inflation.**

- US President Biden announced a new $600 million arms package to help the **Ukrainian** military battle Russia. The package includes HIMARS, night vision goggles, claymore mines, mine clearing equipment, 105mm artillery rounds and 155mm precision guided artillery rounds.  Russia's Foreign Ministry warned that if the US decided to supply Kyiv with longer-range missiles, it would cross a *"red line"* and become "*a party to the conflict*."

- The German government has taken control of three refineries owned by Russian oil company Rosneft, in a major escalation of the **energy war** between Moscow and the west triggered by Russia's invasion of Ukraine.

- The IAEA 35-nation Board of Governors passed a resolution demanding that Russia end its occupation of the Zaporizhzhia **nuclear power plant** in Ukraine.

- WHO Director-General Ghebreyesus assessed that the **end of the COVID-19 pandemic** was in sight. Countries need to take a hard look at their policies and strengthen them for COVID-19 and future viruses, Tedros said. He also urged nations to vaccinate 100 percent of their high-risk groups and keep testing for the virus.

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# Markets & Business

**The US Consumer Financial Protection Bureau plans to start regulating "buy-now, pay-later" companies due to worries their fast-growing financing products are harming consumers.**

- China will impose sanctions on the CEOs of **Boeing Defense** and **Raytheon** over their involvement in the US's latest arms sales to Taiwan.

- **Uber Technologies Inc.** is responding to a cybersecurity breach after a hacker claimed to have gained widespread access to the company's computer systems. Uber's latest cybersecurity problem comes a little over a week after a trial started over its former security chief's role in responding to an earlier hack.

- **Adobe Inc.** is acquiring collaboration-software company Figma for around $20 billion, using the biggest deal in its history to acquire a small-but-fast-growing rival.

- Inspectors from the US Public Company Accounting Oversight Board are preparing to travel to Hong Kong to begin reviewing the audit files of publicly traded Chinese companies, as part of an agreement to allow Chinese companies to continue trading on **American stock exchanges** if they meet listing audit standards.

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# Environment, Sustainability & Governance

**Over 90 percent of the world's largest companies will have at least one asset highly exposed to the physical impacts of climate change by the 2050s, according to new data from S&P Global.**

- Southeast Asian nations need to more than double their annual **investment on renewables** to $210 billion a year to accelerate energy transition and to meet climate goals, according to a new report by IRENA.

- The EU proposed an EU ban on products made using **forced labor**.

- More than 50 winners of a prominent global environmental prize have called on the UNHRC to reject Vietnam's effort to join it, citing **a crackdown on climate activists.**

- The owner of Patagonia voluntarily transferred a $3 billion ownership share in the country to several **climate-focused trusts** that will use profits to fight climate change.

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# Africa

- **Sudanese** authorities said that unusually extreme flooding had killed at least 134 and destroyed tens of thousands of homes.

- **Angola** President Lourenço was inaugurated for a second term after winning the election for his party by the smallest margin since the establishment of Angolan democracy, in a result contested by the opposition.

- Fuel prices in **Kenya** hit record highs after the new government slashed subsidies, citing the unsustainable cost of food and fuel subsidies.

- **Mozambican** sources reported that militants have pushed their operations south from Cabo Delgado to the Nampula province.

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# Asia

- **Kyrgyzstan and Tajikistan** accused each other of using tanks and mortars in an escalating border conflict as fighting continued into a third day in a disputed mountainous frontier area.

- **Mongolian** President Khurelsukh said he supports the construction of oil and gas pipelines from **Russia** to **China** via Mongolia.

- **India** does not plan to provide fresh financial support to **Sri Lanka** on top of the nearly $4 billion it has extended this year, dashing hopes in Colombo, as it works with the IMF for a loan of about $2.9 billion, which is contingent on the country receiving financing assurances from official creditors and negotiations with private creditors.

- Members of the **European** Parliament on Thursday backed a resolution condemning **China's** live-fire military exercises in the **Taiwan** Strait and calling for closer ties between the European Union and Taipei.
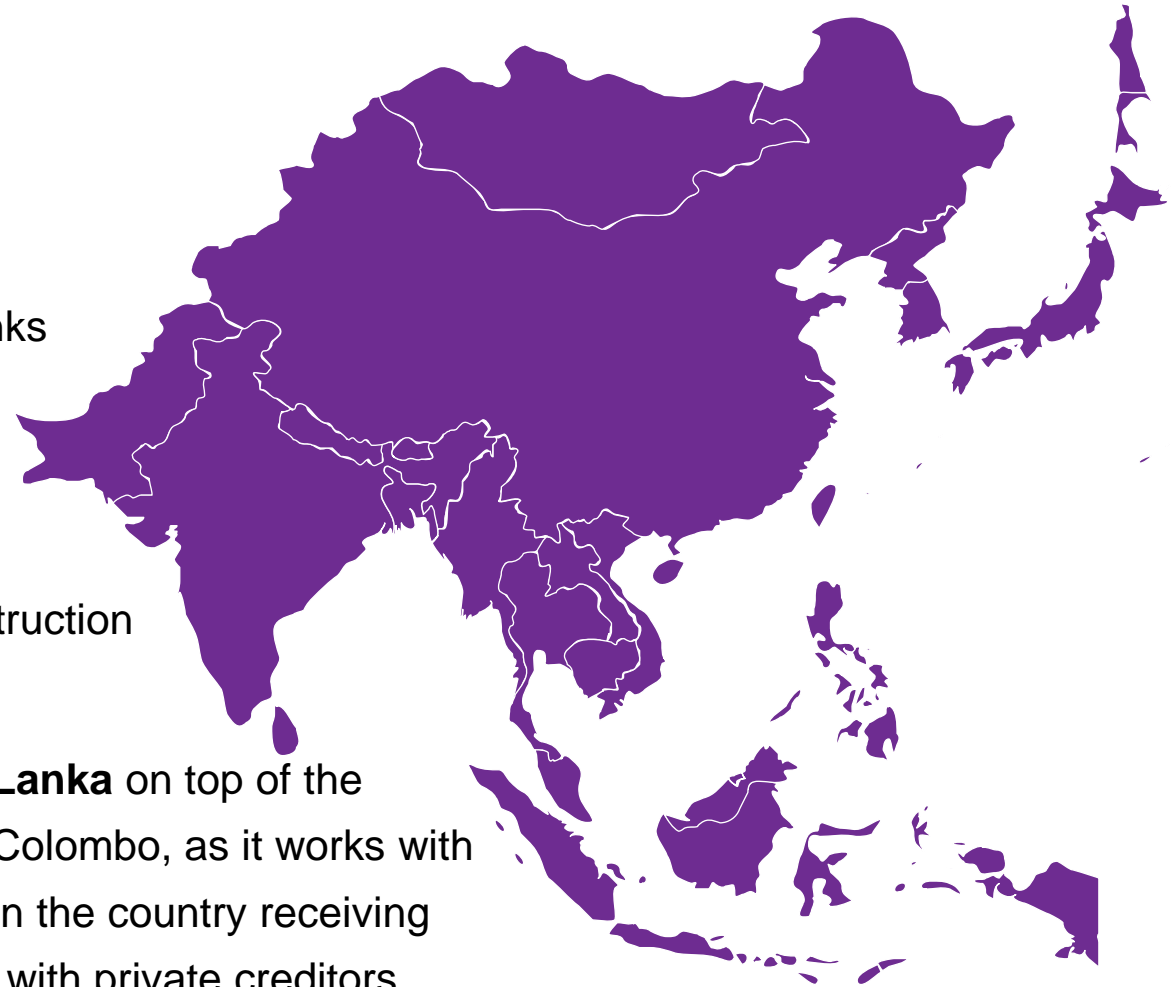
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# Europe

- **Spain's** parliament ratified the entry of **Finland and Sweden** to NATO, bringing the two Nordic countries one step closer to joining the alliance.

- **Russia's** lower house of parliament will consider summoning Defense Minister Sergei Shoigu to face questioning in a closed session, after losing control of large parts of Ukraine's Kharkiv region to a Ukrainian counter-offensive.

- After their meeting in Uzbekistan, **Russian** President Putin said he understood **China's** Xi Jinping had concerns about the situation in **Ukraine**, a surprise acknowledgement of friction with Beijing over the war now in the seventh month, and an indication of a shift in the power relationship.

- **Spanish** police arrested a man they say is one of Europe's biggest money launderers, the associate of a notorious Irish gang who used a sham vodka brand and underground banking to process up to €350,000 ($350,000) a day of dirty funds.

- Torrential overnight rains and floods inundated the central **Italian** region of Marche. Around 400 millimeters (16 inches) of rain fell within two to three hours, flooding the streets of several towns around the region's capital Ancona on the Adriatic coast.

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# How do You Manage Incident Response?

*2022 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**.*
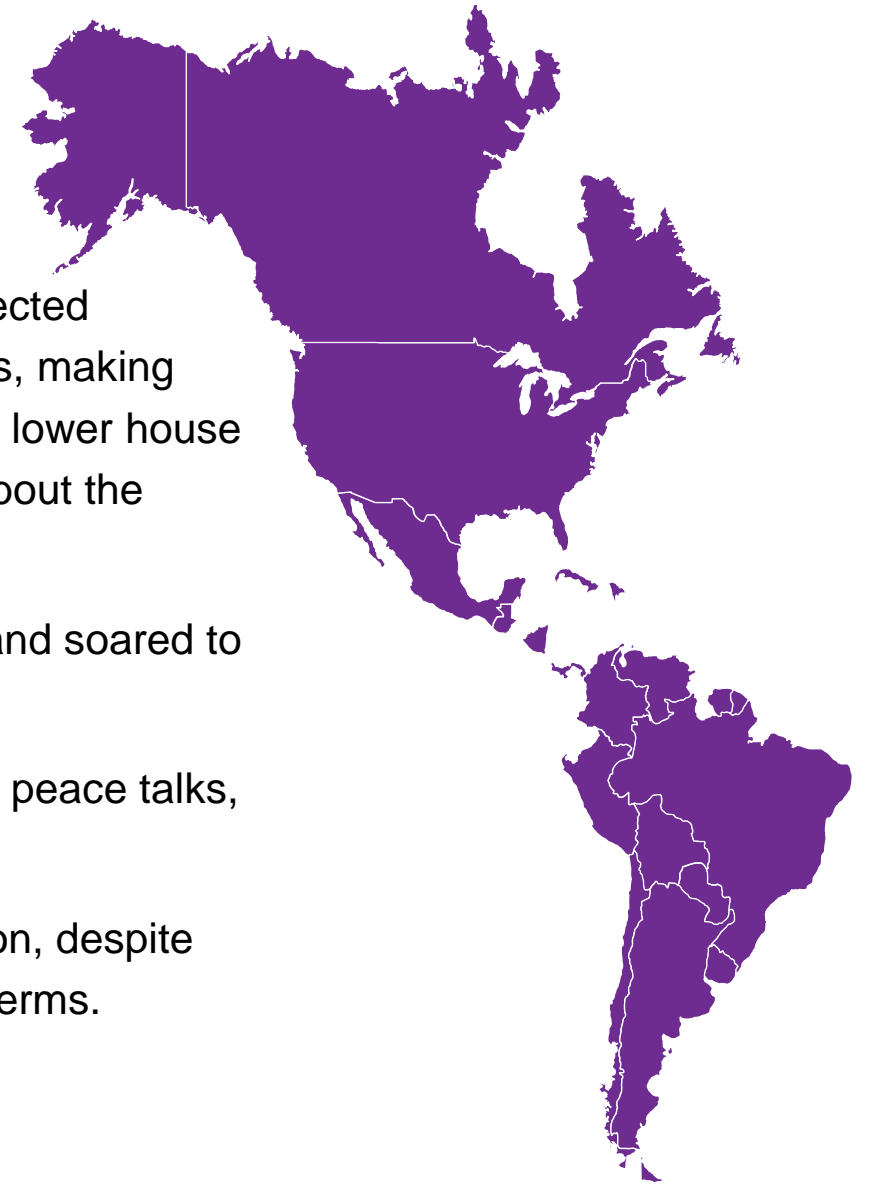
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# Middle East

- Recent catastrophic floods will wipe out economic growth and cause acute food shortages in **Pakistan**, threatening anew to push a country already reeling from economic and political instability into default.

- **Lebanese** activists held up a bank in order to withdraw their own savings, a stark demonstration of the country's financial crisis. A Lebanese official said that Lebanon's coming budget may not meet IMF requirements, further stalling a crucial aid process. The IMF announced plans to send a delegation to Beirut to discuss ways to speed up necessary reforms.

- **Israeli** political parties submitted their candidate lists, officially kicking off campaign season ahead of a historic fifth election in four years in which veteran prime minister Netanyahu will face off against the incumbent, diverse anti-Netanyahu coalition.

- **Iran** has signed a Memorandum of Obligations to become a permanent member of the Shanghai Cooperation Organization (SCO), a central Asian economic and security body headed by China. During a meeting with Iranian President Ebrahim Raisi, **Russian** President Putin said that a delegation of 80 large companies will visit Iran next week.

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# Americas

- **Mexican** authorities arrested retired general Jose Rodriguez for his suspected involvement in the high-profile 2014 disappearance of 43 student teachers, making him the highest-ranking military officer so far held over the case. Mexico's lower house voted to keep the army on the country's streets until 2028, raising fears about the president's efforts to militarize public security.

- **Argentina's** monthly inflation blew past forecasts at 7 percent in August and soared to nearly 80 percent from a year earlier.

- **Colombia´s** ELN favors a bilateral ceasefire to pave the way for renewed peace talks, per a spokesperson.

- **El Salvador** President Nayib Bukele announced plans to run for re-election, despite the country's constitution prohibiting presidents from having consecutive terms.
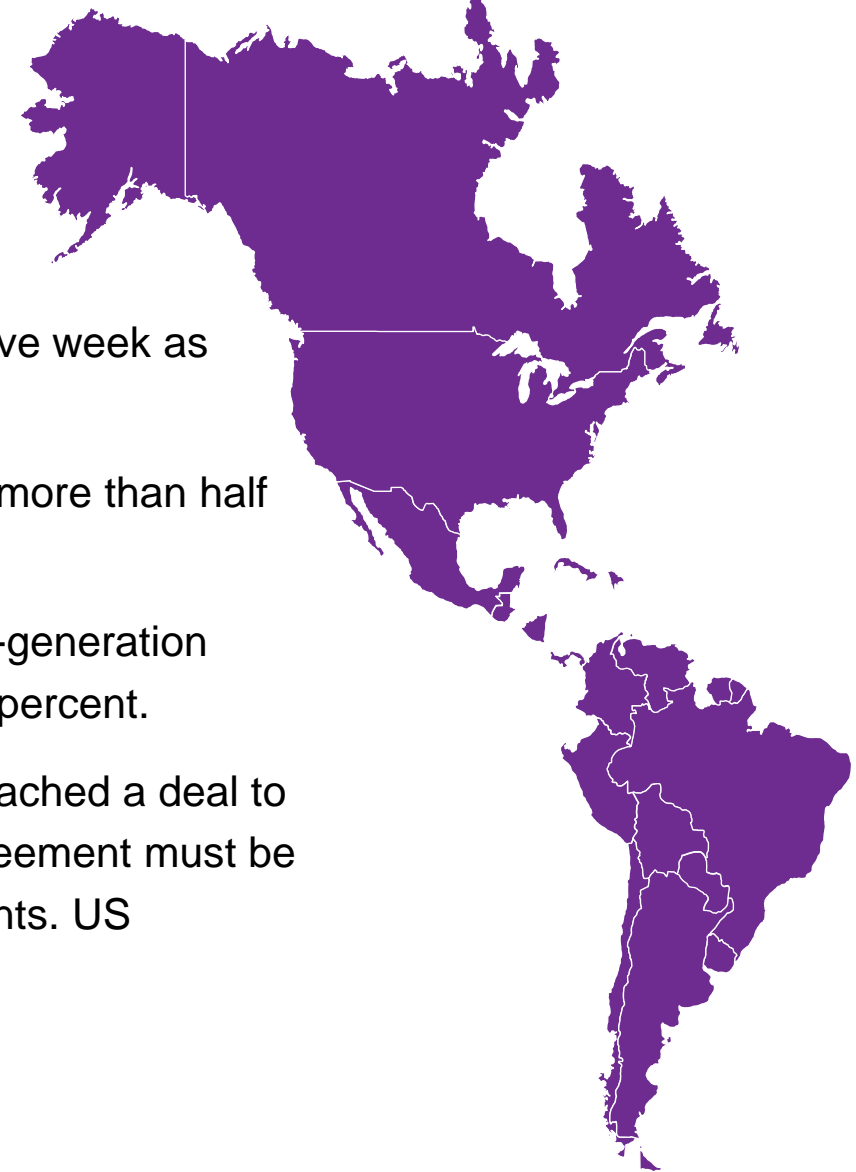
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# Americas: US

- US applications for **unemployment benefits** declined for the fifth consecutive week as employers retained their workers in a persistently tight labor market.

- **Mortgage rates** topped 6 percent this week, their highest level since 2008, more than half what home buyers were paying last year.

- The Biden administration unveiled a plan to accelerate development of next-generation **floating offshore wind farms** by slashing the cost of the technology by 70 percent.

- **US freight railways** and unions representing 115,000 workers may have reached a deal to avert a damaging shutdown that could have slammed economy, but the agreement must be ratified by each union, a challenging threshold given continuing disagreements. US passenger railroad Amtrak said it will resume normal operations.

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# Geopolitical Tensions Hamper Global Discussion on Cyber Norms

*By Emilio Iasiello, Global Cyber Threat Intelligence Manager, Scott Muir, Senior Analyst, and Courtney Barnard, Global Cyber Threat Intelligence Coordinator*

*The world is no closer to adopting a set of norms in cyberspace following the third substantive meeting of the United Nations (UN) Open Ended Working Group (OEWG) on the security of information and communications technologies.*

The goal of building consensus over global Internet-related issues and to codify cyber norms remains elusive despite the fact that all states are targets or potential targets of hostile online warfare in this modern era. Unsurprisingly, geopolitical considerations were at the forefront of the latest discussions and organizations around the world should not expect a breakthrough on universal cyber standards any time soon.

### More of the Same

The third OEWG ended in much the same way as earlier iterations – with a mad dash of participants drawing up joint statements on key topics such as cyber-crime, data security, how to approach emerging threats, capacity building, and of course, confidence building measures to demonstrate commitment and resolve. Two camps led efforts to sway member countries on key issues –

Western interests typically lead by the United States and its allies, and those advocated by China and Russia. Both sides have continued to recruit other members that are willing to bend on key cyber issues in exchange for concessions in other areas.

The latest meeting did see progress on the cyber needs of developing countries and women in cybersecurity. Perhaps the most promising development was the final report produced by the OEWG, in which states articulated their disagreements and expectations for the future. These admissions create opportunities for cyber leaders like the United States, China, and Russia to adjust their positions and entice more states to join their side ahead of the next OEWG. As usual, a major sticking point between participants at this meeting was definitions and language surrounding certain terms and threats. More than 100

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# Geopolitical Tensions Hamper Global Discussion on Cyber Norms

non-governmental organizations that served as observers were unable to push members to agreement.

## Alternative Forum

The OEWG emerged in 2018 as an alternative to the UN's Group of Government Experts in the Field of Information and Telecommunications in the Context of International Security (GGE), which has experts from 25 member states. Both organizations address similar types of cyber issues such as the application of international humanitarian law in cyberspace, for example, but they are separate and independent UN entities.

China, Iran, and Russia prefer the OEWG as they are able to socialize their cyber agendas among a wider audience that may side with them on matters like cyber sovereignty, which promotes granting smaller states online control on par with major powers. The United States and its allies generally prefer the more exclusive GGE forum comprised of more like-minded nations. Similar to its counterpart, however, the sixth meeting of the GGE in June 2021 showed promise but fell short of meaningful progress on codifying norms.

## Future Prospects

The longer the US-led GGE fails to establish widely acceptable cyber norms, the more likely it is that an alternative option will be found. This was the belief of Russia when it helped create the OEWG as a more inclusive effort to achieve the same objective as the GGE. Moscow touts the OEWG as a "one vote, one voice" forum and the participation of 193 nations in the OEWG is clear indication that there is appetite for it.

The OEWG is no closer to achieving its goals than the GGE, which means the race for leader of emerging cyber norms is very much on. The future challenge for both forums is recruiting majority support, which gives the GGE an advantage with its smaller size which consists of world leaders on cyber issues. As state-driven cyber malfeasance affects more and more nations and organizations, countries will be increasingly cautious before deciding which side to join. Which forum ultimately pulls ahead of the other may rely on the ability for leaders like the United States, China, and Russia to understand the concerns and positions of other nations and build acceptance for universal cyber norms.

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# Coronavirus Condition Updates
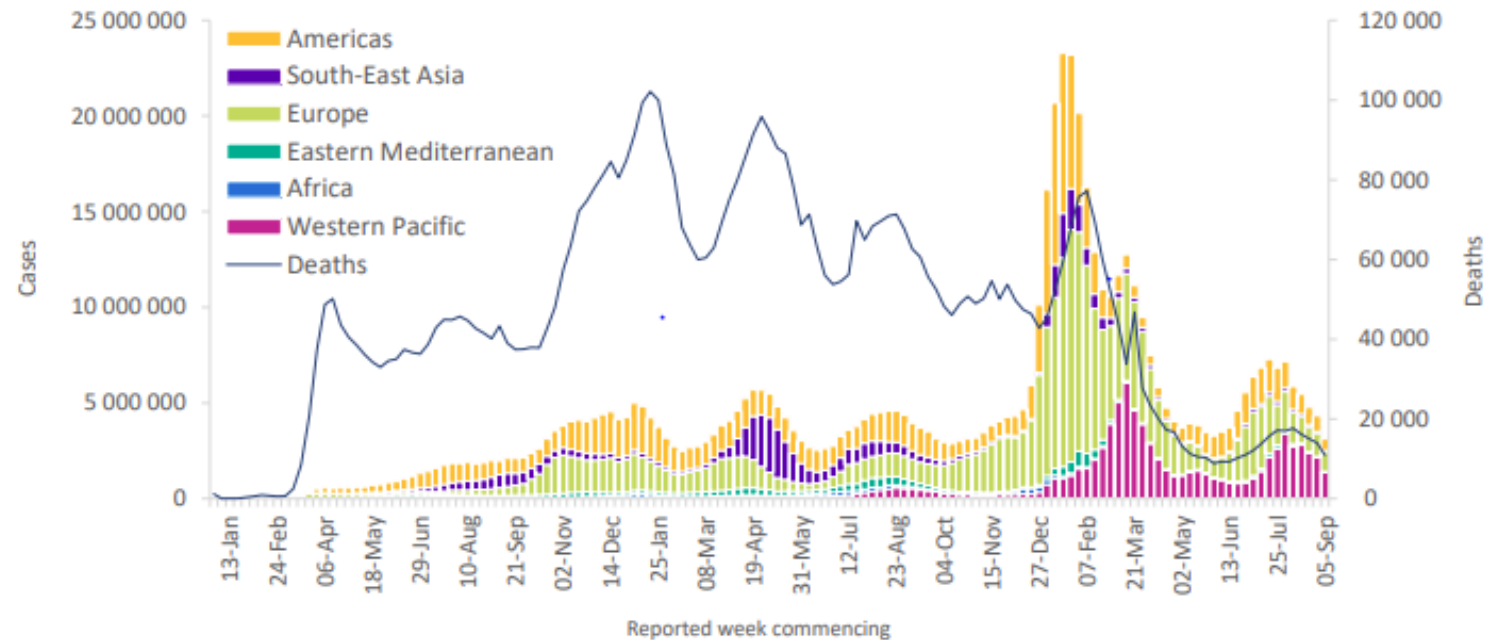
As of 7:06 pm CEST on September 15, 2022

# Coronavirus Snapshot

**Globally, confirmed coronavirus cases topped 607.7 million with 6.4 million deaths; more than 12.6 billion vaccine doses have been administered.**
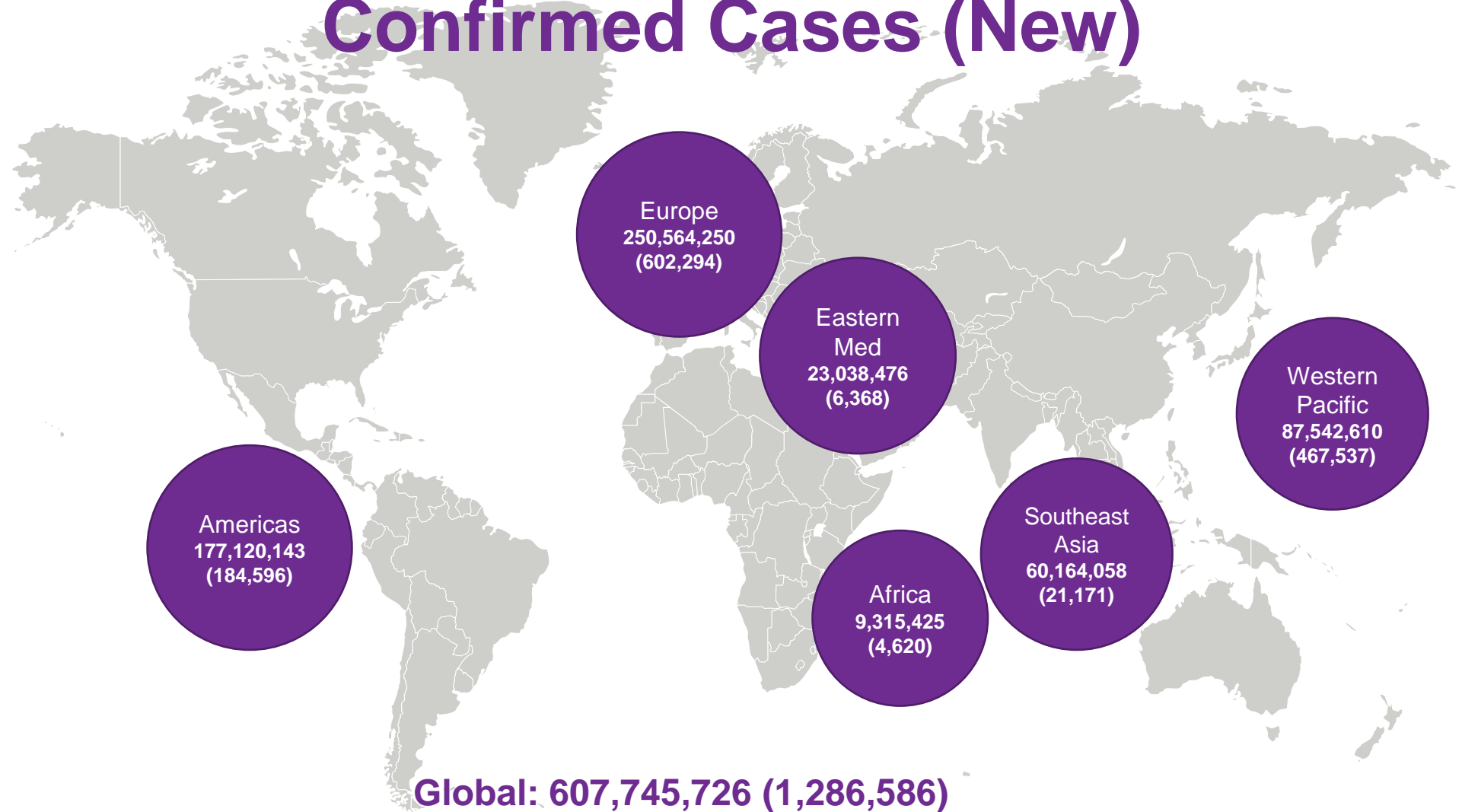
- Globally, the number of new weekly cases decreased by 28 percent during the week of 5 to 11 September 2022, as compared to the previous week, with over 3.1 million new cases reported.

- The number of new weekly deaths decreased by 22 percent, as compared to the previous week, with over 11,000 fatalities reported.



Figure 1. COVID-19 cases reported weekly by WHO Region, and global deaths, as of 11 September 2022**

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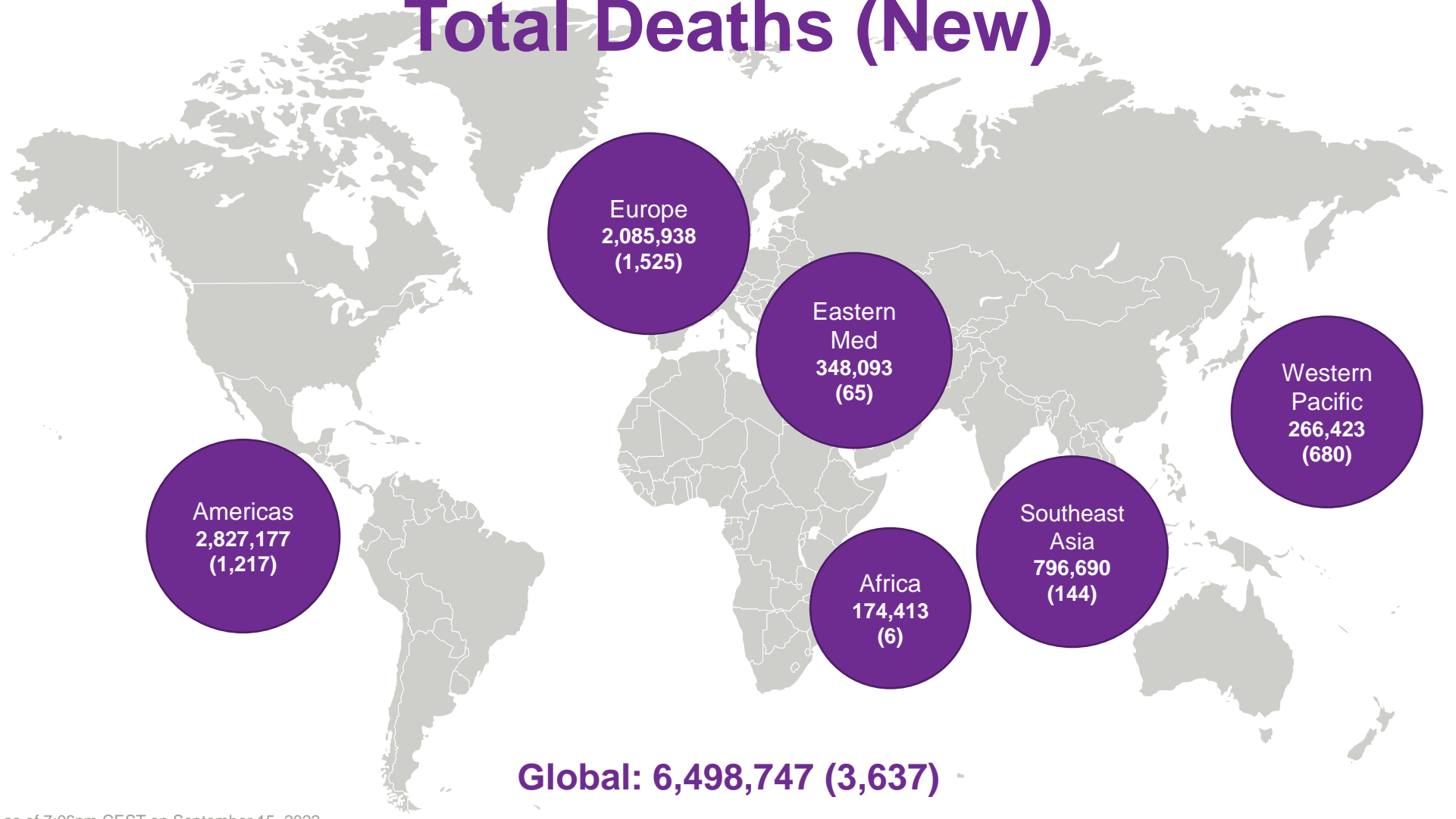
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# Confirmed Cases (New)

**Europe**
**250,564,250**
**(602,294)**

**Eastern Med**
**23,038,476**
**(6,368)**

**Western Pacific**
**87,542,610**
**(467,537)**

**Americas**
**177,120,143**
**(184,596)**

**Africa**
**9,315,425**
**(4,620)**

**Southeast Asia**
**60,164,058**
**(21,171)**

**Global: 607,745,726 (1,286,586)**

Reflects data as of 7:06pm CEST on September 15, 2022.
Data Source: World Health Organization

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# Total Deaths (New)



Europe
**2,085,938
(1,525)**

Eastern
Med
**348,093
(65)**

Western
Pacific
**266,423
(680)**

Americas
**2,827,177
(1,217)**

Southeast
Asia
**796,690
(144)**

Africa
**174,413
(6)**

**Global: 6,498,747 (3,637)**

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