

Dentons Flashpoint

Daily Global Situation Report

November 18, 2021

Global Situation Update: November 18, 2021

KEY TAKEAWAYS

A new report finds that Iran is behind an “*ongoing*” ransomware campaign.

The White House announces plans to offer billions of dollars to US drugmakers to expand COVID-19 vaccine production capacity.

The EU sends 700,000 euros worth of food, blankets and other aid to migrants at the Belarus border.

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WHAT WE'RE WATCHING

The North American Leaders' Summit takes place today for the first time in five years after it was eschewed by former President Trump. Canadian Prime Minister Trudeau and Mexican President López Obrador will join President Biden at the White House to discuss COVID-19 pandemic recovery, a regional migration vision and climate change. Securing supply chains will also be on the agenda.

The trilateral meeting is important because agreements and initiatives at past summits have helped make the North America region more competitive in global markets. Canada, Mexico and the US have one of the strongest commercial and production networks in the world, and trade between them supports more than 12 million jobs for workers and farmers in the US alone. The delegations from Canada and Mexico will also meet members of Congress while they are in Washington.



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 253.6 million with 5.1 million deaths; almost 7.3 billion vaccine doses have been administered.

- The UN warns that **elevated shipping costs** resulting from the global supply chain crunch will further fuel inflation around the world and disproportionately hit developing nations' economies.
- US, UK and Australian agencies released a report finding that Iran is behind an “*ongoing*” **ransomware campaign** that has conducted cyber-attacks against US and Australian critical infrastructure since March.
- The world's biggest economies are looking into releasing oil from their strategic reserves, following a rare request from the US for a coordinated move to cool **global energy prices**.
- **A subvariant of Delta** that is growing in Britain is less likely to lead to symptomatic COVID-19 infection, a coronavirus prevalence survey found. The subvariant, known as AY.4.2, had grown to be nearly 12 percent of samples sequenced, but only a third had “*classic*” COVID symptoms.
- A different study found that **mask-wearing** reduces the incidence of COVID-19 by 53 percent.

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Markets & Business

The Reserve Bank of India's digital currency may see its pilot launch in Q1 of the next fiscal year, per a senior central bank officer.

- **Apple** will allow consumers to purchase parts and perform repairs themselves, reversing a longtime policy.
- **Target and TJ Maxx** reported strong quarterly sales and said that they have been able to secure ample inventory ahead of Black Friday and the holiday season; the comments follow **Walmart's** comments to the same effect, forecasting fewer supply chain-related shortages than previously expected.
- **Cisco Systems** forecast lower-than-expected quarterly profits due to continued supply chain issues and high chip prices.
- **Nvidia** forecast higher-than-expected quarterly growth on demand for its data center business.
- S&P Global Ratings that a default by Chinese property developer **Evergrande Group** is still "*highly likely*," as the company continues to sell off assets, including the just announced sale of its entire stake in streaming services firm **HengTen Network Group** for HK\$2.13 billion (\$273.5 million).

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Environment, Sustainability & Governance

In partnership with WWF, Stella McCartney and The Textile Exchange, Google has developed the Google Impact Fibre Explorer, that it says will enable companies to identify the biggest climate risks associated with more than 20 fibre types in their supply chains, including synthetics.

- Ireland's state agriculture body is tapping the country's growing seaweed harvesting industry to feed cattle after research showed it could stop cows from breathing as much **methane**.
- Wall Street may see the first Federal Reserve climate change review in 2023, requiring big banks to **scan their portfolios for climate change risks** and running a formal scenario analysis and release broad findings to the public.
- Two leading US **sustainable-business groups**, American Sustainable Business Council and the Social Venture Circle, announced their merger to improve services and advocacy and to help members find better investment opportunities. The combined group will be known as the American Sustainable Business Network.
- China Baowu Steel Group has set up a Global Low-Carbon Metallurgical Innovation Alliance with 62 partners to tackle climate change and cut **greenhouse emissions**

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Africa

- **Sudanese** security forces killed at least 15 anti-coup protesters, the largest daily count of killings since the October 25 coup. A pro-military minister in Sudan's government said that a return to pre-coup arrangements is “*unrealistic.*”
- **French** troops officially handed over their farthest north **Malian** military base to the Malian military; the post is the second to be handed to Mali as France seeks to wind down its counterterrorism operation in the Sahel.
- Fifty-three people were killed in a weekend attack on a gendarmerie post **in Burkina Faso**. President Kabore is facing a growing public outcry over the worst strike on security forces in years.
- Three civil society groups took the **South African** government to court over its plan for a new coal-fired plant, saying it threatens people's right to a safe environment.



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Asia

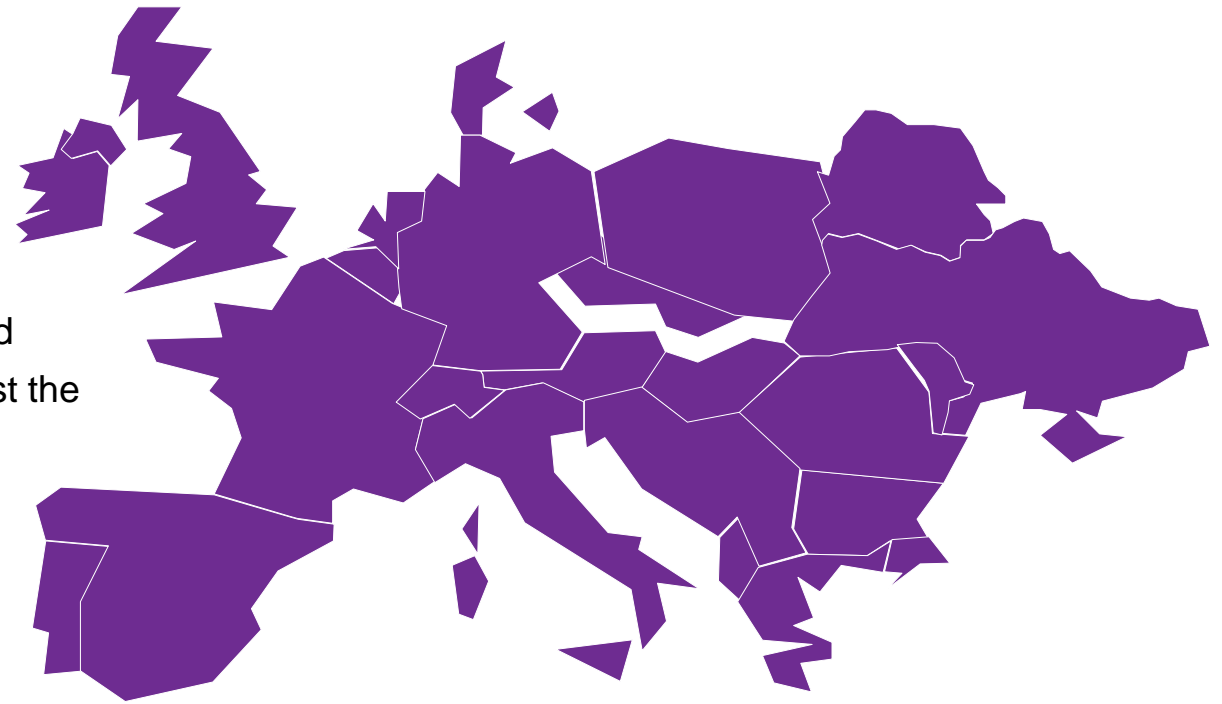
- Several prominent international tennis stars voiced concern online about the whereabouts of **Chinese** tennis champion Peng Shuai, who has not been heard from in the days since she accused China's former vice premier of sexual assault.
- **Indian** security forces said they have killed seven suspected militants in Kashmir this week.
- **Indonesia's** counter-terrorism police arrested a member of a top Islamic council on charges of raising funds for the al Qa'ida-linked Jemaah Islamiah (JI) group blamed for deadly bombings.
- **Taiwan** opened a de facto embassy in **Lithuania** today in a diplomatic breakthrough for the **Chinese**-claimed island, despite Beijing's strong opposition to the move.
- The **Philippines** condemned "*in strongest terms*" the actions of three Chinese coast guard vessels that it said blocked and used water cannon on resupply boats headed towards a disputed atoll in the South China Sea.
- **Malaysia** granted conditional approval to use Sinovac and AstraZeneca COVID-19 vaccines as booster shots. **South Korea** will shorten the time frame seniors must wait to get a booster shot amid a spike in severe cases. From November 26, **Japan** will raise its limit on daily overseas arrivals to 5,000 from the current 3,500.



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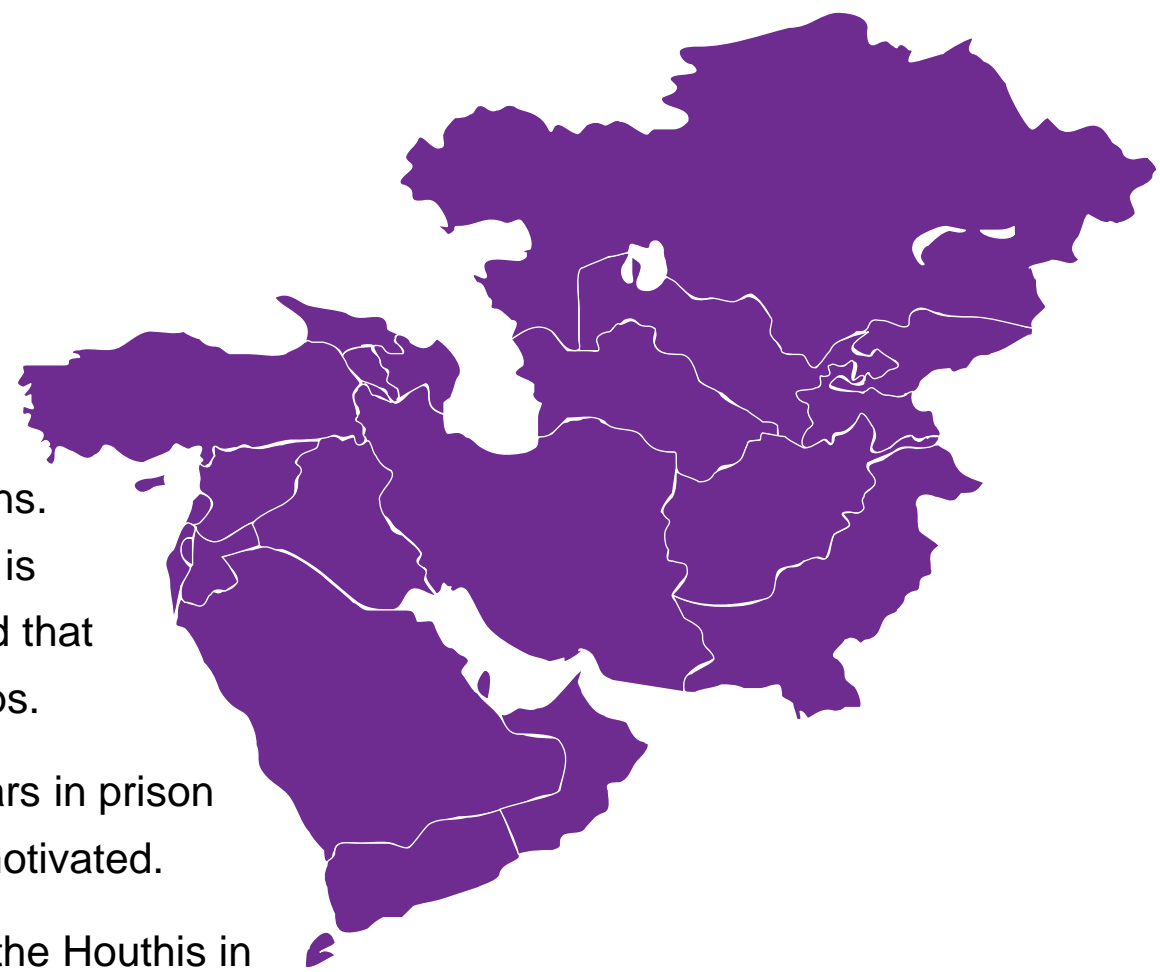
Europe

- **Russia** said it would deploy a new paratroop regiment in annexed Crimea by December, partially attributed to a **British** deal to boost the **Ukrainian** navy.
- **Turkish** President Erdogan's Wednesday pledge to continue his battle against interest rates "to the end," sending the lira to new record lows and prompted some opposition leaders to call for early elections.
- **Poland** said the number of attempts to cross its border from **Belarus** had risen, while thousands of migrants remained trapped on the frontier in frozen woods in a standoff between East and West. The **EU** said will send 700,000 euros worth of food, blankets and other aid to migrants at the Belarus border.
- **Northern Ireland** will require COVID-19 passports for entry to pubs, cinemas and other venues starting in December. **Slovakia** and the **Czech Republic** reinstated COVID-19 restrictions after seeing record case numbers. **German** Chancellor Merkel warned that Germany's COVID-19 situation is "dramatic" ahead of a meeting of federal and regional leaders that will today agree on measures to curb the recent wave of infections. **Russia** reported a record daily COVID-19 death toll of 1,247. **Austria's** daily coronavirus infections hit a new record on Thursday as the hardest-hit provinces started planning a full lockdown.



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Middle East



- The **US** National Security Adviser Sullivan reportedly floated the idea of an interim **Iran** deal in talks with his **Israeli** counterpart, as a way to buy more time for nuclear negotiations. IAEA reports published Wednesday raised concerns that Iran is further increasing its stockpile of highly enriched uranium, and that the agency is still being denied access to centrifuge workshops.
- **Egypt** sentenced a prominent human rights lawyer to five years in prison on charges that rights advocates have decried as politically motivated.
- The UN called for the release of two UN staffers detained by the Houthis in **Yemen** earlier this month.
- Islamic State claimed responsibility for two explosions that hit **Afghanistan's** capital Kabul on Wednesday.

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Americas

- **Canadian** inflation rose to 4.7 percent in October, matching a February 2003 high. Canada's British Columbia province declared a state of emergency on Wednesday as officials warned that the death toll from massive floods and landslides is set to rise.
- **Cuban** protest leader Yunior Garcia announced Wednesday that he had arrived in Spain, putting an end to uncertainty about his whereabouts.
- The Pan American Health Organization (PAHO) reported that COVID-19 deaths decreased by 17 percent in the **Americas** over the past week.
- Leaders of the **US, Canada and Mexico** are set to agree to new methane curbs, cutting methane emissions in their oil-and-gas sectors by 60 percent to 75 percent by 2030.



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Americas: US

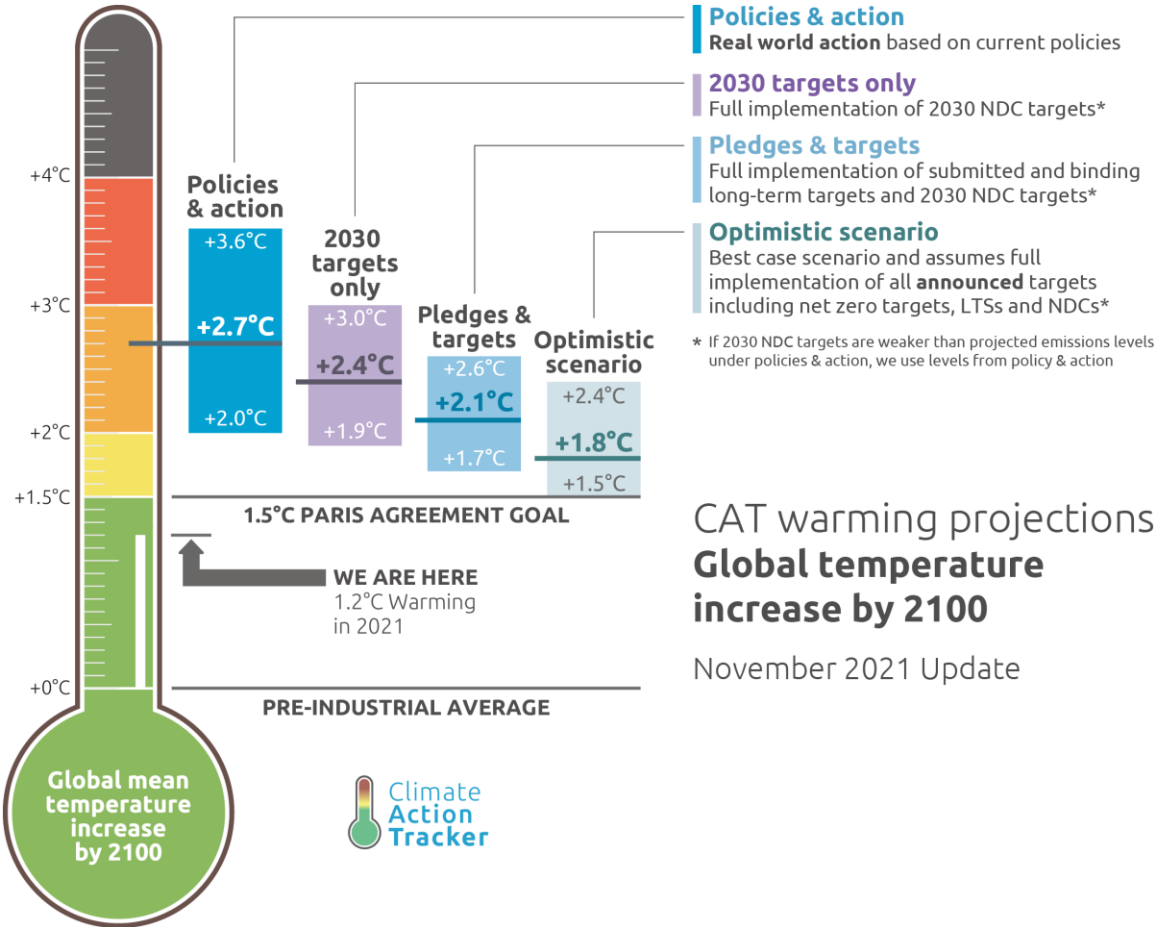
- Moderna applied to the FDA for approval of its COVID-19 **booster shot** for all adults over 18. The White House COVID-19 response coordinator announced plans to offer billions of dollars to US drugmakers in an effort to expand COVID-19 **vaccine production capacity** to at least 1 billion doses per year. Nearly 10 percent of **5-to-11-year-olds** in the US have received their first coronavirus vaccine dose, just two weeks into the immunization campaign.
- US **drug overdoses** jumped 28 percent to hit 100,000 in a 12-month period for the first time, mostly fueled by the fentanyl crisis.
- President Biden asked the Federal Trade Commission to investigate whether *“illegal behavior”* by **major oil and gas companies**, including ExxonMobil and Chevron, is impacting high gas prices.
- The Congressionally convened US-China Economic and Security Review Commission recommended that the US take more aggressive steps to dial back commercial ties with **China**, citing rising national security risks, and to take a stronger position on **Taiwanese** defense.
- The US’s planned **Indo-Pacific** economic framework will be inclusive and flexible and will not be structured like a typical free trade deal, per Commerce Secretary Gina Raimondo.



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Visualizing Risk: Tracking Climate Action

COP26 produced a raft of critical pledges, targets, and policy roadmaps to prevent the world from experiencing the worst impacts of climate change. Moreover, the past year has seen a series of dire warnings about the need to change national and industrial emissions trajectories ahead of the critical conference - such as the International Energy Agency's groundbreaking Net Zero 2050 report and the IPCC's "Red Alert" climate publication. With COP26 now in the rear view mirror, the international dialogue on climate change may now turn to a stronger focus on measuring action and implementation. For governments and the private sector alike, this could mean more scrutiny of climate action and reputational risks of failing to live up to stated targets.



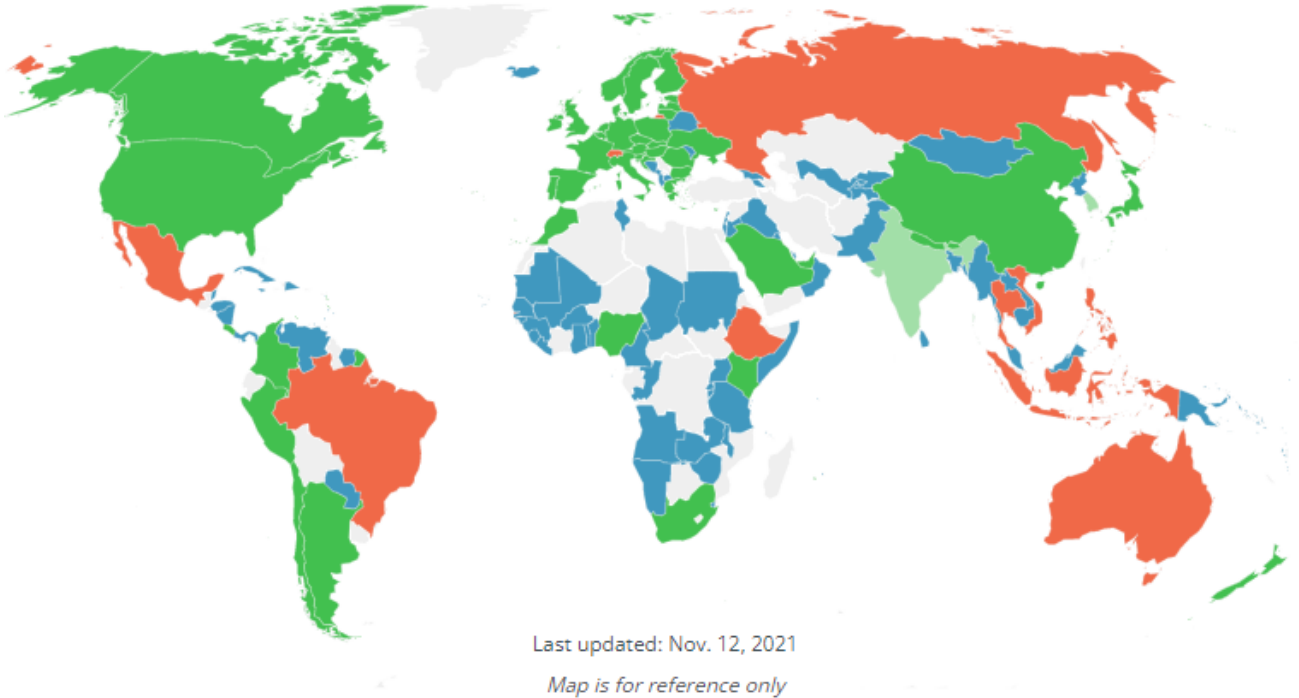
CAT warming projections
Global temperature increase by 2100

November 2021 Update

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Visualizing Risk: Tracking Climate Action

Publically accessible mapping tools like the Climate Action Tracker (CAT) are working to track policy progress on climate goals, making scrutiny of climate progress ever-more accessible for everyday citizens and political leaders alike. At the national level, trackers focus on policy projections and can compare them to what is needed to mitigate global warming.



Source: Climate Action Tracker

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CLIMATE TARGETS

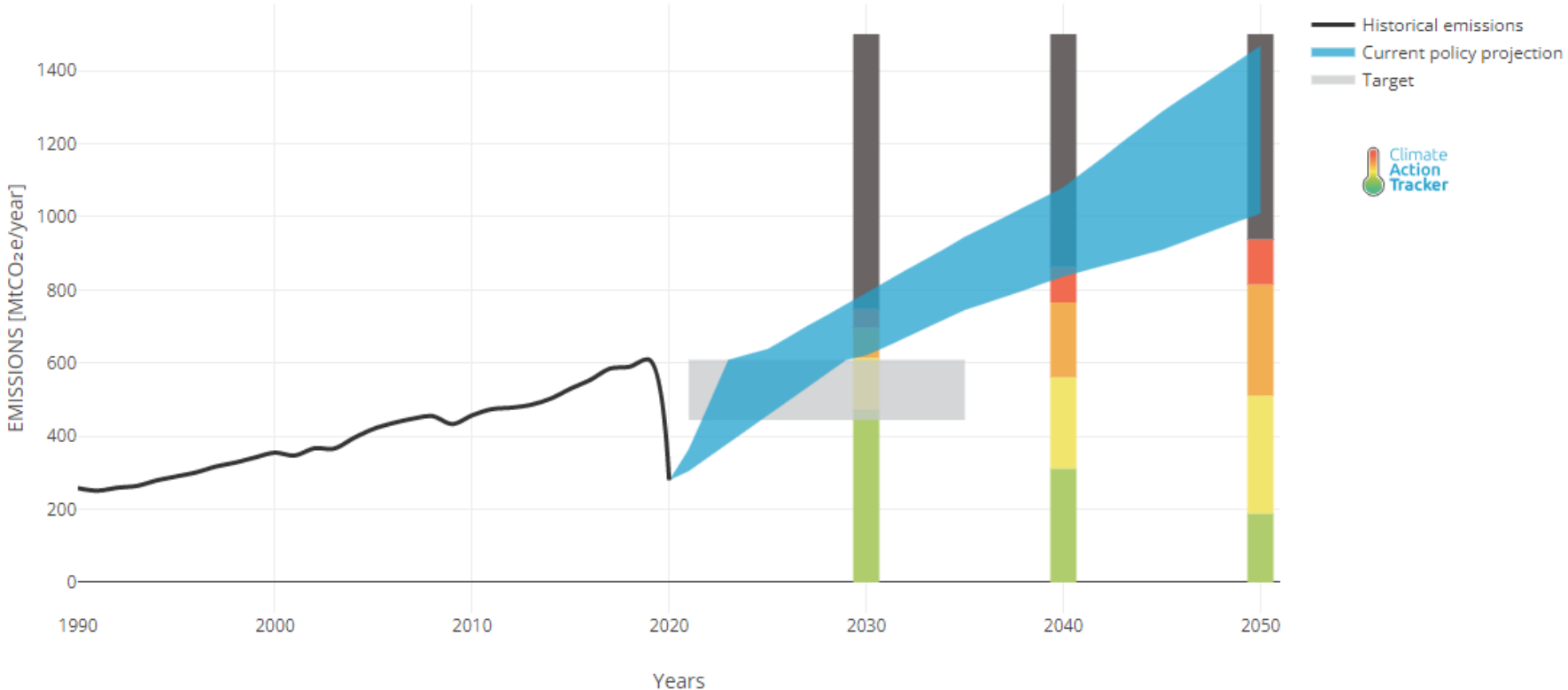
Status of the NDC update process

- 124** Countries have **submitted** new NDC targets (123 countries plus the EU27)
 - 22** Countries we analyse have submitted **stronger NDC targets** (21 countries plus the EU27)
 - 12** Countries we analyse **did not increase ambition**
 - 90** Countries we **do not analyse** submitted new NDC targets
- 2** Countries have **proposed** new NDC targets
 - 2** Countries we analyse have proposed **stronger NDC targets**
 - 0** Countries we analyse stated it **will not propose more ambitious targets**
 - 0** Countries we **do not analyse** proposed new NDC targets
- 41** Countries have not updated targets

Visualizing Risk: Tracking Climate Action

Along with scrutinizing national policy targets, climate action tracking tools are increasingly including analysis of industries. While the energy sector is the biggest global contributor of greenhouse gas emissions, climate action is called for across virtually all industries. Aviation, for example, is a major emitter within the broader transportation sector, and one that is currently far from providing an industry-wide policy roadmap that could align with international climate agreements.

International Aviation Emissions (Source: Climate Action Tracker)



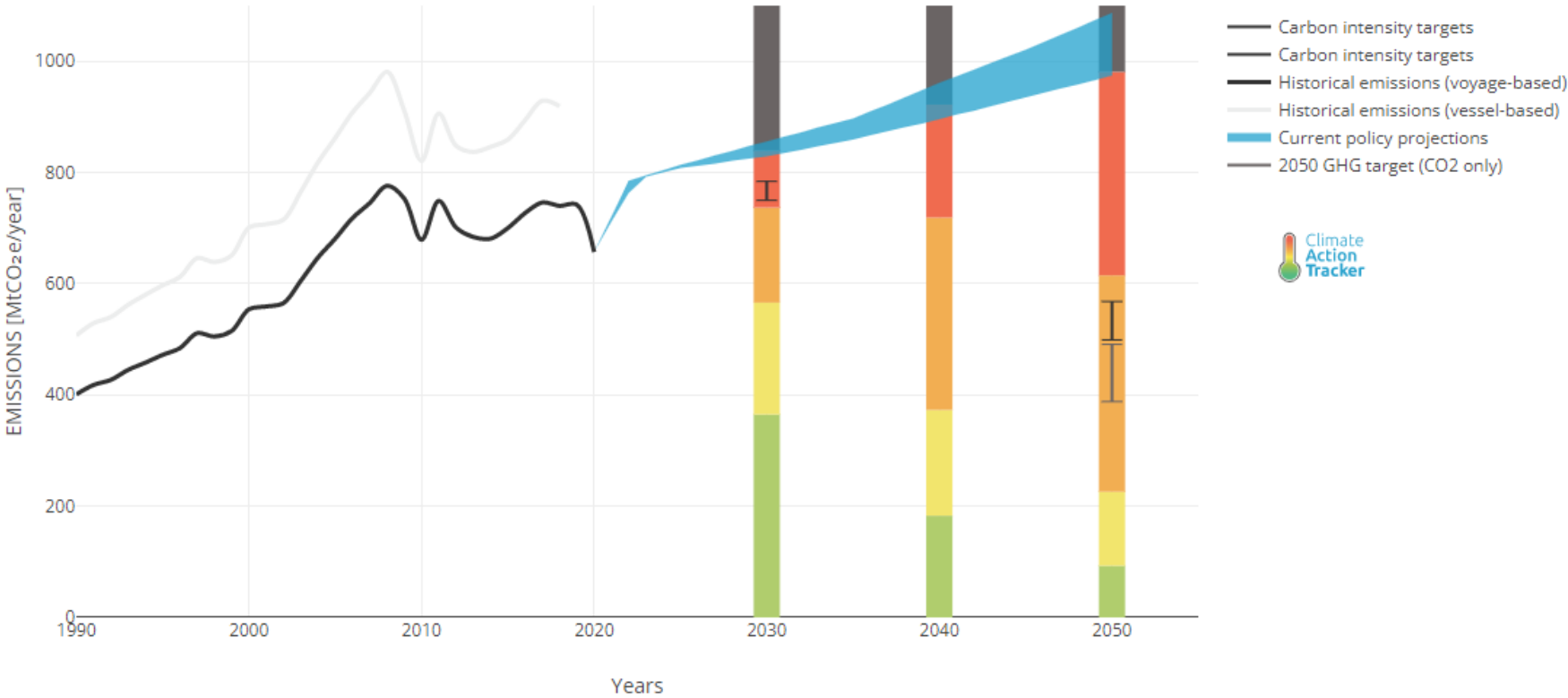
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Visualizing Risk: Tracking Climate Action

Shipping is another industry being scrutinized for its climate footprint, given its integration in nearly every corner of the economy. The Climate Action Tracker highlights the lack of ambitious targets shipping bodies like the International Maritime Organization (IMO), concluding that even those targets which exist are unlikely to be met based on current trajectories. Companies may also be scrutinized for the emissions cost of shipping of their products, even if they themselves are not shipping operators.

International Shipping Emissions (Source: Climate Action Tracker)



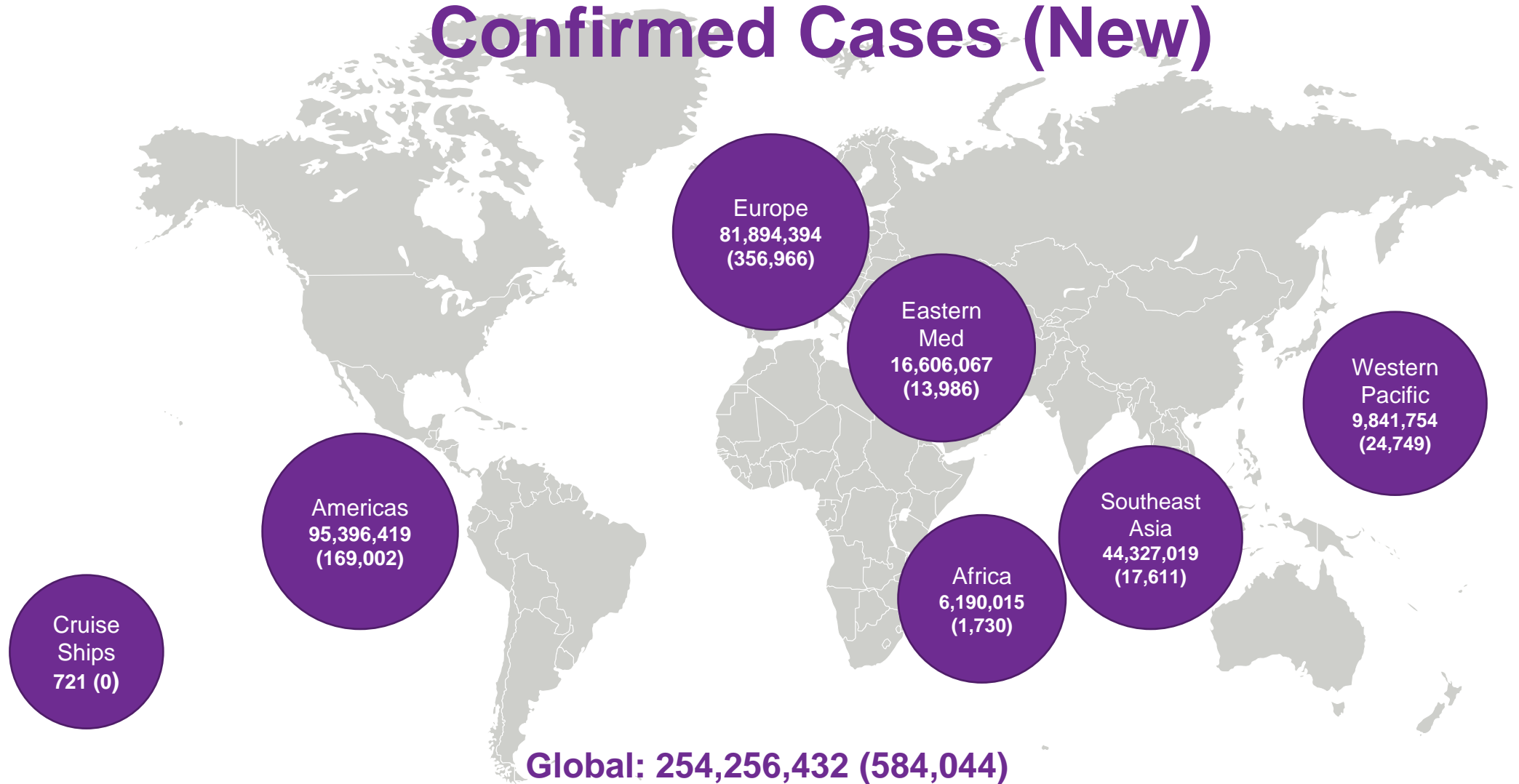
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Coronavirus Condition Updates

As of 5:08 pm CEST on November 17, 2021

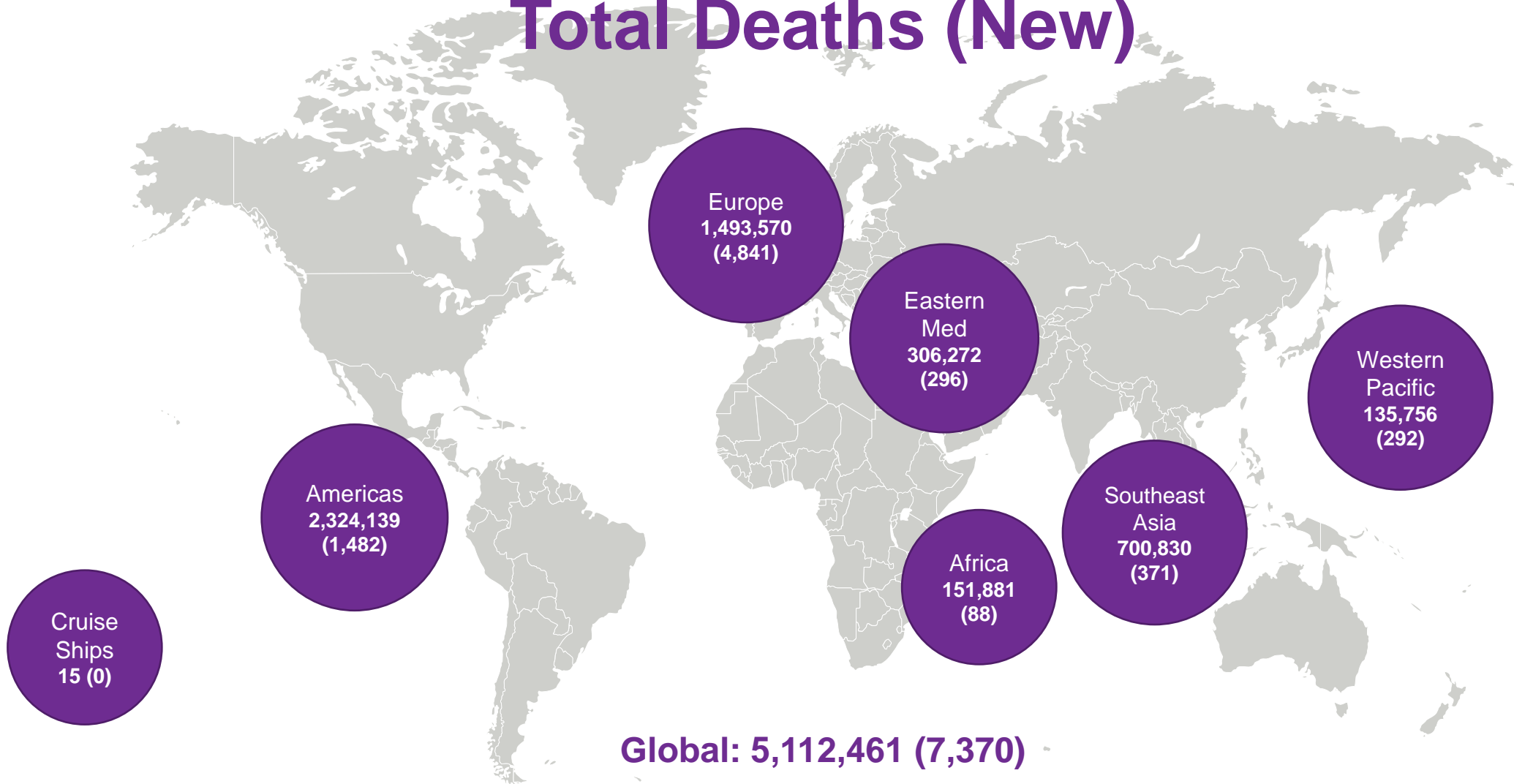
Confirmed Cases (New)



Reflects data as of 5:08 pm CEST on November 17, 2021.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 5:08 pm CEST on November 17, 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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