

Dentons Flashpoint

Daily Global Situation Report

January 7, 2022

Global Situation Update: January 7, 2022

KEY TAKEAWAYS

Kazakhstan's president orders his troops to "shoot to kill without warning" to quash anti-government protests.

Canada reported its largest trade surplus in 13 years.

The WHO warned against describing the Omicron variant as "*mild*" amid a "tsunami of cases" overwhelming health systems across the world.

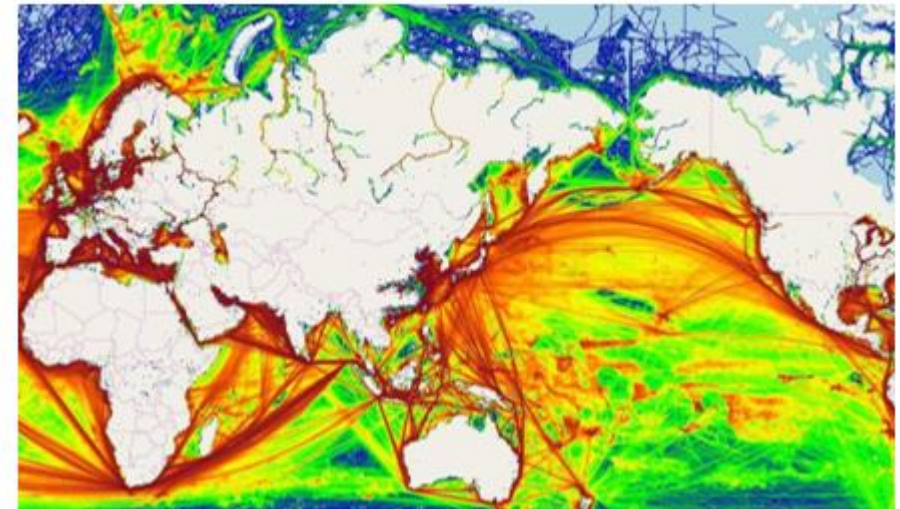
Global Situation Update: January 7, 2022

WHAT WE'RE WATCHING

Over the coming weeks, the Omicron coronavirus variant will compound global supply chain instability. A few days ago, new Omicron cases were detected nearby the world's largest container port, Ningbo-Zhoushan in China, and it is now under a local lockdown with workers subject to mass testing, which is creating a shortage of truck drivers to serve the port. China continues to pursue a zero-COVID policy ahead of the upcoming Beijing Winter Olympics.

Meanwhile, the port envoy for the White House's supply chain disruptions task force acknowledged this week that omicron is increasing worker shortages along the global supply chain. Los Angeles County, home to the two largest container ports in the US, is suffering a surge of omicron cases that threatens to disrupt operations at the ports.

Map of Global Shipping Routes



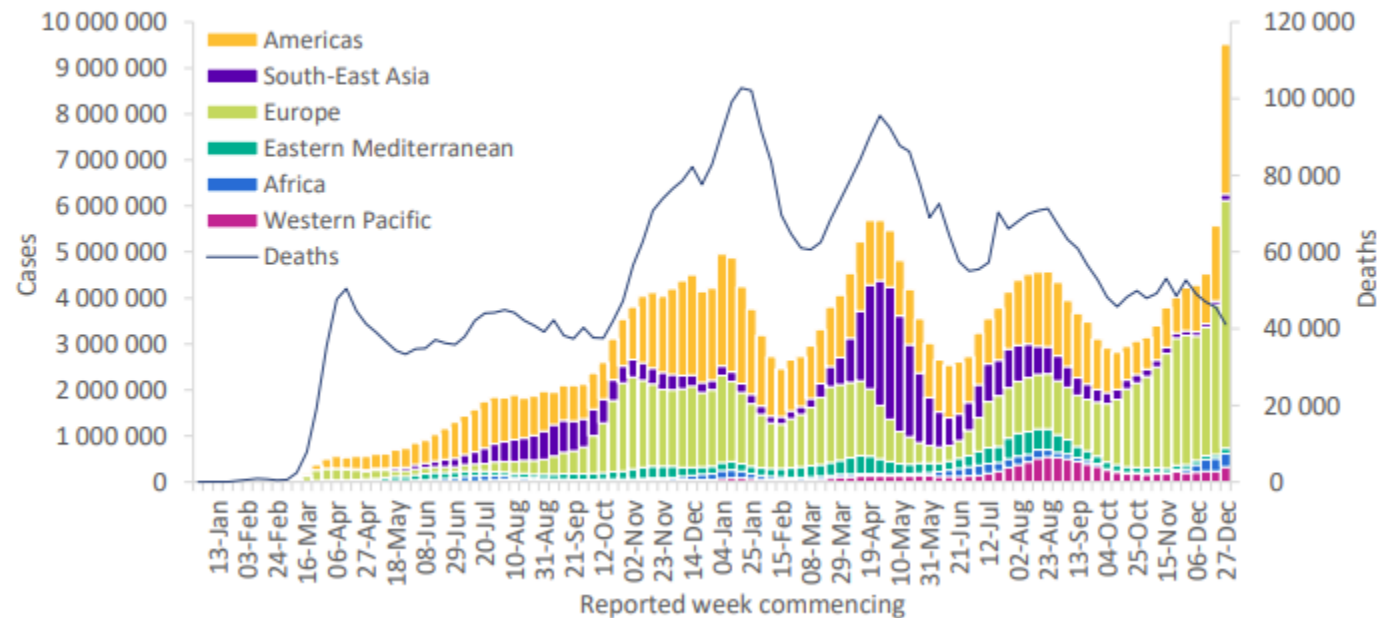
Note: This report is based on sources and information deemed to be true and reliable, but Dentons makes no representations to same.

Global

During the week 27 December 2021 to 2 January 2022, following a gradual increase since October, the global number of new cases increased sharply by 71 percent as compared to the previous week, while the number of new deaths decreased by 10 percent. This corresponds to just under 9.5 million new cases and over 41,000 new deaths.

All regions reported an increase in the incidence of weekly cases.

Figure 1. COVID-19 cases reported weekly by WHO Region, and global deaths, as of 2 January 2022**



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 296.4 million with 5.4 million deaths; almost 9.1 billion vaccine doses have been administered.

- Johnson & Johnson said that a real-world study showed its single shot **COVID-19 vaccine** protects against breakthrough infections and hospitalizations for up to six months.
- The efficacy of **boosters** against COVID-19 is likely to decline over the next few months and people may need another shot in the fall of 2022, per the CEO of Moderna.
- The head of the WHO warned against describing the **Omicron variant** as "mild" amid a "*tsunami of cases*" overwhelming health systems across the world.

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

Markets & Business

French regulators fined Google and Facebook a total of more than €200 million for not making it as easy for people to opt out of online tracking as it is for them to accept it.

- Chinese authorities accused **Walmart** for allegedly violating cybersecurity laws, the latest trouble for the US retailer that is already a target of accusations related to ending sales of products from Xinjiang.
- China also fined **7-Eleven** for calling Taiwan a nation on map on its website. Companies operating in China, including **Gap Inc, Daimler AG, United Continental Holdings Inc and ANA Holdings Inc**, have apologized or changed their websites after depicting Taiwan as a separate state.
- The US Federal Aviation Administration issued fresh warnings that new **5G wireless service** could still disrupt flights.
- The **Shanghai Stock Exchange** suspended trading in several bonds of Chinese property developer **Shimao**, a day after the company's failure to make a loan payment, increasing concerns that the debt crisis in the Chinese real estate sector is spreading.
- **Uranium** prices have jumped this week as violent protests in Kazakhstan stoke concerns about security of supply material used to fuel nuclear reactors. Kazakhstan is the world's biggest producer of uranium, supplying about 40 percent of global demand.
- **The New York Times** will buy sports website **The Athletic** for \$550 million, the biggest acquisition for the newspaper in almost three decades.

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

Environment, Sustainability & Governance

French regulator Autorité des marchés financiers (AMF) announced its 2022 priorities, among them developing sustainability reporting standards and protecting investors from greenwashing risk.

- JetBlue announced the JetBlue Sustainable Travel Partners program, which will allow frequent corporate travelers to assess and reduce the **emissions footprint of their business travel**.
- A record number of companies including Chobani, Rent the Runway and Sweetgreen went public last year with shares that deny voting powers to most investors (super-voting shares), a setback for asset managers pushing back against **unaccountable corporate leadership**.
- Smithfield Foods announced a goal to **reduce food waste** in its US operations by 50 percent by 2030.
- Lenovo expanded its CO2 Offset Service, which allows customers to purchase **offsets for computer purchases**.
- US sales of **hybrid vehicle sales** jumped 76 percent to 801,550 vehicles last year, accounting for 5 percent of U.S. light vehicle sales.
- Brazil will stop monitoring **deforestation** in the Cerrado, the world's most species-rich savanna, citing a lack of funds, days after data showed destruction hitting a 6-year high in 2021.

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

Africa

- **Sudanese** security officials killed at least three protesters during renewed anti-coup protests; internet and mobile services had appeared to cut out ahead of the demonstrations.
- **Nigeria** officially designated criminal kidnapping gains, which have undertaken a string of mass kidnappings for ransom in the country, as terrorist groups.
- ECOWAS and **Malian** political parties rejected the military junta's plan for a five-year transition to civilian rule.



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

Asia

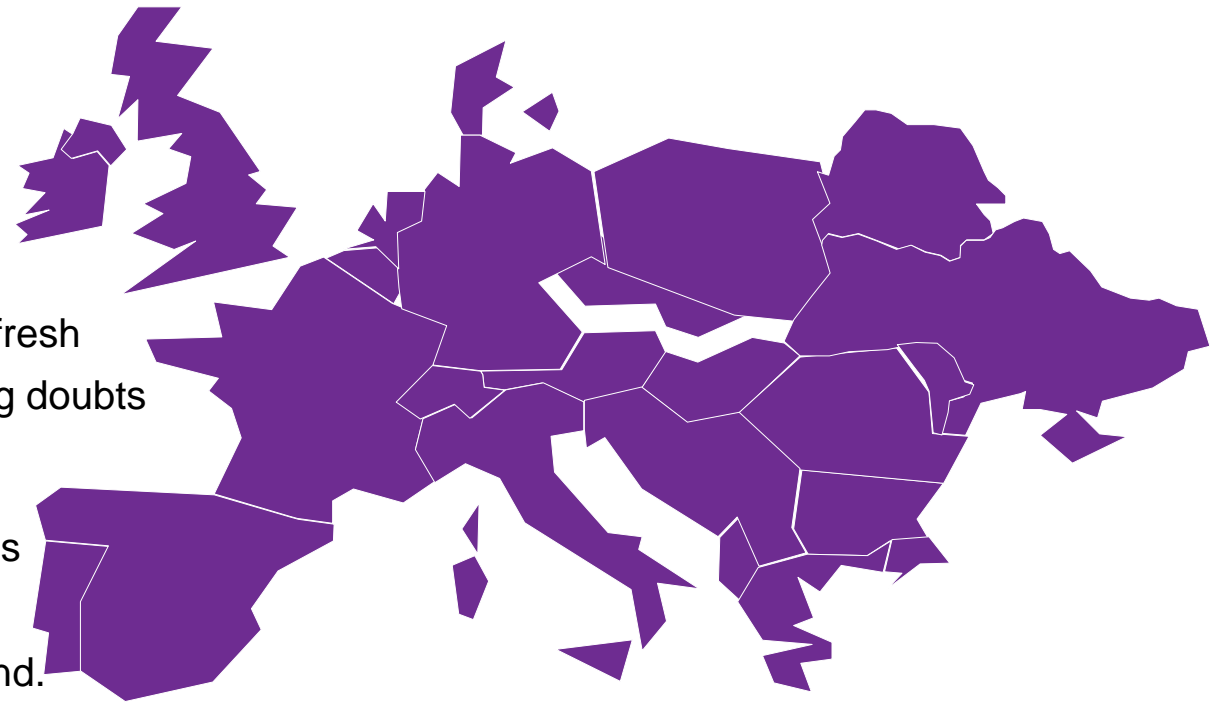
- In a meeting of foreign and defense ministers, **Japan and the US** pledged to work together against **China's** attempts to destabilize the region, highlighting how deepening alarm about China and growing tension over Taiwan have put Japan's security role in focus.
- In a letter to China, **North Korea** blamed "*hostile forces*" and COVID-19 risks for not being able to attend the upcoming Winter Olympics in Beijing.
- **Chinese** Foreign Minister Wang Yi will visit **Sri Lanka** this weekend and is expected to extend assistance as Colombo searches for funds to rebuild foreign exchange reserves and repay debt amid ballooning import bills.
- **Japan** will increase coronavirus restrictions in three regions that host **US** military bases to stem a COVID-19 surge that some officials have said the bases have helped fuel. **South Korean** will also implement stronger measures to contain the surge in coronavirus cases at US military bases. New applications for **Thailand's** "Test & Go" quarantine waiver scheme will not be approved until further notice to stem the increase of coronavirus infections. **India's** daily COVID-19 cases jumped to 117,100 on Friday, a five-fold increase in a week and on course to overtake its previous infection peak as the fast-spreading Omicron variant replaces Delta in cities.



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

Europe

- **Eurozone** inflation rose to 5 percent in December, setting a fresh record high since the single currency was created and raising doubts over how quickly price pressures will ease this year.
- **Kazakhstan's** president said today he had ordered his troops to “*shoot to kill without warning*” in an effort to quash anti-government protests that have been raging since the weekend.
- **Sweden's** security strategy would be entirely undermined if **NATO** agreed to refrain from expanding further and curb some of its activity in **Europe**, as **Russia** has demanded, per Sweden's top military commander. Washington has already dismissed some of Moscow's demands as unviable, making rapid progress desired by Russia in the meetings which start on Monday unlikely.
- **Britain** has called in the military to support hospitals experiencing staff shortages and extreme pressures due to record COVID-19 cases in the country. Police in **Austria** have carried out nationwide raids over the suspected sale of fake vaccination passes. Facebook (Meta) banned Konfederacja (Confederation), a **Polish** far-right party with 11 members in parliament, over alleged COVID disinformation.



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

How do You Manage Risks?

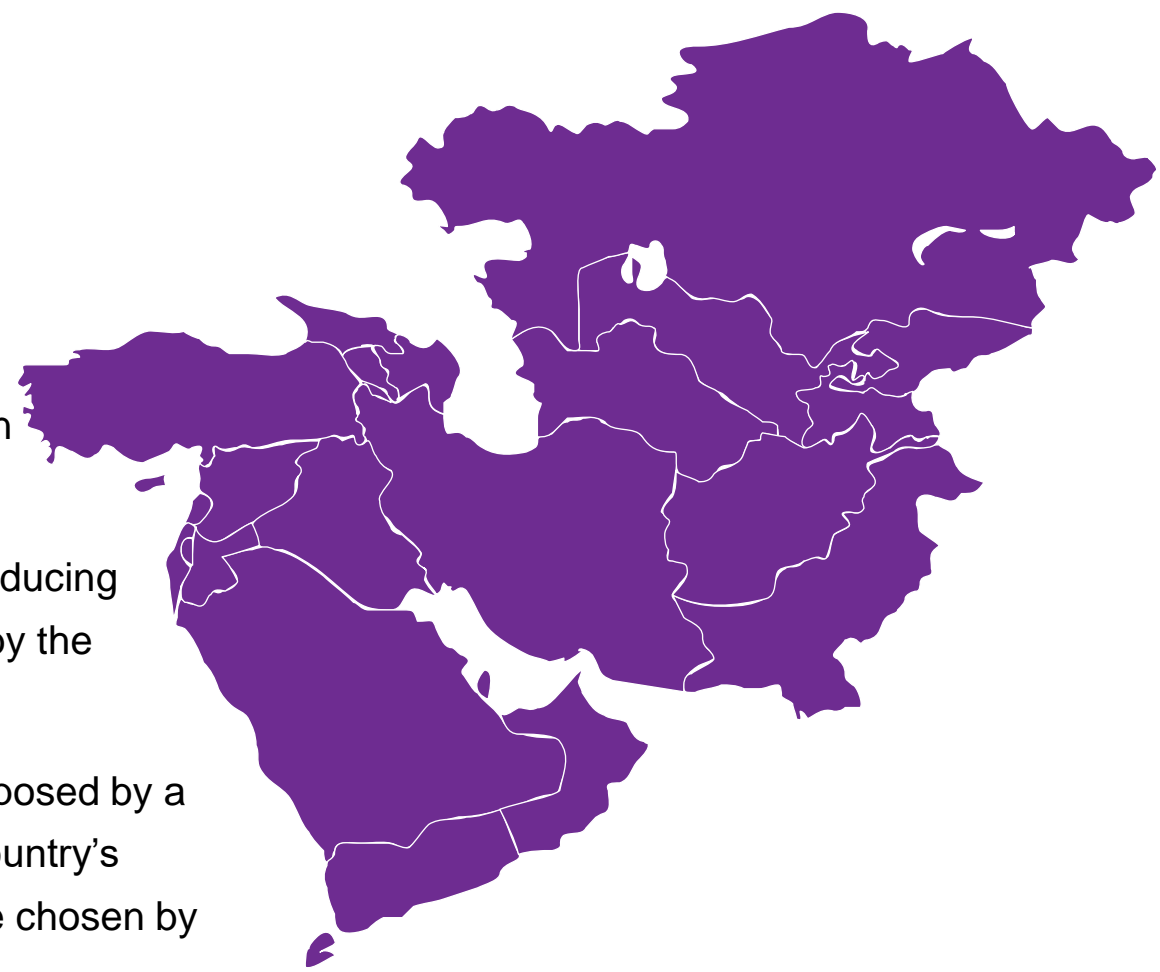
The coronavirus pandemic has not just added a new layer of risk for business leaders to navigate, but has accelerated drivers of change, including disruptive technologies, political and economic realignments and cultural priorities on equality, justice and conservation, while increasing vulnerabilities that bad actors seek to exploit.

Dentons Intelligence and Security Services Group offers bespoke services to provide business leaders with the intelligence they need to understand and thrive in complex operating environments.

- ❖ due diligence and compliance investigations
- ❖ physical and cyber security assessments
- ❖ country and political risk assessments
- ❖ enterprise risk management and organizational resiliency advice
- ❖ crisis and incident response (physical security breaches and cyber incidents, insider threats and reputational impacts)

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

Middle East

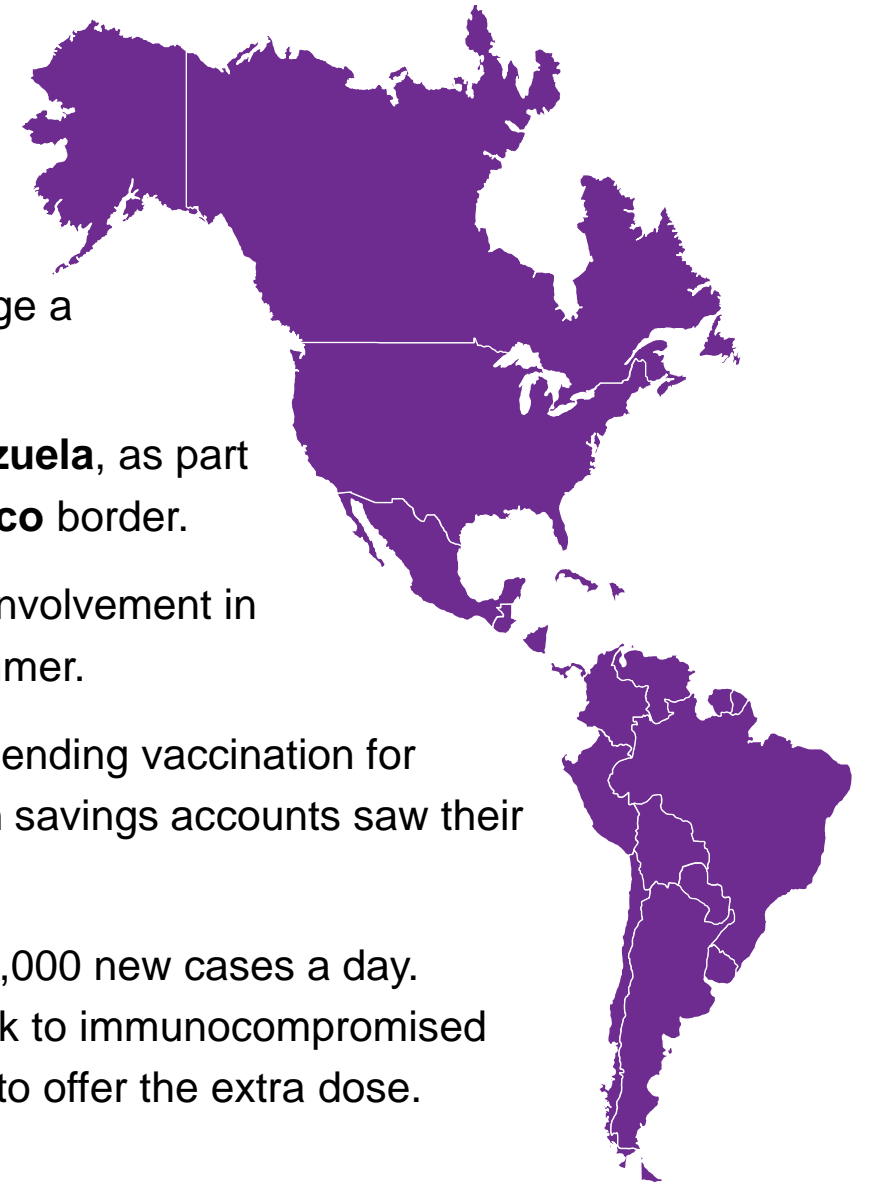


- The **UAE** emirate of Abu Dhabi will require government workers to receive the vaccine. Iraq confirmed its first case of the Omicron variant.
- The **Saudi-led** coalition regained several areas in key energy-producing areas of Marib and Shabwa in **Yemen**, undoing advances made by the **Iran-backed** Houthis in the past few weeks of intense fighting.
- **Jordan's** parliament okayed constitutional changes originally proposed by a royal council that will attempt to instill greater confidence in the country's democratic process; under the changes, the prime minister will be chosen by parliamentarians, rather than the king, among other changes.
- The **US** reported that an unusually frequent string of attacks on US installations in **Iraq and Syria** may be perpetrated by **Iranian-backed** groups, in line with the anniversary of Qassem Soleimani's death.
- **Algeria's** ambassador returned to Paris after a three-month dispute over colonial rule.

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

Americas

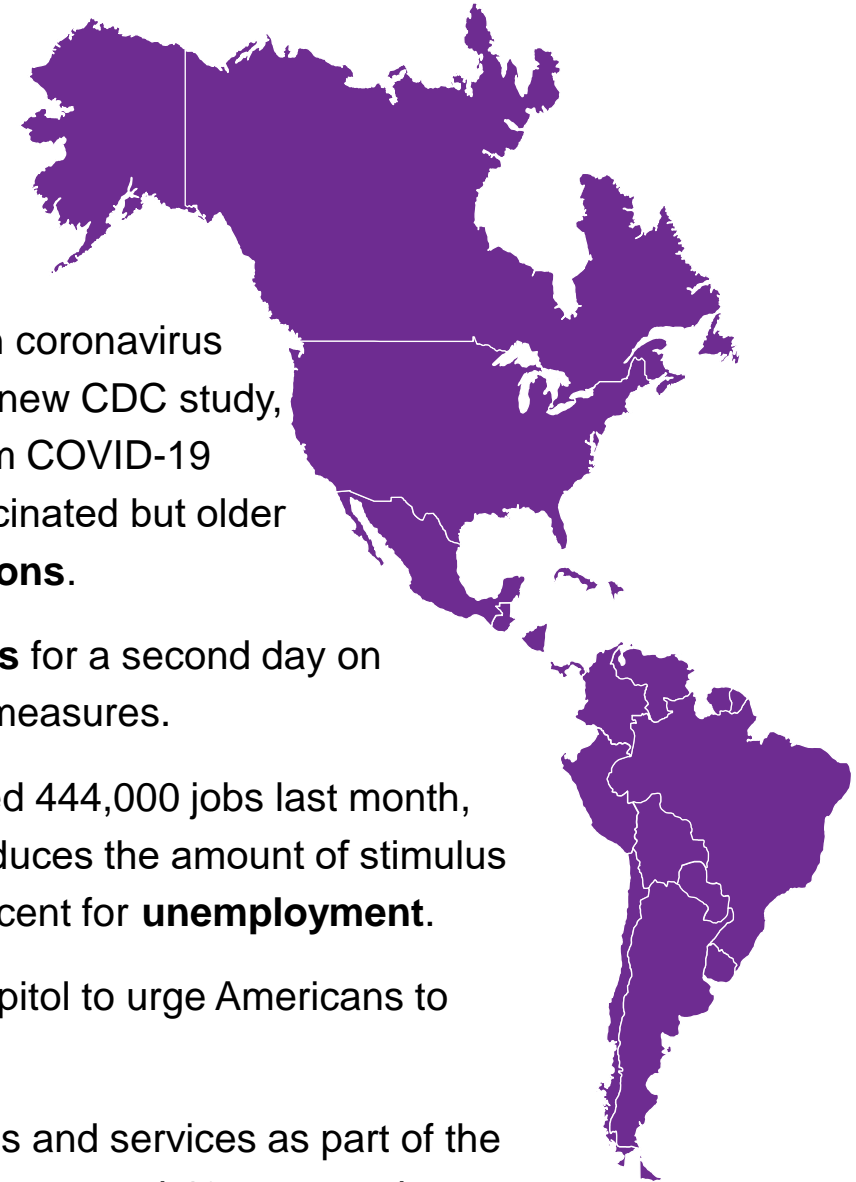
- **Mexico** invited **Chilean** president-elect Boric to visit, citing a desire to forge a “*strategic alliance*.”
- Mexico formally announced new visa requirements for visitors from **Venezuela**, as part of efforts to curb a sharp increase in unlawful immigration at the **US-Mexico** border.
- The **US** barred eight **Cuban** officials from entering the country over their involvement in sentencing protesters from anti-government demonstrations over the summer.
- **Brazilian** President Bolsonaro criticized the state health body for recommending vaccination for children aged 5 to 11 after his health minister endorsed the plan. Brazilian savings accounts saw their largest-ever outflows in 2021.
- **Argentina** set a new record for daily coronavirus cases, approaching 100,000 new cases a day. **Chile** will begin offering a fourth shot of the coronavirus vaccine next week to immunocompromised citizens, the first country in Latin America and one of the first in the world to offer the extra dose.
- **Canada** reported its largest trade surplus in 13 years.



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

Americas: US

- The White House is finalizing details with the Postal Service to deliver 500 million coronavirus **test kits** to households across the country, starting mid-January. According to a new CDC study, among fully vaccinated American adults, the **risk of severe illness or dying** from COVID-19 remains “*rare*.” The risk of severe illness was more likely for those who were vaccinated but older than 65, immunosuppressed or suffering from certain **underlying health conditions**.
- Chicago Public Schools, the third-largest US education district, **canceled classes** for a second day on Thursday amid a walkout by teachers demanding tougher COVID-19 protection measures.
- **US jobs growth** is expected to have accelerated in December, adding a projected 444,000 jobs last month, which would reinforce the Federal Reserve’s decision to hasten how quickly it reduces the amount of stimulus it is providing. Economists predicted an 0.1 percentage point decrease to 4.1 percent for **unemployment**.
- President Biden used the first anniversary of the January 6 assault on the US Capitol to urge Americans to protect the country's fragile democracy by standing up for the **right to vote**.
- **China’s** two-year commitment to buy an additional \$200 billion of American goods and services as part of the phase one of the trade deal expired last week, with indications are that it has fallen around 40 percent short



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

Emerging and Existing Hotspots: Deteriorating Security Situation in Kazakhstan

By Alexander Lucaci

Kazakhstan is facing its biggest crisis since independence from the Soviet Union in 1991 as violent protests continue to roil the country and challenge long-standing political leadership.

The demonstrations were initially triggered by the Kazakh government's decision to lift caps on liquefied petroleum gas (LPG), causing prices to double overnight. Despite a reversal on the LPG decision, uprisings have spread throughout the country and metastasized into a revolt against President Kasym-Jomart Tokayev's government and Kazakhstan's calcified political institutions. Tokayev, who was appointed to the presidency in 2019 by former President Nursultan Nazarbayev, is widely viewed as an extension of Nazarbayev's 30+ year reign. In the last several days, President Tokayev has taken several extraordinary steps to contain the political and security crisis, including dissolving the Kazakh government, removing Nazarbayev from his role as chairman of the Security Council, and inviting a Russian-led military alliance (Collective Security Treaty Organization, or CSTO) into the country to help suppress the violent demonstrations. The situation in

Kazakhstan remains highly unstable and could have far-reaching geopolitical and security implications. Global energy markets may also experience short-term volatility, given Kazakhstan's status as a major, reliable producer of oil and uranium.

Kazakhstan's destabilization will be particularly concerning to Russia, which considers Central Asia a key part of its "sphere of influence" and Kazakhstan in particular an important geopolitical ally. Leadership in both Nur-Sultan and Moscow appear to have been caught off-guard by the rapid deterioration across the country, and are applying heavy-handed, violent tactics to suppress the demonstrations. The arrival of Russian forces in Kazakhstan marks the first time that the CSTO has intervened militarily in a member state but follows a greater pattern of Moscow acting to control periphery states through special forces.

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

Emerging and Existing Hotspots: Deteriorating Security Situation in Kazakhstan

Russian forces are currently stationed in Belarus, Georgia, Armenia, Kyrgyzstan, and Tajikistan, while also occupying disputed territory (or frozen conflicts) in Moldova, Georgia and Ukraine. Although a small number of Russian troops already maintain a ballistic missile testing facility in Kazakhstan, Moscow's military presence will increase significantly in the country over the next several days. It is unclear how many troops will be deployed in Kazakhstan or for how long. Nevertheless, there is a high likelihood that Moscow will establish a long-term military presence in the country to ensure a Kremlin-aligned regime in Nur-Sultan. This will be made easier by the fact that Kazakhs do not have as high levels of anti-Russian sentiment as in Georgia or Ukraine.

The Biden Administration has thus far not commented in detail on the situation in Kazakhstan, likely a deliberate decision in advance of next week's US-Russian bilateral talks - the State Department has only said that the US is "closely following" events in the country and labeled Kazakhstan as a "valued partner." Should the security situation continue to deteriorate, Washington may seek to add Kazakhstan to the list of topics for discussion, which currently is limited to tensions over Ukraine. Over the past several months, Moscow has deployed over 100,000 troops on Russia's border with Ukraine while simultaneously accusing NATO, the EU and the US

of threatening Russia's security. Leading analysts and experts to believe that the likelihood that Moscow invades eastern Ukraine again is at the highest level since 2014, when Russia annexed Crimea and initiated a paramilitary war that continues to this day. The developments in Kazakhstan may have altered President Putin's calculus vis-a-vis Ukraine, as the Russian military likely no longer has the capacity to manage two simultaneous hot conflicts.

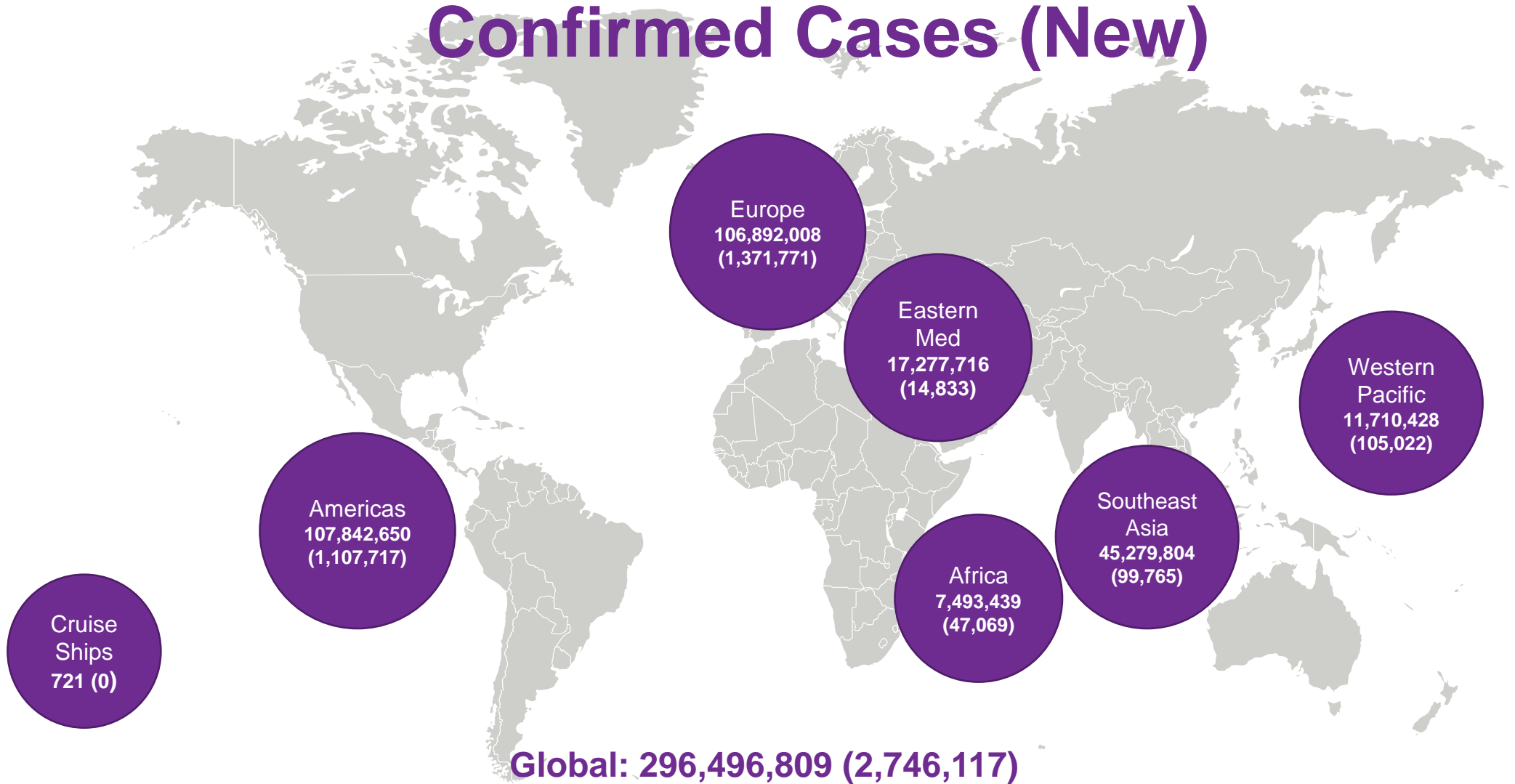
Despite Moscow's recent elevated rhetoric over its perceived security threats from NATO and Ukraine, it is possible that Russia is now more inclined to find a diplomatic solution with the US and Europe. The Kremlin views Ukraine and Kazakhstan as the two most important members within its "sphere of influence" and will not sacrifice one for the ability to retain the other. The key question in the near term is the ability of the Russian-led "peacekeeping force" to quell dissent and reinstall political stability within Kazakhstan. If the demonstrations continue or violence escalates, it is possible that Moscow and loyal security forces within Kazakhstan will reciprocate. A far more likely scenario is that President Tokayev, with the assistance of the CSTO mission, reasserts control within Kazakhstan through force, while making minimal, cosmetic political concessions to placate demonstrators.

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

Coronavirus Condition Updates

As of 5:13 pm CEST on January 6, 2022

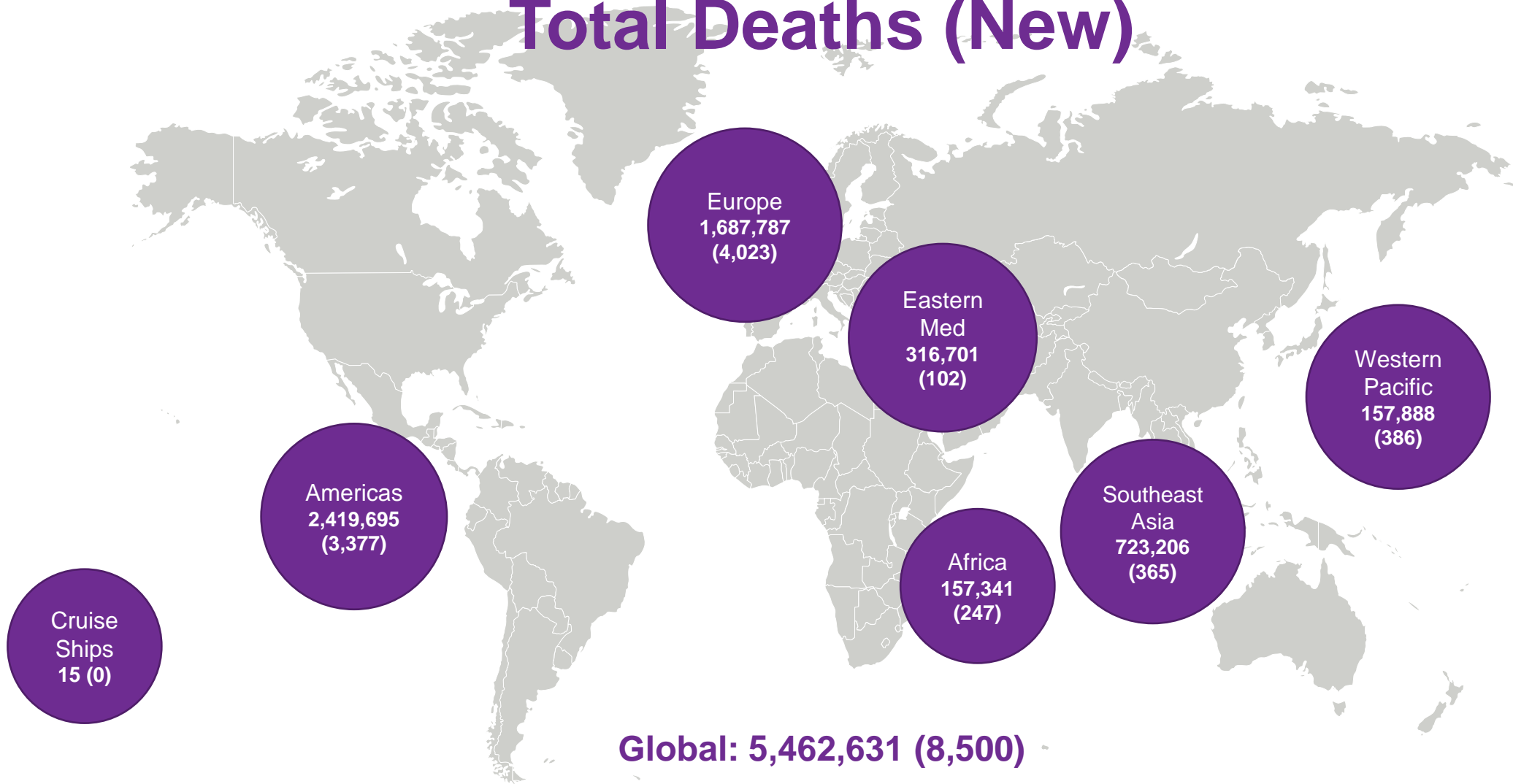
Confirmed Cases (New)



Reflects data as of 5:13 pm CEST on January 6, 2022.
Data Source: World Health Organization

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

Total Deaths (New)



Reflects data as of 5:13 pm CEST on January 6, 2022.
Data Source: World Health Organization

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

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.

Karl Hopkins

Partner and Global Chief Security Officer
Dentons
Washington, DC

D +1 202 408 9225
karl.hopkins@dentons.com

Melissa Mahle

Senior Analyst
Dentons
Washington, DC

D +1 202 408 6383
melissa.mahle@dentons.com