



## IMPACT ANALYSIS

**December 8, 2022**

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## RECENT DEVELOPMENTS

### Russia Targeting Ukrainian Infrastructure

Since the October 8 attack on the Kerch Strait Bridge, which links the Crimean Peninsula to Russia, the Russian military has carried out around 600 missile attacks on Ukrainian infrastructure, impacting electricity, heating, and water supply. The World Health Organization warned that Ukraine faces a "devastating energy crisis" this winter. Evacuations of civilians have begun from the recently liberated parts of the Kherson and Mykolaiv regions, where Russian attacks have been especially severe.

Another significant concern is the shelling at the Zaporizhzhia nuclear power station, which recently came within meters of safety and security systems. The International Atomic Energy Agency (IAEA) reported damage in several places, including a radioactive waste and storage building, cooling pond sprinkler systems, and an electrical cable to one of the reactors. However, external power supplies were not affected, and radiation levels at the plant remained normal.

Russia and Ukraine accuse each other of the shelling, which IAEA head Rafael Grossi condemned as another "close call." There have been several instances of shelling at the Zaporizhzhia plant over the past few months. In addition, Ukraine was forced to shut down three other nuclear power stations after other missile attacks. Although they have been restarted, there is an increasing concern about damage to nuclear infrastructure causing serious nuclear incidents.

Meanwhile, fighting remains concentrated in the East and South. However, Russia will continue to target Ukraine's energy and other infrastructure. The most likely scenario remains a prolonged conflict.

### Bomb Attacks in Jerusalem

One person was killed and more than twenty injured in two bomb attacks in Jerusalem on November 23. The explosions targeted bus stops and occurred within thirty minutes of each other during the morning rush hour. No group has claimed responsibility for the attack.

These are the first bombings in the city in six years, but in recent months, there have been several stabbing and attempted stabbing attacks in Jerusalem, mostly in the Old City. Last month, a Palestinian gunman killed an Israeli soldier at a checkpoint near Jerusalem. Further attempted attacks are likely in the coming weeks.

Security has increased at crowded places such as worship, shopping malls, and entertainment venues. Security raids by Israel are also likely, increasing the risk of confrontations.

## **Presidential Corruption Scandal in South Africa**

South African President Cyril Ramaphosa has announced that he will not resign in the wake of a corruption scandal. Ramaphosa, who ran on an anti-corruption platform, is accused of covering up a theft from his farm in February 2020. Thieves allegedly stole more than US\$4 million from his farm, and were subsequently detained by presidential security staff. There are further accusations of bribing the alleged thieves to remain quiet about the money they attempted to steal, as there are no government records of Ramaphosa possessing US\$4 million cash.

The President pushed back on these allegations, stating that he only has US\$580,000 in cash on the farm, which he received from selling buffalo. He did, though, acknowledge that a robbery did occur on the farm but denied attempting to cover it up or bribe suspects. In addition, an independent commission that investigated the situation noted that the theft was never reported to the police or law enforcement.

This scandal has extreme implications for Ramaphosa's political future, as his party, the African National Congress, will be holding a conference this month to determine if he will be the party's candidate in the next presidential election. Ramaphosa's indication that he will not resign may lead to impeachment hearings by parliament to determine whether or not he violated the country's constitutional anti-corruption laws. The African National Congress currently holds a majority in parliament, which means Ramaphosa is unlikely to be impeached.

## **Attacks in Istanbul**

At least six people were killed and over 80 injured in a bomb attack in Istanbul on November 14. No group has claimed responsibility, but Kurdish militants, either the PKK or the splinter group TAK, likely carried it out. Although the PKK has denied responsibility, a 17-year-old woman arrested for planting the bomb reportedly told police that she was linked to the group. In response to the bombing, Turkey conducted air raids targeting Kurdish militants in Iraq and Syria. There is an increased risk of further attacks ahead of the presidential and parliamentary elections, which are scheduled for June next year.

## **Apple Planning to Move Production Out of China**

Apple has notified its suppliers to prepare for a shift in product assembly locations in Asia, such as India and Vietnam, from China. This announcement follows production disruptions resulting from China's zero COVID policy, which temporarily closed many assembly facilities in China.

In Zhengzhou, where a factory of roughly 300,000 workers assembles iPhones, workers protested wages and the zero COVID restrictions, alleging that many workers were being quarantined without being given access to food. Workers clashed with police, and many were injured, but the factory was able to reopen shortly after. After that, however, many workers left the factory and returned to their home provinces, spurring the Chinese government to quickly quarantine departing workers for fear that they would spread Covid throughout China.

Many of Apple's newest products, primarily iPhones, are facing severe production delays due to the situation, and consumer supply has yet to be able to match demand. Apple's decision to move production out of China signals a broader shift in industry attitudes, with China being seen as a riskier business environment. The government can shut down factories and disrupt global supply chains overnight, which other countries are unlikely to do.

Zhengzhou has since removed its lockdown restrictions, but another virus outbreak would likely shut down the factories again. Whether other large tech companies follow Apple's actions remains to be seen, but the damage has been done, and Apple has learned the risks of centralizing production in one location.

## A CLOSER LOOK...

### China's COVID-19 Outbreaks Highlight Lack of Clear Policy

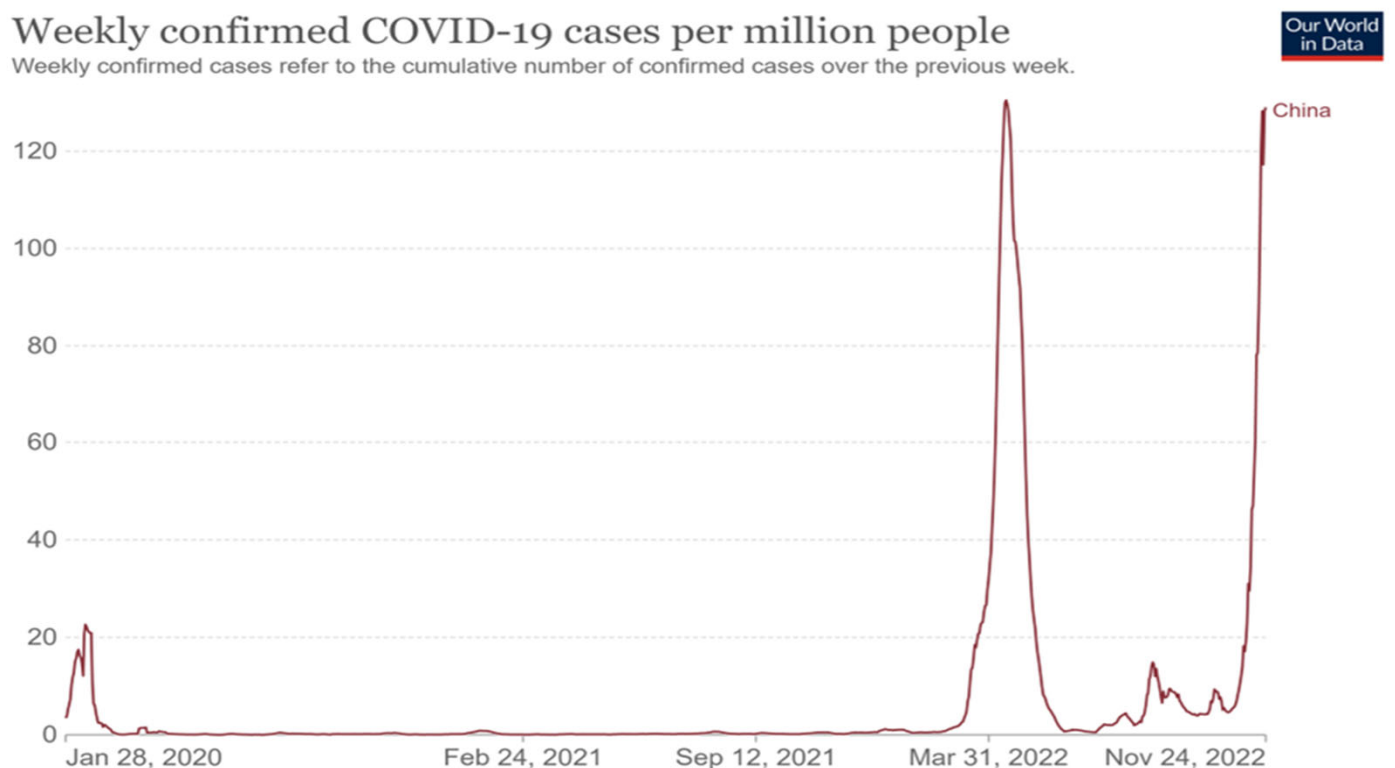
The number of COVID cases in China has reached record levels. Last month, officials adjusted the zero COVID policy away from widespread lockdowns. Since then, COVID cases have increased substantially, nearing the peak of April 2022.

China's exit from the pandemic is unclear because of low vaccination rates and healthcare vulnerabilities. According to the latest official data, a third of China's 267 million people older than 60 have yet to receive their third vaccine dose. In addition, China's ICU capacity is lower than that of many other Asian countries.

China is reluctant to introduce a vaccine mandate over concerns of domestic unrest, which means that other lockdowns and periods of mass testing are increasingly likely through the winter. However, there is increasing resistance to these measures and an increased risk of social unrest.

In central China, thousands of factory workers clashed with riot police officers over a dispute about delayed pay and poor COVID isolation protocols. Protesters in Guangzhou broke out of locked-down buildings to confront health workers and ransack food provisions. The unrest will likely impact production at the factory that produces premium Apple products, which will impact supply during the holiday period. Further bouts of similar unrest are very likely in the coming weeks.

**Figure 1 — Reported COVID Cases in China**



Source: Johns Hopkins University CSSE COVID-19 Data

## Iran's Attorney General Announces Disbanding of Morality Police

On December 4, the Attorney General of Iran announced that the morality police would be disbanded. This decision follows months of protests in Iran over the death of 22-year-old Mahsa Amini in September.

The morality police arrested Amini because her clothing – a hijab and skinny jeans – were deemed inappropriate and violated Iranian dress policies for women. She was beaten by police and struck in the head, eventually passing away after being transferred to a nearby hospital. The government claimed that she died of an underlying condition unrelated to her arrest. However, news of the incident quickly spread within Iran, resulting in mass protests against the government and morality police.

Many women have protested by uncovering their hair in public, directly violating the rules of the morality police. Iranian security forces were documented arresting and beating women who uncovered their hair during protests, only furthering discontent with the government. Protests expanded to high schools and universities, with police being deployed to arrest protestors. The demonstration also spread internationally, with Iran's national football team refusing to sing the national anthem at the World Cup. The regime has continued to respond harshly, with reports of hundreds of deaths reported around the country as a result of police and security forces. Protests have been reported to be more repressed in the predominantly Kurdish parts of the country.

The European Union and the United States both enacted sanctions against Iran in response to the protests and directly sanctioned Iranian government officials. The Biden administration officials accused leaders of being directly responsible for human rights abuses against protestors.

Along with disbanding the morality police, the Iranian government has also announced that it would explore changing its mandatory hijab laws. Hijabs have been required for women in Iran since 1983, and a policy change may indicate that the protests have successfully influenced the government. However, United States Secretary of State Antony Blinken has taken a cautious approach saying that the situation is still ongoing and its outcome is still uncertain.

Activists within Iran have accused the government of engaging in only shallow and symbolic reforms, attempting to appease the protestors and lessen support for the movement without significantly changing any policies. For example, the announcement to abolish the morality police was made by a single government official and has yet to be enacted, leading state media to deny that this is a definite government policy. For protestors, this public split in the government narrative signals a potentially weak dedication to the proposed guidelines. Moreover, it may increase resentment of the regime if it goes back on its proposals.

Iran's Supreme Leader, Ayatollah Ali Khamenei, has accused the United States of designing the protest movement and working against the Iranian regime to foment unrest. As Supreme Leader, he has power over Iranian law and has not publicly commented on the proposed policy changes.



## IMPACT ANALYSIS

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