

# **PRESS RELEASE**

### How United is the Kingdom? The Northern Ireland Protocol and Nicola Sturgeon's resignation

Paris, February 27, 2023 – The U.K. is currently experiencing political turmoil, adding to an already difficult economic situation (Coface forecasts a 1% decline in U.K. GDP in 2023). The recent surprise resignation of Scotland's First Minister comes on top of discussions led by the U.K. Prime Minister regarding the future of the Northern Ireland Protocol, the trade agreement that currently means that Northern Ireland remains part of the European Union (EU) Single Market.

Tensions over the Northern Ireland Protocol had already resulted in parliamentary elections in Northern Ireland in May 2022 after the resignation in protest of then Prime Minister Paul Givan, who is part of the Democratic Unionist Party (DUP). The election resulted in Sinn Féin, a left-wing party that supports Irish unification, becoming the largest party in Northern Ireland. Since then, the DUP has boycotted the Assembly, disabling Northern Ireland's self-governance.

Rishi Sunak, the U.K. Prime Minister, has put the resolution of the Northern Ireland protocol at the top of his political priorities as illustrated by his recent trip to Northern Ireland.

In Scotland, pro-independence First Minister Nicola Sturgeon (of the Scottish National Party, SNP) has come under considerable political pressure in recent months, particularly after the U.K. Supreme Court ruled that a referendum on Scottish independence is outside the powers of the Scottish Parliament, meaning it would need an agreement with the U.K. Parliament. This pressure, combined with other political difficulties, led to her decision to resign. An internal election to choose his successor will be held in March 2023.

### Political uncertainties may ultimately prove beneficial to the unity of the Kingdom

While it has been observed that nationalism - Scottish independence and Irish unification - has been growing in the UK after the Brexit, polls continue to show that Scotland remains divided on the issue, and Northern Ireland still favours remaining in the United Kingdom. Without a clear majority, referendums are unlikely in the short term. Recent events may help to shift the balance and weaken nationalist tendencies: a reformed Northern Ireland Protocol may be more acceptable to both political camps in Northern Ireland. The arrival of a new SNP leader in Scotland could also help break the political deadlock. The current front-runners, Kate Forbes and Humza Yousaf, have a measured stance on independence and does not seem to support the idea of a de-facto referendum.

With Ursula von der Leyen and Rishi Sunak discussing the Protocol on this day, 27 February, it is believed that progress is happening swiftly and, in a symbolic fashion, it may be resolved before the April 7, Good Friday. In a few months, the UK might find itself more united than it was a year prior, however this is not without risks as concessions will need to be made from all sides – DUP, Eurosceptic Conservatives and the new SNP leader – to properly ease the political tensions in the long term.

#### **MEDIA CONTACTS**

#### **COFACE GROUP - MEDIA RELATIONS**

Corentin Henry: +33149022394 - corentin.henry@coface.com

#### **RUMEUR PUBLIQUE – PRESS AGENCY**

<u>coface@rumeurpublique.fr</u>

Taline Sarkissian: +33 6 13 36 70 23 // Simon Lozach: +33 6 32 26 41 56

#### **COFACE: FOR TRADE**

With 75 years of experience and an extensive international network, Coface is a leader in trade credit insurance and adjacent specialty services, including Factoring, Debt Collection, Single Risk insurance, Bonding and Information services. Coface's experts work to the beat of the global economy, helping ~100,000 clients in 100 countries build successful, growing, and dynamic businesses across the world. Coface helps companies in their credit decisions. The Group's services and solutions strengthen their ability to sell by protecting them against the risks of non-payment in their domestic and export markets. In 2021, Coface employed ~4,538 people and registered a turnover of €1.57 billion.

## For more information, visit coface.com

COFACE SA. is listed on Compartment A of Euronext Paris. ISIN Code: FR0010667147 / Mnemonic: COFA

Since July 25, 2022, COFACE SA certifies its communications. You can check their authenticity on wiztrust.com

