




Weekly Briefing

Bulgaria external relations briefing:
ENHANCING BULGARIAN FOREIGN POLICY IN THE REGION
OF EAST ASIA
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ENHANCING BULGARIAN FOREIGN POLICY IN THE REGION OF EAST ASIA

During the last month we have witnessed unusual activity of Bulgarian foreign policy in the region of East Asia. The unusual thing is that the main priority of Bulgarian foreign policy is relations with Europe and the USA. This fact is confirmed by the Bulgarian government program for the whole term of the mandate of the government, in which nothing but the Euro-Atlantic direction exists in terms of foreign policy. From this point of view, the fact that within only one month we have witnessed two top-level Bulgarian visits to two key countries in the region of East Asia is a fact of great interest and attention. It is about the visit of the Bulgarian Prime Minister Boyko Borisov to the Republic of Korea and the visit of the Bulgarian President Rumen Radev to Japan.

The reasons for the visits and their nature were different, but each of them led to certain results. Some very specific, others more symbolic, but nevertheless both visits indicated a certain interest of Bulgaria in deepening and developing its political, commercial, economic and cultural ties with these countries.

Bulgarian Government delegation headed by Prime Minister Boyko Borisov paid an official visit to the Republic of Korea from September 24 to 27, 2019. With next year to mark the 30th anniversary of diplomatic relations between the two countries, Borisov is the first Bulgarian leader to make an official visit to Korea.

The first day of Prime Minister Borisov's visit to South Korea began by offering wreaths at the Seoul National Cemetery, where hundreds of thousands of Koreans who participated in the Korean and Vietnamese independence movements were buried.

Later the Prime Minister visited the Hyundai Research Center in Huasong. Bulgaria and South Korea have been discussing for a few months now a major investment of about \$ 1 billion and \$ 500 million to open an electric vehicle battery plant in our country. Although they didn't sign a concrete contract the visit was one more step for the final decision on certain investment project in Bulgaria.

Negotiations are expected also to begin on the participation of our country in the production program for T-50 light fighter-training fighter jets, which are a joint production between South Korea and the American company Lockheed Martin, a supplier of F-16 fighter jets to Bulgaria.

The interest of South Korean business in Bulgaria is increasing. Direct investments from South Korea to Bulgaria amount to EUR 213 million, which places it among the 30 countries with the highest investments in Bulgaria.

There are 249 companies with Korean participation in Bulgaria. The turnover between the 2 countries for 2018 is growing by almost 50%.

Further during his official visit, Prime Minister Boyko Borisov met with South Korean Prime Minister Li Na-yon and visited the Hancook University, where Bulgarian language is one of the subjects. Speaking at a news briefing in the government headquarters in Seoul, Borisov said that both countries have made education and culture their priority which is why he attaches topmost importance to relations between universities. Together with this he also argued that there is an opportunity for starting a direct air service between Seoul and Sofia.

Prime Minister Lee Nak-yeon on his side pointed out the fact that Borisov's visit will invigorate bilateral relations on the eve of the 30th anniversary of the establishment of diplomatic ties.

Prime Minister Borisov highlighted the fact that Republic of Korea is our priority economic partner in Asia and our efforts are focused on attracting Korean investments and balancing trade, said According to him there is a mutual interest for the partnership between Bulgaria and the Republic of Korea to be strategic, taking into account the activation and intensifying of the relations between the Asian country and the European Union.

Borisov also pointed out that Government of the Republic of Korea can be our partner in the efforts to achieve real results in areas with great potential for cooperation such as high technologies, mechanical engineering, transport, and education are prospective areas of cooperation. In the area of information and communication technologies, companies from both countries could also cooperate, including in research and development. Prime Minister Borisov expressed his hope that Korean companies would follow the experience of other leading countries and open their own development centers in Bulgaria.

Of mutual interest are also the opportunities that Korean construction companies have for investing in road infrastructure in Bulgaria. Prime Minister Borisov said that they could be included in a number of infrastructure sites in Bulgaria through the mechanism of public-private partnership. The Bulgarian Prime Minister also put an emphasis on the interest of our country to attract more tourists from the Republic of Korea. Borisov noted the importance of the Bulgarian-Korean Intergovernmental Commission for Economic Cooperation, which is an important tool for interaction between the two states.

Bulgaria and South Korea hold talks on strategic co-operation in the areas of automotive industry, tourism and innovation. South Korean companies are exploring the possibility of

investing in the construction of an electric vehicle battery plant and Autonomous Car Centre in Bulgaria.

Finally the two countries have signed memorandums of understanding in the areas of energy and foreign affairs system.

The memorandum of understanding in the energy sector is supposed to encourage companies to participate in project tenders in the energy sector and support the advancement of cooperation between the two countries in using nuclear energy for peaceful purposes. The document provides support for the cooperation between the two countries in the area of renewable energy and energy efficiency. The memorandum will also encourage the participation of companies from both countries in auctions in the area of energy, and will support the development of the relations between Bulgaria and the Republic of Korea in the area of peaceful use of nuclear energy. The Memorandum also foresees exchange of experts and cooperation between energy companies and scientific institutes from the two countries in the area of new energy technologies. Energy companies and scientific institutes from Bulgaria and the Republic of Korea will cooperate in the area of new technologies in order to improve energy efficiency and protect the environment.

Another memorandum between the Ministries of Foreign Affairs of the Republic of Bulgaria and the Republic of Korea was signed in Seoul on the occasion of the joint celebration of the 30th anniversary of the establishment of diplomatic relations between the two countries. They started on March 23, 1990.

During an official lunch for the Bulgarian delegation that he hosted, Prime Minister Lee said in his toast that during the Korean War Bulgaria welcomed and taught 500 Korean children, and one of the teachers who worked with them was the mother of Prime Minister Borissov. He also said that he holds Bulgaria dear to his heart and that it was the first country he visited as Prime Minister.

Prime Minister Borissov visited also the Hankuk University of Foreign Studies. Hankuk and Sofia's University of St. Kliment Ohridski have an intense programme for academic exchange. The Korean side provides scholarships for Bulgarian students and Prime Minister Borissov expressed hope that Bulgaria will start offering scholarships for Korean students next year. The Korean Prime Minister also thanked for the strategic investor status of Korean companies.

At the last day of the visit the leaders of South Korea and Bulgaria agreed Friday to bolster strategic partnerships between the two nations in various fields, including nuclear energy, ICT and arms production. The accord came at summit talks between President Moon Jae-in and the Prime Minister Boyko Borissov. The two sides agreed to "expand mutually beneficial, forward-

looking cooperation in trade, investment, energy, infrastructure, national defense, defense industry, culture and education". Moon noted that the southeast European nation is seeking to introduce nuclear reactors and modernize its weapon systems, and stressed that South Korea can be an "optimal" partner in related projects. He requested Sofia's cooperation so that South Korean companies can take part in such programs. Moon and Borissov also agreed to step up partnerships between their nations on renewable energy, such as electric vehicle batteries and other automobile parts. During the talks at the Presidential Palace, the Bulgarian Prime Minister noted that a priority for our country is to attract Korean investments and to increase Bulgarian exports to the Republic of Korea. Prime Minister Borissov said that we rely on the assistance of President Moon and his government to encourage Korean business to turn its attention to Bulgaria. Borissov put an emphasis on the competitive advantages of the Bulgarian economy, such as the excellent business climate, low taxation, skilled workforce and access to the vast EU market. President Moon also lauded the Bulgarian policy of granting "strategic investor status" to Korean companies, saying he expects them to promote more investment in the Balkan country.

The prime minister reaffirmed the Balkan nation's firm support for the Korea peace process. With regard to the situation on the Korean Peninsula, Prime Minister Boyko Borissov said that the Bulgarian position is consistent and certain and is in favor of finding a peaceful solution through diplomatic channels. "Bulgaria appreciates the leading role of the Republic of Korea and your personal efforts, Mr. President, in making progress in the inter-Korean dialogue and in reducing the tension on the Korean Peninsula," Prime Minister Borissov added. The Bulgarian Prime Minister expressed his hope that the diplomatic efforts to achieve sustainable peace and stability on the Korean Peninsula will continue.

As a member of the delegation accompanying the Prime Minister of the Republic of Bulgaria, the President of the Bulgarian Chamber of Commerce and Industry (BCCI) Tsvetan Simeonov met with Sohn Kyung-shik, Chairman of the Korea Enterprises Federation to discuss the role of employers' organizations in supporting partnerships between companies and the workforce, building strong economic competitiveness at national level, stabilizing the industrial relations and creating more jobs. Tsvetan Simeonov presented the main features of the Bulgarian economy and investment opportunities, as well as specific successes of the various sectors of economy. The President of BCCI also met with Deogho Seo, CEO of GS1 Korea. Later on he participated also in the Bulgarian – Korean Business Forum in Seoul, organized by the Korea Chamber of Commerce and Industry (KCCI) which is a partner of BCCI. In his opening speech at the forum, the Vice-Chairman of KCCI Kim Jun-dong outlined the bilateral

economic relations. He paid special attention to the achievements of Bulgaria in the IT sector and its ambition to be an IT-hub on the Balkans.

The Bulgarian Minister of Economy Emil Karanikolov informed the forum participants that in 2018 trade between Bulgaria and the Republic of Korea grew by 48%, reaching USD 286.6 million. The Minister emphasized that our country is ready to expand its support for future Korean projects in Bulgaria, especially in the field of automotive industry, electronics and electrical equipment, high-tech and innovative industries. *“Bulgaria is committed to developing innovative high value-added industries. Our economic policy is focused on expanding various sectors such as information and telecommunication technologies, environmental technologies and innovation”*, he added.

The forum was attended by more than 50 representatives of Korean and Bulgarian companies from leading sectors, as well as representatives of the scientific circles from both countries.

During the forum, seven bilateral Memorandums on Economic Cooperation were signed.

The overall assessment is that the visit is successful and is expected to lead soon to concrete results, investments and projects related to the areas of mutual interest identified in the more common documents signed during the visit.

Another top-level Bulgarian visit to the East Asian country is the visit of Bulgarian President Rumen Radev to Japan on the occasion of the enthronement of the new Japanese Emperor Naruhito. The visit takes place from 21 to 24 October 2019. Although this was not an official state visit, the talks that Bulgarian President has with high-ranking Japanese politicians, including Prime Minister Shinzo Abe, are extremely important in symbolic terms, since the visit is held in the year when Bulgaria and Japan celebrate three important anniversaries related to the relations between the two countries. 2019 is a year in which Japan and Bulgaria celebrate the 110th anniversary of the beginning of bilateral contacts, the 80th anniversary of the establishment of diplomatic relations, and the 60th anniversary of the resumption of diplomatic relations. In this regard, both parties hold numerous cultural and academic events, economic forums and political visits. Earlier this year, in August Bulgaria was visited by the Japanese Foreign Minister Taro Kono which was highly appreciated by Bulgarian government which at that time highlighted the Bulgarian interest in increasing exports to Japan, as well as in strengthening business ties in information and communications technologies, automation, machine building, automotive parts manufacturing and construction.

This was President Radev’s first visit to Japan. During the talks with Prime Minister Shinzo Abe Bulgarian president pointed out that Bulgaria is open to a much more active economic and investment partnership with Japan and the successful cooperation between

Bulgarian and Japanese companies in the automotive, energy and food industries should be used as a model for further expansion of Japanese investments in Bulgaria. The president noted the strong traditions Bulgaria has in auto parts manufacturing and the IT development. On his side Prime Minister Abe confirmed the appreciation of Japanese car companies for the automotive components and parts supplied from Bulgaria, adding that Japan is interested in closer cooperation in this area. As Bulgaria's competitive advantage, the Radev named the strategic location, the highly skilled workers and the best value for money in the European Union. *"However, the most important thing in our bilateral relations is the trust and friendship that bind the two peoples,"* the president emphasized. Topics on the international agenda, European integration of the Western Balkan countries, potential risks to global security were also discussed at the meeting.

President Rumen Radev attended also a meeting with representatives of leading Japanese companies in the sphere of electronics, energy, cosmetics, the food industry etc. In front of them he stressed that Bulgaria has the ambition and potential to expand the export of its high-quality goods to the Japanese market. The meeting was attended by representatives of the corporations Mitsubishi, Toshiba, Meiji, Sega and other companies investing in Bulgaria, or planning to invest in the country or to enhance their presence on the common European market. The Head of State highly appreciated not only the Japanese investments made in the Bulgarian economy so far, but also the bilateral economic partnership, which brings along with it also *"the recipe for the Japanese success, based on high quality, efficient structures and business relations."* In Rumen Radev's opinion, the positive example of cooperation between Bulgarian and Japanese companies in the production of milk and dairy products creates conditions for a much more active presence of Bulgarian food products in Japan, which is among the leading countries in the world that import food. The demand for Bulgarian wine, rose oil and processed foods is increasing in the country. The sphere of high technologies was highlighted as particularly promising for partnership. The representatives of Japanese companies noted our country's traditionally strong positions in the sphere of information technologies and part of them work with Bulgarian computer engineers, programmers and designers. The President emphasized that Bulgaria offers the best price-quality ratio, which logically stirs the interest of foreign investors in this sphere, including the world leaders in the film industry. The good partnership in the production of car parts in Bulgaria and also the prospects for expanding it were also noted at the meeting.

During his official visit to Japan, Bulgaria's President Rumen Radev delivered a lecture in Toyo University on the role of the students in the global processes and the development of the bilateral relations. The President pointed out that Bulgaria is thousands of kilometers away

from Japan, but there is a strong spiritual connection between the two nations, which has withstood the tests of time and also emphasized that in the past decades the relations between Bulgaria and Japan have grown into a shared friendship and are developing on the basis of mutually-beneficial cooperation.

At a meeting with the President of Meiji Holdings and the leadership of the Japanese corporation Bulgarian President stressed that Bulgaria's long-standing successful partnership with Meiji Corporation has been building confidence and is an example for Japanese investors looking to implement their projects in Bulgaria. Meiji is one of the leaders in the production and sales of milk and dairy products and confectionary products in Japan and has 30 plants in different parts of the country. The company has been producing and selling yoghurt with the trade mark "Bulgarian yoghurt Meiji" for 45 years in Japan under the license and with the support of our country. Five research institutes for the study and development of foods and food diets are functioning at the corporation and in President Radev's words, establishing an active partnership in these spheres serves both countries' interests. At the meeting the Head of State voiced gratitude to the company's leadership also for Meiji's contribution to deepening the cultural ties between Bulgaria and Japan. With the company's support an exhibition of old-Bulgarian manuscripts, 7 tours of the Sofia National Opera and a tour of Sofia soloists have been organized in the past years.

In conclusion, these two visits of the Bulgarian Prime Minister and the Bulgarian President respectively to the Republic of Korea and Japan show a certain activation of Bulgarian policy toward the countries in East Asian region, in particular with regard to the opportunities for attracting new investments and the creation of joint projects in many areas, many of them with huge potential for mutually beneficial development. If this is achieved even partially, the development of relations between Bulgaria and the countries of East Asia will develop to a new level and will become many times more intense, economically, politically and culturally. This would undoubtedly have a positive effect on the country, since it would lead to a balancing of the still unbalanced foreign policy of the Bulgarian government toward counties and regions outside EU and USA.