

Bulgaria-Japan Relations in a New Strategic Phase

by Lidia Vitanova, PhD and Iskren Krusteff,
Co-Founders of KyoLink

In an international system increasingly defined by strategic competition, supply chain resilience, technological sovereignty, and climate transition imperatives, bilateral partnerships must evolve beyond traditional frameworks. The Bulgaria-Japan relationship now operates within a broader architecture of capital flows, regulatory alignment, and innovation ecosystems that connect Europe and the Indo-Pacific. This article examines how Bulgaria and Japan are structuring a partnership designed not only for bilateral benefit but as a model for transregional connectivity, investment architecture, and institutional cooperation within the EU-Japan strategic framework.

Bulgaria and Japan share a long-standing relationship grounded in mutual respect, trust, and shared values, spanning more than 115 years. Over time, bilateral relations have evolved from cultural, and people-to-people exchanges into a comprehensive partnership encompassing politics, security, economy, innovation, science, and education. In an era marked by geopolitical uncertainty, economic transformation, and rapid technological change, Bulgaria-Japan relations are gaining renewed strategic relevance, both bilaterally and within the broader framework of Europe-Indo-Pacific cooperation.

Strategic Partnership and EU Integration

A major milestone in bilateral relations was reached in May 2025, when Bulgaria and Japan formally elevated their cooperation to a Strategic Partnership. This step reflects the growing recognition of Bulgaria as a stable and reliable partner within the European Union and NATO, Japan's increasing engagement with Central and Eastern Europe as part of its vision for a Free and Open Indo-Pacific, and its strategic cooperation with the EU. The Strategic Partnership provides a structured framework for political dialogue, economic cooperation, innovation, and people-to-people exchanges, enabling both countries to respond more effectively to regional and global challenges.

Importantly, 2025 marked an unprecedented level of structured business engagement between the two countries. Three major Bulgaria - Japan business forums were held during the year – in January and May in Japan, and in June in Bulgaria – each gathering more than 100 companies and organizations. This clearly testifies to the increased business interest and deepening economic alignment on both sides, moving bilateral cooperation from exploratory dialogue to structured commercial engagement.

Bulgaria officially joined the Eurozone on 1 January 2026, strengthening macroeconomic stability, eliminating currency risk, and firmly positioning the country within the core of the EU internal

market. For Japanese investors, this milestone provides a clear structural signal for long-term capital deployment and deeper integration into European value chains. Combined with Bulgaria's competitive cost structure, skilled workforce, and strategic geographic position, Eurozone membership further enhances its attractiveness as a stable European base for manufacturing, research and development, digital services, and regional operations.

Beyond financial and investment integration, Bulgaria's deeper anchoring within the EU also expands opportunities for structured cooperation in research and innovation. In this context, Horizon Europe provides a concrete platform for advancing Bulgaria-Japan scientific and technological collaboration. Japan's participation in the program from 2026 opens structured pathways for joint research proposals, innovation consortia, and sustained institutional collaboration between universities, research centers, and industry partners from both countries.

Capital Architecture and Investment Alignment

Bulgaria's geopolitical and regulatory trajectory creates specific conditions for long-term capital deployment. Japanese institutional investors, development finance institutions, and corporate strategists increasingly view Central and Eastern Europe through the lens of diversification, near-shoring to the EU core, and resilience against supply chain disruption.

Bulgaria's integration into Schengen and the Eurozone, and its ongoing OECD alignment, establish a predictable regulatory environment that supports multi-year capital commitments. Strategic investment architecture requires not only bilateral agreements but coordinated frameworks involving development finance institutions, export credit agencies, and co-investment platforms. The EU-Japan Economic Partnership Agreement provides overarching trade and investment liberalization, but sector-specific alignment in energy infrastructure, digital platforms, and advanced manufacturing requires dedicated investment vehicles and regulatory coordination. Bulgaria and Japan are well positioned to develop such mechanisms through existing institutional channels, including the European Bank for Reconstruction and Development (EBRD), the Japan Bank for International Cooperation (JBIC), and EU structural funds.

Priority Cooperation Areas: Energy and Digital/R&D

Economic cooperation between Bulgaria and Japan has intensified in recent years, with Japanese companies showing growing interest in Bulgaria's competitive sectors, including information technology, artificial intelligence, research and development, energy, and advanced manufacturing. At the same time, Bulgarian companies and start-ups are increasingly active in pursuing partnerships with Japan, recognizing it as a global leader in innovation, high-value production, and advanced technologies.

This positive momentum was clearly demonstrated at the Japan-Bulgaria Business Forum held in Sofia in June 2025, which brought together more than 135 companies and organizations from both countries. Discussions focused on energy transition, digitalization, railway modernization, innovation-driven growth, and infrastructure development. Both sides reaffirmed their commitment to strengthening bilateral economic ties and supporting concrete investment projects through close cooperation between public institutions and the private sector.

Clean Energy Corridor, Climate Transition and Infrastructure Connectivity

The energy transition has emerged as one of the most promising areas for bilateral cooperation. Bulgaria and Japan have expressed strong interest in expanding collaboration in climate transition and clean energy technologies, including nuclear power, hydrogen, renewable energy sources, and energy storage solutions.

Beyond project-level cooperation, Bulgaria and Japan can develop a Clean Energy Corridor linking Southeast Europe with Indo-Pacific energy innovation. This corridor would integrate nuclear energy modernization and small modular reactor (SMR) deployment, building on Bulgaria's existing nuclear capacity and Japan's advanced reactor technologies; green hydrogen production and distribution infrastructure, leveraging Bulgaria's renewable energy potential and strategic position along European energy transit routes; cross-border grid integration and energy storage solutions aligned with EU energy market reforms and decarbonization targets; and regulatory harmonization in energy certification, carbon accounting, and grid standards that facilitate technology transfer and joint infrastructure development.

Such a corridor would serve not only bilateral interests but also EU energy security objectives and Japan's commitment to global decarbonization partnerships. Framed within broader climate-neutrality objectives and global decarbonization commitments, this cooperation aligns Bulgaria-Japan energy initiatives with both the EU Green Deal targets and Japan's carbon-neutrality strategy.

Innovation, research, and digital transformation form another core pillar of Bulgaria-Japan cooperation. Bulgaria has positioned itself as an emerging innovation hub in Southeast Europe, supported by strong academic institutions and newly established centers of excellence. Successful collaborations between leading Japanese and Bulgarian research organizations, including in artificial intelligence, big data, digital twin, and climate-oriented modelling, demonstrate the concrete potential for long-term scientific and technological partnerships.

These initiatives align closely with broader EU-Japan cooperation frameworks, such as the Japan-EU Digital Partnership, and reflect a shared commitment to responsible, human-centric innovation. By combining Bulgaria's growing innovation ecosystem with Japan's technological leadership, both countries can help build resilient, trusted, and sustainable digital economies.

Innovation Corridor and Industrial Integration

Structured innovation cooperation requires more than research agreements. It demands institutional architecture for technology transfer, intellectual property frameworks, talent circulation, and market access. Bulgaria and Japan can establish an Innovation Corridor that functions as a bilateral technology transfer platform connecting Bulgarian research institutions, innovation centers, and start-ups with Japanese corporate R&D, university laboratories, and venture capital; a regulatory alignment mechanism for digital governance, AI ethics frameworks, and data privacy standards consistent with the EU AI Act and Japan's emerging AI governance principles; an industrial integration pathway enabling Bulgarian manufacturers to enter Japanese supply chains in automotive, electronics, climate-oriented and resilience technologies, and precision manufacturing, while Japanese companies access EU markets through Bulgarian production and distribution platforms; and a public-private investment nexus combining EU innovation funding, Japanese development finance, and commercial co-investment in high-potential sectors such as semiconductor materials, battery technology, and advanced robotics.

This corridor model extends beyond bilateral cooperation to demonstrate how mid-sized EU member states can serve as innovation gateways for Indo-Pacific partners within the broader EU-Japan strategic framework.

People-to-People and Cultural Trust Infrastructure

Beyond economics and technology, Bulgaria-Japan relations are reinforced by strong cultural ties and people-to-people exchange. Cultural diplomacy, academic cooperation, and artistic collaboration continue to play an essential role in building mutual understanding and long-term

trust. Experience from similar European-Japanese initiatives shows that cultural and educational engagement can significantly enhance visibility, credibility, and the overall depth of bilateral relations.

Effective people-to-people infrastructure requires institutional mechanisms for talent mobility, academic exchange, and professional development. Bulgaria and Japan can enhance this dimension through bilateral academic mobility programs that facilitate researcher exchange, joint doctoral supervision, and collaborative publication between Bulgarian and Japanese universities; professional development pathways enabling Bulgarian engineers, IT specialists, and researchers to gain experience in Japanese corporate environments, while Japanese professionals engage with Bulgaria's innovation ecosystem; cultural exchange platforms that move beyond traditional diplomacy to include digital content collaboration, joint creative industries projects, and heritage preservation partnerships; and language and cultural competency programs that build long-term human capital for sustained bilateral cooperation.

Such initiatives create the social infrastructure necessary for enduring economic and strategic partnerships.

Strategic Thesis and Forward Outlook

Following its Eurozone accession and deepening role within the European Union, Bulgaria's partnership with Japan is entering a new and more strategic phase. The convergence of political trust, economic opportunity, innovation capacity, and shared values positions Bulgaria and Japan as natural partners in addressing common challenges, from climate transition and energy security to digital transformation, sustainable growth, and regional connectivity.

Bulgaria-Japan relations now operate within three overlapping strategic domains. First, they strengthen EU-Japan cooperation by demonstrating how mid-sized member states can serve as innovation gateways, investment platforms, and regulatory alignment partners. Second, they contribute to Europe-Indo-Pacific connectivity through practical mechanisms in energy, technology, and capital flows that transcend traditional bilateral frameworks. Third, they establish models for structured partnership architecture that can be adapted to other regional relationships within the evolving global system.

The success of this partnership will depend on moving from declaratory cooperation to institutional architecture. This means establishing dedicated investment vehicles, regulatory coordination mechanisms, innovation platforms, and talent mobility frameworks that enable sustained, multi-year engagement. It also means positioning Bulgaria and Japan not as isolated bilateral partners but as nodes in broader European-Indo-Pacific networks of capital, technology, and strategic cooperation.

In this broader context, Bulgaria-Japan cooperation increasingly serves not only bilateral interests but also strengthens ties between Europe and the Indo-Pacific. By leveraging their complementary strengths, both countries are well placed to expand cooperation in business, research, policy dialogue, and cultural exchange in a rapidly evolving global environment.

In this evolving strategic landscape, institutional coordination becomes as important as political vision. Translating ambition into long-term results requires platforms that align research ecosystems, industrial partnerships, capital flows, and policy dialogue. In this context, KyoLink contributes as an ecosystem architect and coordination platform, supporting structured Bulgaria-Japan engagement, including under Horizon Europe and other EU-Japan frameworks. By connecting academic networks, innovation actors, investors, and public institutions, it helps transform strategic intent into durable institutional architecture, ensuring that Bulgaria-Japan

cooperation develops as a coherent and sustained partnership within the broader Europe-Indo-Pacific framework.

This article was prepared by KyoLink as part of its activities to promote Bulgaria–Japan cooperation through ecosystem architecture and institutional bridge-building.

KyoLink is a Japanese-established organization that functions as an ecosystem architect connecting Europe and Asia, with Japan and Bulgaria as strategic focal points. Rather than operating as a conventional facilitator, KyoLink structures long-term partnerships by aligning academic research networks, industrial innovation platforms, investor ecosystems, and government policy frameworks. It advances joint research initiatives, coordinates technology transfer mechanisms, enables capital deployment structures, and develops people-to-people infrastructure that strengthens institutional cooperation and creates sustainable pathways for strategic partnership.

By positioning itself at the intersection of research, investment, innovation, and policy dialogue, KyoLink enables effective partnerships that transcend individual projects to create enduring institutional architecture for Europe–Asia cooperation.

<https://kyolink.org>