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ADDIS ABABA UNIVERSITY
COLLEGE OF SOCIAL SCIENCES
CENTER FOR AFRICAN AND ASIAN STUDIES

**REGIONAL ECONOMIC INTEGRATION IN AFRICA: THE
CASE OF AVIATION INDUSTRY IN ETHIOPIA AND SOUTH
AFRICA**

BY

YONAS BELAY

June, 2021

Addis Ababa, Ethiopia

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A Thesis submitted to Center of African and Asian Studies of Addis Ababa University in partial fulfillment of the requirements for the Degree of Master of Arts in African Studies (Specialization in African Human and Economic Development)

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Declaration

I, Yonas Belay, hereby declare that this thesis is original and has never been presented in any other institution. To the best of my knowledge and belief, I also declare that any information used has been duly acknowledged.

Name: Yonas Belay

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Place: Addis Ababa University

Date of submission: June, 2021

Acknowledgment

This thesis has undergone many permutations, but has improved in the process. I owe my thanks and gratitude to my advisor, ZerihunBerhane (PhD), who encouraged and supported me reading drafts, coaching and making suggestions.

I also thank everyone who spared their time to respond my questions and inquires also for their wonderful hospitality. In this regard, I would, specially, like to thank my friends for providing and supporting me materials needed with immeasurable support for which I am truly grateful.

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Acronyms and Abbreviations

| | |
|----------|--|
| AFRAA | African Airline Association |
| HDI | How Did It |
| AFCAC | African Civil Aviation Commission |
| AFCAP | African Civil Aviation Policy |
| ATAG | Air Transport Action Group |
| AU | Africa Union |
| COMESA | Common Market for Eastern and Southern Africa |
| DHL | DalseyHillblom and Lynn-German Logistics Company Providing International Shipping and courier services |
| EAC | East Africa Community |
| EAL | Ethiopian Airlines |
| ECSC | European Coal and Steel Community |
| EEC | European Economic Commission |
| EU | European Union |
| GDP | Gross Domestic Product |
| HIV/AIDS | Human Immune Virus/Acquire Immune Defiance Syndrome |
| IATA | International Air Transport Association |
| ICAO | International Civil Aviation Organization |
| MNCs | Multinational Corporations |
| NEPAD | New Partnership for African Development |
| OAU | Organization of African Union |

| | |
|-------|--|
| PTA | Preferential Trade Area |
| REC | Regional Economic Community |
| SAA | South African airways |
| SAATM | Single African Air Transport Market |
| SACU | South African Customs Union |
| SADC | Southern Africa Development Community |
| TWA | Trans World Airlines |
| UNCTD | United Nations Conference on Trade and Development |
| UNECA | United Nations Economic Commission for Africa |
| UN | United Nations |
| US | United States |
| WHO | World Health Organization |
| WTTC | World Travel and Tourism Council |
| YD | Yamoussoukro Decision |
| PIDA | Programm for Infrastructure Development in Africa |
| AfDB | Africa's Development Bank |
| NEPAD | New Partnership for Africa's Development |
| AFRAA | African Airline Association |

Abstract

The focus of this study is to account for air transport liberalization by holding countries economy together in the context of integration aspiration and optimism in line with fostering sustainable regional development. Hence, the study is to understand the attributes of liberalization of air transport for regional economic integration in Africa with Ethiopian and South African experience. Though the essence of liberalizing air transport to development is valuable, independent rush of countries in Africa to development is a backlash against regional economic integration and shared destiny. The study used qualitative approach and descriptive research design. Purposive sampling technique was employed since it enabled the researcher to use his judgment to choose people that are presented and available that best meets the objectives of the study. Data gathering instruments were interviews. In the gathering tool, individuals were selected based on their professional relevance to the objectives of the study. In concluding part of the study, it is indicated that the aviation industry is determinant for regional economic integration in Africa in promoting integration and desired regional development and engagement of sovereign countries to harmonize their own respective aviation policy. It also briefly states how air transport is linked with regional economic integration and development, including the implications which have been reflected in the Yamoussoukro Decision and Africa Union's agenda 2063 in bringing regional integration for collective aspirations and common economic and political destiny. The challenges encountered in the course of liberalizing aviation and using it as a tool to integrate countries among different interests within their regions are also issues of concern. Regional integration is an increasingly desirable and workable developmental arrangement which facilitates the creation of institutions in which the central authority exercises their power on their sphere. So, the legitimacy of the foundation of institutional design of aviation industry matters. To minimize the dominance of westerns, Africans shall upgrade the strategic cooperation within themselves.

The findings indicated the role of air transport which plays much in regional economic integration and growth that air transport is the nation's economic engine and has the ability to drive other sectors in addition to booming the economy. The role of air transport is enormous and could be tagged as a lifting machine for development with the respective regions. It would be better in an open sky and the response of respondents is that the degree of openness matters economically for integrating regions. The unified voices of the AU paint a vision of what we, for future generations and the continent, want for us. Air transport in South Africa facilitates spillover effects on other businesses like tourism.

Key words: Aviation, Aviation industry, Ethiopia, Regionalism, Regional integration, South Africa

CHAPTER ONE

1. INTRODUCTION

1.1. Background of the study

As compared to other regions, African economies are fragmented and least integrated, depriving these economies of the benefits of production network and global participation (Leshoele, 2019). Contrary to this, Africa has abundant resources which show its face and position in the global economy. As it has been said repeatedly the continent is really rich in natural resources, has huge human capital and diverse socioeconomic background but the word poor is still tagged for the continent which is really frustrating. Different literatures in the area of development wrote different contrasting explanations. Some said Africa is not rich in natural, as one claims and others rich in natural resources. Europe's scholars tend to blame Africa's leaders for this. These scholars put the blame on Africa's underdevelopment for blaming its leaders, geography and tropical disease. Non-euro-centric ideologists on the other hand, claim that the continent has immense potential, almost the home of minerals. They argued that the root cause of impoverishment in a continent is highly correlated with the European countries' extreme exploitation; labor of the people (Nigussie, 2018). Unlike that Africa has some of the world's poorest nations. However, the blueprint for resource oriented industrial transformation is not so defined as to drive economic integration of Africa (UNECA, 2013). Apart from this, Mills, G. (2010) noted that poor economic performance in Africa was highly poor due to bad choices made by African leaders. They are extremely hesitant, often unaware of reforming and bringing in new ideas, unable to consider new policies consistent with the wealth of the regions (Greg, 2010). According to Kellecioglu, D (2010), the underlying cause of capitalism during colonialism was also one of the dark spots for Africa, leaving the continent with its people's psychological harm which cannot be patched up like physical damage. They stole not only the continent's physical resources but our culture, and history as well (Kellecioglu, 2010). Since Pan-Africanism played a crucial role in shaping the economic transformation of the continent, the groundwork of integration has indeed been traced back to the Pan-Africanism ideology (Mangeni, 2013).

The first big signs that Africa is serious regarding regional economic integration come with the ratification of the Tripartite Free Trade Area Agreement in Egypt in June 2015. In the context of the post second World War international order, in which the search for peace and stability of the globe was in need, early theories of regionalism were presented, while regional integration and regionalism was challenged from different theoretical perspectives. The variations in the theoretical approaches developed to explain the concepts are born out of the differences in history and regionalisms focus it (Schulz, 2004). It has been noted (Bertrand Badie, 2011) that regionalism was understood as “an endogenous mechanism, production emanating from internal surfaces to and unique to each region concerned.” Regionalization can be perceived as a socially motivated mechanism from the bottom up, while regionalism “involves mainly the institution building process” and is the intended result of inter-state cooperation (Pempel, 2005). Differences were held around scholars in identifying region, regionalism and regionalization. It is therefore, possible to take parts of each concept and create the sense of regional integration that is conceived as the mechanism resulting from states with similar levels of productive forces create an institutional structure for achieving an integrated production system (Biswaro, 2012).

A wide range of researchers consider regionalization to be a political mechanism driven by economic or social factors (Solingen, 2010). The region-building process has a long history predating any formal recognition by international organizations such as the League of Nations, and the UN of regional agencies. Integration as such was not experimented with: region building was often done in a coercive and expansionist fashion. The Super Powers of the Cold War were powerful region builders. Nevertheless, contemporary regional organization as recognized in international law is understood as non-coercive, consensual, and compliant with UN principles (Fawcett, 2016). As discussed in Daniel H. Levin's and Dawn Nagaiur's study, Pan-Africanists reflected how regionalism was perceived as a stepping stone towards greater global power and recognition, as well as fostering regional autonomy and self-reliance. Most contemporary regionalism incorporates a mixture of rivalry and in relation to the dominant global order complementary (Murithi T., 2005). Lackluster regionalism was the record of early attempts at economic integration, offering some apparent benefit to newly independent countries. States have not been successful in organizing short term responses to security and development problems, which does not detract from the arguments that region building offered by the Cold War was a significant global and ideological background, although, one that generates

considerable variation across regions. Rather than seeing the Cold War as a region building area, it is more useful to see the Cold War as offering an environment for selective organizational development as the basis for later regional construction (Nagar, 2016). Since the very purpose of this study is to examine Aviation Industry's binding power as a catalyst for integrating continent regions, air transport is an important issue for Africa because it plays a vital role in providing the essential links for the continent's economic and physical integration (Njoya E. T., 2016). According to E.T. Njoya, World Tourism Organization (2015), air transport remains the preferred form of transportation for much of International share of tourism; the inbound share of tourism by mode of transportation was about 54 percent, which indicates that Aviation Industry's development has a significant value in fueling regional economic integration in Africa.

1.2. Statement of the Problem

The problems addressed during this study include analyzing the role of aviation industry liberalization in Ethiopia and Republic of South Africa| to enable regional economic integration within the Eastern and Southern Africa EC (COMESA) and also the South Africa Development Community (SADC). Regional integration may be a priority for Africa to attain development because supporting the present regional integration in Africa within the glass of aviation industry is untapped. Connectivity is that the most hindering factor for sustainable and visual development within the continent. There are manifestations of poor integration in Africa in numerous dimensions; interregional trade, tourism flow, population mobility, investment flows, and infrastructural connectivity like roads, power, and railways. Africa has the tiniest infrastructure stock of any region within the world, particularly in energy and transportation. A 2011 study under the auspices of the New Partnership for Africa's Development (NEPAD), the African Union (AU), and therefore the African Development Bank (AfDB) reported that the road access rate (the proportion of individuals living within two kilometers of an all-season road) in Africa was only 34 percent, compared to 50 percent in other parts of the developing world, which transport costs were up to one hundred pc over in other developing parts of the planet. it had been also estimated that only 30 percent of the African population had access to electricity, compared with 70–90 percent in other developing regions of the globe. Internet penetration on the continent was just 6 percent, compared with a median of 40 percent within the remainder of the developing world (PIDA, 2011). A 2013 study conducted under the auspices of the planet

Economic Forum, the AfDB, the globe Bank, and therefore the Danish Ministry of Foreign Affairs found that poor infrastructure partly explains the low competitiveness of African countries relative to other developing economies. Africa's low levels of productivity, low share of world exports, and low levels of intra-African trade also attest to the infrastructure gap (Peter et al., 2013). Furthermore, the study found that the poor state of infrastructure in many parts of Africa is stunting the expansion of the continent's gross domestic product (GDP) by about 2 percent per annum, and diminishing business productivity by the maximum amount as 40 percent. All of this has resulted in Africa having very cheap productivity levels within the world (Charles et al., 2010). The study conducted by Tesfaye Molla (2002) found that regional integration best help Africans to coup up with the foremost globalizing world though his unit of research for integrating Africa failed to base particularly au courant aviation industry as a way. For example, Africa's share of world trade goods and services dropped from over 5 percent in 1980 to around 2 percent in 2003 (Aryeetey, E., 1997). African countries have the foremost restrictive trade regimes among all groups of nations, with high tariffs, an outsized number of often specific and seemingly arbitrary exemptions, and significant degrees of tariff escalation (Subramanian et al., 2000). As a result, while regional trade arrangements are in situated over the last several years (SADC-1992, COMESA-1982) they are doing not appear to own been successful in generating a trade expansion in Africa (Iqbal, Z., and M. Khan, eds., 1997). While the trade liberalization aspect of SADC appears to be lacking, its approach of addressing structural impediments and provide constraints through sectoral cooperation initiatives is a very important one. Despite the ambitious goals of the SADC sectoral initiatives, progress made up to now has been somewhat limited and it's been widely acknowledged that there's an absence of mechanisms for evaluating and monitoring projects or assessing their effectiveness (Padamja Khandelwa , 2004). Moreover, there's a priority that the organization remains more of a political block than a real instrument for regional economic integration (Padamja Khandelwal, 2005). In regard with infrastructural connectivity of railways, for example, within the context of economic liberalization and as a part of ongoing transport sector policy reforms across Eastern and southern Africa, rail transport is being increasingly commercialized and Government protection is declining allowing free competition with road transport. However, over the last 20 years, rail transport overall operational performance has been declining thanks to inability to regulate to the pronounced and fast changes brought (Infra Africa Ltd, 2003)

1.3. Significance of the study

The majority of African states are highly imposed in framing their respective policy (Rodney, 1973) and economically poor and the query relates to how to design economical and effectively functioning institutions for fueling regional economic integration in the context of peaceful and mutual coexistence. There should be aspirations to guarantee this cohabitation to create cooperative economic community through a regional economic integration, which enables fragmented and poorly performing regions to feel a sense of their common identity i.e. a sense of shared economic history, shared public ideals, shared identity that capture what binds them together regions of a single integrated economic community with a singular destiny. Since the study essentially relies on in its endeavor to examine the role of aviation industry in the balance of regional economic integration, it is important for policy makers in areas of airline and aviation industry. Moreover, they would use this study to empower regional connectivity by air transport which is seemingly easy for. The study examines the role of aviation industry and regional institutional arrangements in bringing regional economic integration for integrated economic and political purpose. Moreover, the study attempted to examine how aviation industry link for economic integration to the mutual benefits of the respective states. Besides, the significance of study extends to the evaluation of the AU's agenda of 2063 and its role in the steady enhancement of the link between aviation industry and regional economic integration. The study can also inspire supplementary research.

1.4. Objectives of the Study

The study in general is aimed at investigating the role of liberalizing aviation industry to foster regional economic integration.

1.5. Specific objectives of the study

1. To assess the theoretical perspectives of aviation industry for the enhancement of regional economic integration in the study area.
2. To examine the bond between regional economic integration and aviation industry.
3. To assess air transport contribution to development in the AU's Agenda of 2063.
4. To identifying challenges and prospects of aviation industry in promoting regional economic integration in the study area.

1.6. Research Questions

The research questions that the study addressed are:

1. What is the role of South African and Ethiopian aviation industry for regional economic integration?
2. What is the link between the liberalization of aviation industry and regional economic integration?
3. How air transports contribute to development in AU's agenda of 2063 in bringing liberalized aviation industry to both South Africa and Ethiopia?
4. What are the challenges and prospects of South African and Ethiopian aviation industry in promoting regional economic integration in Africa?

1.7. Scope of the study

The study is delimited conceptually and geographically in terms of participants. Conceptually, it is focused on the nature of regional economic integration while aviation industry is liberalized. Geographically, the study is focused on Ethiopian and South African aviation industry. The participants were those who are involved in the industry as managing staff and implementers as well as customers/beneficiaries.

1.8. Limitation of the study

The scope of the study is limited to assessing the utility of aviation industry for regional economic integration in Africa in building a common sense of purpose, a sense of shared destiny and collective imagination of liberalizing aviation industry while at the same time structuring regional integration pattern for development. Thus, the study does not analyze regional economic integration in general. It rather restricts itself to discussing the nexus between liberalization of aviation industry and regional integration vis-a-vis development. This calls for sustainable development based on the consent of the countries which equally addresses. The paper does not explore development in detail rather it draws a map of positive/adverse impact of liberalizing aviation industry on regional integration and it aims to encourage further research. And the occurrence of Covid-19 was another challenge in gathering relevant information as well as to contact informants.

1.9. Structure of the study

This paper is organized in six chapters. The first chapter presents problems that the paper aims to examine. It in particular provides the statement of problem, research objectives, research questions, research design and methods, and plan of data analysis. The main aim of the second chapter is the examination of the theoretical and conceptual consideration of regional economic integration. Chapter three on its part deals with methods and methodology of the research. In the fourth chapter, the study presents the history of aviation industry, the potential of Ethiopian and South African air lines for regional integration and destination performance of each country which aims at discussing the role of aviation industry for regional economic integration in Africa. Chapter five focuses on data presentation and interpretation and the last part is conclusion remarks which emphasizes on research findings and recommendations.

CHAPTER TWO

2.1. REVIEW OF LITERATURE

2.1.1. Regionalism, Regionalization and Regional Economic Integration and Aviation Industry: Conceptual and Theoretical Consideration

2.1.1.1. Regionalism and Regionalization

Scholars came across varying views on regional importance, regionalism, and regionalization. Thus, differentiating these terms are necessary to lay the foundations for good understanding on the next part-regional integration. The meaning of region emerges from the Latin word 'regio' as from (Johnsson, 2000) observation, which means direction. It also comes from the Latin verb, 'regere': 'govern, ' or 'order.' Region subsequently denoted border or bounded space. There are scholars with a region's non-geographic meaning too. (Katzenstein, 2005), Puts it, 'regions are made of politics.' Regionalism applies to some or the outcome of some action. It thus denotes the process and dynamics of a region's regional integration or even the process of development (Tshiyembe, 2012). Figuiere and Guilhot (2006), however, describe the term as a concentration within a defined geographic area of economic flow. The definition is polysemoustoday, and the word 'region ' may apply, for example, to geographic space, economic engagement, institutional or governmental authority, or to social, or cultural characteristics. There has been a surge of international integration agreements worldwide since the end of World War II, and the Cold War (Gibb, 2009). The European Union has proved to be special and is considered the “gold standard” for regional integration. There are plenty of reasons why countries want to work for regional integration, and it is arguable that the foundation for these reasons can be attributed to a desire for economic growth and development, stability, security and autonomy in a dynamic globalized world within a shared geographical proximity. Europe is distinct from Asia, Latin America and Africa by adopting a supranational structure, while others have pursued unification with a state-centered mentality with supreme non-interference policies (Sbragia A., 2012).

The analysis of regionalism and regional integration has traditionally emphasized the state as actors and concentrated on the transfer of authority or political union within regional interstate organizations. Since the late 1990s, research has put greater focus on 'soft' de facto or informal

regionalization, recognizing the fact that a number of non-state actors have started to operate at a central level, both within and outside the institutional structure led by the State. In the traumatic history of inter-war nationalism, and the Second World War, old regionalism has its origins. There was African debates on regionalism that were clearly inspired by the intellectual debates in Latin America, but also to some degree in Europe, as in the debates between the federalist Casablanca (led by Kwame N'krumah) and the functionalist Monrovia party in the establishment of the Organization of African Union. In the visions, and series of treaties established within the context of what were then the OAU, the Lagos Action Plan and the Abuja Treaty. The general conceptual basis of regional integration in Africa is foremost expressed. As stated in Soderbaum (1995), after independence numerous states led regional structures and organizations were established in Africa such as the Eastern African Community (EAC), the South African Customs Union (SACU), and the South African Development Community (SADC) (EU, 2016). SADC was strongly influenced by the history of Latin America and advocated a policy of industrialization of the dirigiste import substitution. Their position was limited to managing projects funded mainly by European donors. Typically, it is related to a formal program and also contributes to the creation of institutions. Regions, regional cooperation, regional integration, regionalism and regionalization are challenged terms which are used differently across disciplines, and even within disciplines (Soderbaum, 2007). In his other, "Regionalism" work, Soderbaum (2011) added that regionalism means the body of ideas, values, and goals that lead to the development, preservation or modification of a specific region or form of world order. It is connected to a structured project and strategy, and also contributes to organization building. Regionalization refers to the process of region formation. It implies a focus on the process by which regions come in to existence and are consolidated, their becoming so to speak. Regionalization may be triggered by regionalism, but in the absence of a regionalism project and philosophy, it may also arise. Glenn D. Hook has described the subsequent for regionalism and regionalization. Regionalism refers to a political initiative geared toward the belief of a part at the sub-global level by purposeful actors, specifically states. Regionalization, on the opposite hand, could be a dynamic engagements mechanism set in motion by non-purpose actors, like multinational corporations (MNCs), during this case trying to appreciate a benefit instead of a locality. As a phase, regionalization refers to a rise within a sub-global, circumscribed geographic space in specific economic, social, and other interactions and interconnections.

Regionalism as a political project promoted by purposeful actors and regionalization as a dynamic processes set in motion by the points of non-purposeful actors on the interconnected relationship between regionalization and regionalism. In short, regionalization provides regionalism and regions with substance, the primary as a political project, and therefore, the second as an identity (Glenn, n.d). The term regionalism refers, from Tshiyembe (2012), to the theoretical component of a region's development process (as cited in Andrea B., 2016). Regionalism refers to any style of institutional cooperation between two or more countries within the area of internationalization (Deblock 2006); regionalism, however, is interpreted as a political conception dole out by the states and materialized by agreement with a view to organizing inter-country relations and fostering multifaceted cooperation between nations (Guilhot, 2006). Since 1980, the term regionalism has gradually replaced that of regional integration in relevance any variety of institutional arrangements aimed toward liberalizing and facilitating trade at any level apart from multilateral, because of the generalization made by the global Health Organization (WHO) (Bolanso, 2016).

Economic integration between developing countries varies from that of developed countries because it's produced with the goal of fostering economic process, industrialization, and poverty reduction. Regional economic integration may promote trade policies that are directed inward or outward. Some scholars viewed regional economic integration as the way for individual countries to tackle economic fragmentation. Regional economic integration is the solution to individual market fragmentation because it allows member countries to learn from a wider marketplace for trade with reduced or completely eliminated tariffs (LjuboJurcic, 2011).

2.2. Regional Economic Integration in Africa

There is one saying that reads from Ethiopia as '*dir biaber anbesa yasir-bind the lion if the web shines,*' which implies power is cooperation. In any facet of existence, this idiom best captures the importance of power for a particular desired goal. Regional integration is characterized as an idea of high-level cooperation between sovereign states, and their citizens at the political, economic, and cultural levels for mutual benefit (Leshoele, 2019). As of International organization Economic Commission for Africa (2004), campaigns were made around the world that expressed regional economic integration. As cited in (Martha, 2014), the right focus of regional integration agreements was to cut to back barriers to economic and non-economic

transactions. One among large developments within the history of international economic relations over the previous few decades is regional economic integration (Eduard, 2015).

The very analysis of regionalism has increased in complexity and philosophical complexities as state and non-state actors intensify trans-boundary governance. Traditionally, the world described as “a limited number of states linked together by a geographical relationship and a degree of interdependence” (Matheis, 2015). Regions are seen as constructs from the purpose of the view of relativists, which are described because of the assemblages of the interaction of political, economic, and social aspects without strict structural change (Langenhove, 2012). On the opposite hand, Acharya argued that areas, instead of being physically predefined, are subject to vary (Acharya, 2009). Some have suggested that Africa's regionalism within the development of institutional architecture mimics the essence of the European Union. In a way, OAU's transition to AU is analogous to the change from the European community into the European Union. The AU resembles the EU in its institutional architecture. Similar to the EU Council of Ministers, the AU Executive Council consists of ministers appointed by national governments. Also, because of its position as a donor to regional infrastructure, the African Development Bank has considerable informal means, and has no central banking authority. Africa has to come to understand that nations 'economic strength has been by far the most influential force in countries ' significance and value in the new world order. This is why, through a conscious effort to expand their economic space and market size, even the major world powers are continuously striving to widen and strengthen the foundation of their economic strength. In the case of Africa, a continent neglected in the world economy for too long, integration is no longer a matter of convenience, but an essential survival and growth policy (Abraham, 2000). The pace of globalization, coupled with the sweeping wave of economic liberalization and the imbalances of benefit-sharing for strong economies, has increased the urgency for African countries to join forces expanding, strengthen, solidify and integrate their economic space, to serve as a start-up platform and to integrate effectively into the global economy. Accordingly, regional integration is at least the response of Africa to globalization, and a tool to reverse the trend towards continental marginalization (Ayodele, 2007).

Faced with growing globalization, economic integration in Africa and the world continues to be a major regional focus. To achieve any real benefits from the process, there are many problems

that countries have to contend with, and there is no chance of not becoming involved (Zineldin, 2002). Regional representation isn't a recent thing in Africa. The continent's initiatives date back to the creation of the South African Customs Union (SACU) in 1990 and, before that, the East African Community in 1919. A boom in the development of a regional economic community was seen in the 1970s. As a collective growth and transition strategy, African nations have aggressively pursued an integration agenda in recent years (Economic Commission for Africa, 2012). Many of the African continent's countries and economies are small and fractured that are lingering legacy of the colonial history of the continent. Sixteen (nearly 30 percent) of the continent's countries are landlocked (Juluy, 2016) leaving the Sub-Saharan African politically and economically divided (UNECA, 2004).

In 1961, Nkrumah proclaimed the need for Africans to stand together, as cited in Kadembo (2005):

A single country, walking alone, could never hope to accomplish anything against a broad economic bloc and further argues that the larger the bloc, the greater the power and strength of the bloc, and that in the warmth of isolation, there is no longer a place in the world that is isolated and basking (Raimi, L. and Mobolaji, H. I., 2008). In essence, this illustrates the rationale behind increasing the drive for economic integration across different regions, but in Africa. It is not completely utilized. It was appropriate to find an African solution to African problems, and that this could only be achieved in the unity of Africa (Kadembo, 2005).

There is no solid potential for African economies to diversify their economic systems. Without planting a large production base, the transition of African economies from rural to services has taken place. By engaging in the global economy and also by entering regional economic integration arrangements, countries have tried to address the constraints of heterogeneity, limited size and landlocked environments. Regional integration in Africa also promises to increase the size and depth of markets to achieve critical mass, to allow greater economic diversification, to expand business opportunities and create employment, and to promote greater competition to stimulate productivity gains (Tuluy, 2016). That is why regional integration in sub-Saharan Africa typically takes place based on sub-Saharan African fragmentation. More significantly,

Kadembo, E. (2005) argued that while the most dominant nations enjoy a degree of regional integration, politically, economically and militarily, the case for Africa is mired in so many fractured institutions that many players involved in the game lack cohesion, consistent policies and suspicion. Since its formation in 1963 (Organization of the African Union [OAU] until 2001), regional integration has always been a founding concept of the African Union (AU). It is a pillar aimed at overcoming the legacy of fragmentation and integrating the market and economies in Africa. Regional integration was seen as a way to encourage import-substituting industrialization in its early stages, when central planning was still preferred (DeMelo, 2014). After the implementation of the Lagos Plan of Action in 1980 and the Abuja Treaty in 1991, regional integration earned a drive for an outward-oriented approach. This has been used by the African financial community as a step-stone (Hartszenberg, 2011). The Economic Commission for Africa of the United Nations has advocated the organization of the continent into geographical building blocks known as the Regional Economic Community (RECs). The goal of RECs was to advance in a sequential progression from free trade areas to customs unions and to a single market, finally converging toward continent wide economic and monetary union (the African Economic Community) by 2025. The New Partnerships for African Development (NEPAD) was founded by African leaders in 2001 to further fuel and encourage the design, financing and implementation of major intra-country programs to promote regional integration. The three regional economic communities, the Common Markets for Eastern and Southern Africa (COMESA), the Southern African Development Community (SADC) and the Community of Eastern Africa (EAC), have agreed to set up a broad tripartite Free Trade Area. Finally, they set an ambitious new aim for the establishment by 2019 of a continental free trade union and a continental customs union. Throughout the 2000s, regionalism became more dynamic in Africa. The change from the African Union Organization (OAU) to the African Union (AU) has created a more structured and functional regional organization for the continent (Murithi T., 2005). Although some progress has been made concerning security cooperation, Africa's economic integration remains stymied. The new Africa Development Partnership, the African Peer Review Process, has been created. Regional economic integration however, remains poor. Nonetheless, to improve sound economic governance, the institutional and policy arrangements for the development of regional economic communities are fundamental. Therefore, it is worth attempting to integrate Africa. Africa lacks one strong country with economic capital, and

regional integration control (UN Conference on Trade and Development (UNCTD), 2010). Instead, the future of African regionalism depends on the growth of South Africa, Nigeria, Ethiopia and Congo, which are a number of main countries. Regarding sub-regional integration in sub-Saharan Africa, the prospects are much stronger. In Asia, regionalism has grown differently from that of Africa. A strong private sector has taken advantage of the Asian integration process, driven more by the markets than by governments and institutions, whereas the African integration effort has been driven by politics and focused on policy and institutional construction processes to promote regional integration (Lam, 2012).

Literature on the subject of African integration is vast, according to Stefan Michel (2012), which makes it even more surprising there is not yet a single method capable of explaining all parts of it. African integration has been described by a shared concept or philosophy, but due to the collapse of African Unity's organization and its lack of influence on the continent's economies and political spheres, the process has been set back many times. Literature on African integration can therefore be classified as descriptive, seeking to justify the failure of African integration and literature to describe African integration's partial success (Stefan, 2012). It can therefore be understood that a single theory cannot convincingly explain African integration, and therefore it is persuasive to call to the adoption of hybrid theories to understand the true color of successes and failures in African integration; neo-functionalism and liberal inter-governmentalism were thought out for the purpose of painting the wall of African integration.

2.2.1. Neo-Functionalism

Since, the creation of the European Coal and Steel Community (ECSC) in 1951 and the European Economic Community (EEC) in 1957, the core focus of neo-functionalism rests on the notion of spillovers. The Neo-functionalism articulates primarily on the points that every newly developed foreign organization's game was perceived to be greater than originally believed to be a position player in the potential phase of integration. Supranational entities are seen as players who are willing to initiate desires and facilitate more integration (Niemann A. a., 2009). Though there was little public support, the significance of national elites in international cooperation was seen to be greater. The idea was also unattached to the territory; instead, it focused on describing regional integration. Haas argued, as quoted in Niemann and Schmitter (2009), which the object of the theory of neo-functionalism was merely to define, explain and forecast. It was based on

many main principles and assumptions, and be not limited to European regional integration concerning its applicability. “Instead of a single event, integration is seen as a process in advance; Dosendrode describes it as” capable of explaining organic or slowly developing regional integration, "(Desonrode, 2010). Niemann and Schmitter (2009) added that states are considered rational and self-interested as decision-makers and actors, while elites are considered as the key force for integration in national society and the government, as well as internationally. Schmitter(Schmitter, 2005) points out that 'interest' is the guiding force of the integration process, not traditional values or identity. Interests should not be considered constant, nor should they be confined to the national level. The idea of spillover effects, which is linked to the notion of integration as a mechanism, is the principal aspect of neo-functionalism. Regional integration is thus related to actors who are self-interested. Such actors are pluralistic in nature, capable of acting independently. Over time, spillover effects can only occur and be observed. The creation of the ECSC and the EEC is a theoretical and practical example of spillovers. For Franco-German cooperation, which ultimately leads to political integration, ECSC were, founded (McCormick, 2005). This hypothesis, as quoted by Finn Laursen (Laursen, 2008), predicted that the importance of nationalism , and the nation-state would decrease, and that elected officials and interest groups within states would see it in their interest to have higher levels of market , and political integration. Regional integration can then be seen as a mechanism by which political leaders are convinced to transfer their loyalties, aspirations and political practices towards a new centre in national settings (Martha, 2014). According to the theory of Neo-functionalism, integration will first take place in low-political fields aimed at justifying the deepening and extension of integration with supranational institutions as the primary driving force behind the transition of economic integration (Stefan, 2012). As quoted in Stefan Michel, Niemann(Niemann A., 1998) pointed out that four forms of spillover are recognized in neo-functional theory, namely functional, political, cultivated and induced spillover.

Functional spillovers refer to economic cooperation which leads to more integration in other fields of the economy. In these spheres, non-state actors play an important part. With economic sectors benefiting from inter-state trade, players in these sectors are increasingly collaborating across borders and, thus, are forcing their respective national governments to collaborate to establish institutionalized and more integrated systems.

Political spillover stresses that learning processes to take place within national and foreign elites during integration, leading to the change to a foreign core of aspirations, political practices and loyalties. As it would be in the national interest, this political change would place pressure on decision-makers to collaborate internationally.

Cultivated spillover refers to political and functional spillover effects stimulate supranational structures (Niemann 1998, as cited in Stefan Michel, 2012). In addition to serving as a meeting place for national states, and their members, International organization facilitates integration.

Induced spillover explains how the integrated countries' changed economic condition and trade trends lead other nation states to consider joining the group. The territorial extension of a foreign body means this.

2.2.2. Liberal inter-governmentalism

As a response to the commentary of neo-functionalism, the theory came into being. The center of the claim is that states are the key players in international cooperation and function as unitary rational actors that regulate the integration process (Stefan, 2012) and claim that institutions do not play a significant role in large-scale decisions (Laursen, 2008). Therefore, there are three dimensions of the logic of integration: national interests, practical negotiation and institutional choice (Moravcsik and Schimmelfenning, 2009). The first stage is national preference, which defines the domestic forces and pressures that lead to the definition of their economic interests by national states (Morvacsik, 2005). These potential economic gains could lead national states to pursue cooperation with each other. Substantive Bargains discuss the mechanisms of negotiation leading to international treaties. During negotiations, institutional choices concerned with nation-states build supranational structures to escape unintended effects, tackle unexpected results, and reduce cooperation transaction costs (Morvacsik, 2009). During negotiations, national-state institutional choices create supranational frameworks to avoid unintended consequences, resolve unpredictable outcomes, and reduce the cost of cooperation transactions (Morvacsik, 2009).

2.3. Formations of Regional Economic Integration and the role of Aviation industry in Africa

Prior to the life of the Organization of the African Union (OAU, later AU), Africa was incorporated. The institutional expression of the desire for unification in Africa is the African Union. The case for the United States of Africa is based, at the very beginning, on the philosophical concept of Pan-Africanism. Two conceptions exist: Afro-centric and euro-centric. To support the position that Africans are self-asserted the Afro-centric concept is used, whereas the Eurocentric argument treats Pan-Africanism as the reaction to European colonialism (Okhnmina, 2009). In Okhnmina, as quoted, S. (2009), Kwame Nantambu (1998) argued that the history of Pan-Africanism starts with an Afro-centric viewpoint from 3200 B.C. This is perceived to be the philosophical consequence of pan-Africanism. There is a misconception that Pan-African nationalism is described as referring to Pan-Africanism's Afro-centric version. This version is best appreciated in the case for political integration in Africa in the form of the fight against foreign dominance. Kwame Nantambu explains Pan-Africannism in this context, as “African peoples' indigenous, united struggle and resistance against all forms of foreign aggression and invasion.” The Eurocentric edition, on the other hand, can be classified as cultural-political, geographical and ethnic. What sounds more is the ideas of Pan-Africanism were born by the feeling of unity among Africans. Since independence until now, regional integration in Africa has been on the agenda of policymakers, although there have been various lenses on how to meet a unity in the continent (Ndlovu-Gatsheni, 2013). Today, after five decades of winning democratic independence, the discussion on the best path to achieving integration in Africa continues. Africa's regional integration is driven by the need to tackle the systemic challenges generated for African economies by the states left behind by departing colonialists on the continent. Africa is overly exposed to the global capitalist system, as (Scheoder, 2003) contends. This is demonstrated by the fact that Africa's “ratio of extra-regional trade to GDP is twice that of Latin America, four times that of Europe.” Therefore, African economies' external focus has undermined the opportunity to update the agenda for regional integration. Asian countries' empirical evidence suggests that Africa might not be able to successfully exploit development economies of scale and capitalize on large domestic markets. The political economy of regional integration in Africa is concerned with the essence and

character of the state, the leadership's engagement, the institutional capacity of each state and the foundations of the theoretical models within which regional integration in post-independent Africa is framed. As such, Africa's integration efforts were modeled on the rationale, and method dictated by Euro-centralists' (Oloruntoba, 2016). As Ndlovu-Gatsheni (2013) further argues, Euro-centricism gave birth to long-standing colonial power trends in Africa's economic policy and political phase of post-flag independence, "global colonialism" (Grosfoguel, 2007). Pan-Africanism is therefore regarded, directly or indirectly, as the corner stone of the base and of the creation of regional integration in Africa. The 2063 Agenda of the AU could better fit the degree to which Pan-Africanism is a pillar and basis for regional integration. It was explained under the second aspiration of the 2063 agenda of the AU (African Union Commission, 2015) as: Politically unified, an integrated continent focused on the principles of Pan-Africanism and the vision of the Revival of Africa. The quest for African Unity has been motivated since 1963 by the spirit of Pan-Africanism, which focuses on emancipation and political and economic equality. Africa aspires to be unified by 2063, to have a world-class, integrative infrastructure that spans the continent, to have complex and mutually beneficial relations with its Diaspora, to be assured of seamless borders.

2.3.1. Historical Overview of Aviation Industry in Africa

The continent's aviation market isn't mature, but rather filled with ups and downs. The population size of Africa (1.1 billion) and therefore, the large land mass (30.2 km²) are factors that would make the aviation industry a stable and advantageous area for air transportation industry. The very fact that nearly a third of African countries (16 out of 55) are landlocked and therefore, the success of other modes of transport makes air transportation important (AFCAC, 2013). While conditions seem to be conducive, in many African countries, years of economic stagnation and low per capita incomes have made Africa's aviation. The share of world traffic for Africans is about 2 percent, which suggests that few African and international airlines depend upon most African countries for air service. The African Airlines Association (2010) estimated that international airlines carry about 65% of the traffic to and from Africa. The basic issues in Africa are seen in these figures. Most African airlines don't have a competent airline that may operate international services to make the slackest demand from foreign airlines. One of the wonderful samples of the acute capacity limitations of African airlines is the domination of

international airlines industry the smallest amount established within the world. The prevailing number of aircraft in Africa is around 1,700 in step with the African aviation outlook (2019) and Ethiopia has the very best order within the year marked (Center for Aviation, 2019). The opposite mirror showed Africa that only about 11.3% of Africa's trade is within the continent, which successively suggests that the continent deals much more with the remainder of the planet than with itself (United Nations, 2013) Relatively optimistic is the way forward for African air transportation industry. Stimulating annual rates of growth of international passengers are registered, which is about 6.6 percent within the 2011-2031 periods. This can be all above the 5 percent average previous long-term industry pace (Boeing, 2012). Heinrich C. Bofinger (2017) reported that the full ability of transport in geographic area increased dramatically 45.6% million seats from 2002 to 2015. Overall, between 2001 to 2015, traffic rose at an annual rate of 5.8 percent and also the rate increased to 7.6 percent between 2003 to 2010. The years of the worldwide economic condition, 2009 and 2012, saw a 4.9 percent rate of growth, followed during the following rebound by a 5.3 percent rate. He added that even during the economic downturn, intercontinental traffic has been increasing. The world Bank (2009) reported that main traffic relies heavily on the three major hubs of South African Airways (33%), Kenya airlines (70%) and Ethiopian airlines (83%) and foreign traffic through their hubs, which developed at an annual average rate of 6.2% between 2001 to 2007 (World Bank, 2009).

2.3.1.1. The History of Aviation in South Africa

The art of aviation started in 1929 in South Africa, 26 years after the primary flight of the Wright brothers in 1903 (Ssamula B., 2016). As cited in Pirie (1990), after being awarded a government contract to fly airmail between metropolis and also the major centers in Republic of South Africa, Major Miller established Union Airways in Port Elizabeth in 1929 (O.Mhlanga, 2016) and (Afrihost.com, n.d). Union Airways began operations on September 3rd, 1929. The Union Airways aircraft repeatedly crashed and this caused the airline take over the operation to push the South African government to approach (Ndhlovu, 2009). The South African government, in turn, took over the assessments and liabilities of Union Airways in 1934 and therefore, the South African Airways (SAA) airline. Pirie claims that the transportation climate in African nation was lightly regulated from 1934onwards (Pirie G., 2006). During the Second war (1939-1945), per Gavin (2013), all aircraft employed in South Africa for civil aviation transport purposes passed

to military authority , and also the country became entirely captivated with international airlines to supply domestic air transportation services (Gavin, 2013) . Comair was founded and started operations in 1946 as a brand new private airline (Goldstein, 2001). South Africa was divided during the time of apartheid as a result of the policies and economic opportunities of the time (Ryan, 1992). With its office being targeted International criticism of the apartheid regime during the 1980s and SAA itself faced hospitality (Galli, 1997). It went through different strategic changes to hit those European destinations after South African Airways was barred from flying over African skies (Pirie G., 1990). In line with this, SAA purchase Boeing 707s that mad it is possible to visit London and other European destinations along the geographic region of Africa (Pirie G., 2006). Additionally, SAA made strategic changes by creating partnerships with Luxembourg Air to attenuate longer flying hours. By doing so, SAA avoided traveling along Africa's geographic region, minimizing flying hours and fuel costs further (Lunsche, 1997). Air travel has become an upscale mode of transport and there has been a risk that other cheaper modes of transport will be lost market share (Ndhlovu, 2009). This was reinforced by growing domestic air services and mapping the longer term deregulation of the domestic transport industry to realize the SAA's financial objectives (Federico, 2013). Pirie (2006) claims that 1990 marked a period of political transition involving the withdrawal of bans between African count, and its continental neighbors on cross-border aviation. For the primary time, after an extended absence, several African and international carriers landed within the republic (Bennett J. a., 2004). For both the domestic and South African intra-African markets, this era marked the start of liberalization (Bennett J., 2005). The deregulation process saw the establishment of latest start-up airlines (Ssamula B., 2008). Flitstar, as an example, came to challenge SAA and to trust its services. With the heavy involvement of unseen government ownership, however, SAA was isolated from the worst effects of deregulation. SAA therefore continued to harass private airlines over which it had a monopoly (Bennett J., 2005) that degraded the competitive existence of personal owners like Flit star. After the tip of the apartheid regime, the event of the airline industry in the Republic of South Africa has been seen, while SAA gave the impression to have anti-competitive conduct hegemony. Thus, the entry of Flit star into the market was affected It's clear that 21 airlines entered the airline industry, 11 folded up and 10 are still operational during the expansion of the airline industry in the Republic of South Africa from 1929 to this point. During the expansion of the airline industry in the Republic of South Africa, numerous factors

have affected the demise and performance of airlines (O. Mhlanga, 2016). It's not doubtful to speak of the economic effect in the African nation of the aviation industry. The Open Skies Agreement signed by many nations within the world could be a testament to the actual fact that countries have come to comprehend that aviation services can produce billions of dollars (Luke, 2013). African airlines haven't been ready to recognize the billions of dollars in aviation sales, unlike European, and therefore, the U. S., and South Africa has also been impacted (Ismael, 2015). The Tourism Satellite Account for 2013 (Statistics South Africa, 20)) showed that aviation accounted for an estimated 3.1% of the contribution of the tourism industry to South Africa's gross domestic product (GDP) and provided for 227,000 jobs or 2.6% of the South African workforce in 2014, considering the absence of open skies agreements in Africa. South Africa/African country/African nation's airline sub-sector plays a serious role within the economy of South Africa as a replacement driver of economic development (Statistics South Africa, 2014). As was quoted in Ensor, L. (2016), SAA, which depends on government bailouts and affects the industry's competitiveness there (O.Mhlanga, 2016). The high failure rates of airlines within the domestic market have thus continued to intimidate other airlines. The South African government should therefore recognize that government-owned flag carriers are costly which inefficiency and kills breeds over safety (Njoya E. T., 2016).

2.3.1.2. The History of Aviation in Ethiopia

Immediately after the top of warfare II, Ethiopian airlines established themselves in 1946. It was with the support of yank [Trans World Airlines] that Ethiopian airlines began existence in 1946. In 1946, when most African states were under colonial rule, Ethiopia, a poor state totally addicted to subsistence agriculture with an illiteracy rate of over 96 percent, would have considered aviation "alien industry"." Ethiopia had only two secondary schools and not a tertiary institution when an Ethiopian airline was first created. Influential conventional economists of the day would have advised that the aviation sector was out of line with the competitive advantage of Ethiopia (ArkebeandTaffere, 2019). More than 5,000 airlines have won International Civil Aviation Organization (ICAO) codes over the past seven decades, but only a little number has lasted beyond 10 years. One of them is EAL. Thus, its journey is a rare catch-up story in Africa, teaching the centrality and difficulty of technical learning, and therefore, the role of a disciplined state within the creation of a national champion. It gives hope to African policymakers that

catching up are possible even for late-latecomers within the early 21st century, despite the percentages and various internal and external constraints (Cramer, 2019). The tale of EAL defies the thought of comparative profit and other traditional nostrums. By 2018, EAL had received its 100th aircraft, a Dream liner, and raised its annual number of passengers to quite 12 million. It had been voted Best African Airline within the same year and was ranked 40th by the planet Airline Awards in customer serving, and 24th in scale (Skytrax, 2018). Its medium-term goal is to double the quantity of aircraft in its fleet to 200 and, by 2025-30, to boost the amount of annual passengers to 25 million. EAL forecasts that its overall revenue will double from the \$US 5 billion target in 2019 (more than the estimated merchandise export earnings of Ethiopia) to US\$ 10 billion by 2025-30. Building on a venture with DHL Logistics (Arkebe and Taffere, 2019), EAL plans to ship quite 1 million loads of cargo over the following decade. EAL is additionally establishing alliances with leading manufacturers of components and commercial aircraft like Boeing and Airbus, and their subcontractors, eventually aimed toward creating brand-new center for aerospace development (Justin, 2019). Three different stages, EAL evolved: Within the first, together with TWA, the airline built up absorptive capacity and capacity through learning, and followed a positive Ethiopianization or localization strategy. This era lasted from the formation of EAL in 1946 until the tip of the 1975 TWA partnership. Within the second phase from 1975 to 2000, EAL maintain and preserved the skies, and company independence gained during the primary phase and developed more capabilities by handling a series of externally produced crises. EAL has strengthened its capacity, strengthened its practices, diversified its competencies, and fixed within the third level, which began with the new millennium (Arkebe and Taffere, 2019). It sounds amazing to appear at the genesis while talking about the increase of the Ethiopian aviation industry. Ethiopia was the last independent African sovereign state right after the Second warfare, and a founding member of International organization (Arkebe and Taffere, 2019). As a part of a modernization initiative, the Ethiopian government committed itself to establishing an ad airline to politically and economically integrate the country, the foremost rational and cost-effective strategy because of the rout, and mountainous terrain and inadequate roads and railways. The Ethiopian government initially approached the Swedish carrier ABA with the help of Swedish Count Ericvon Rosen, and an agreement was because of being signed in December 1945 (Ethiopian Airlines, 1988). However, as cited in John Spencer (2006), in June 1945, the Ethiopian delegation attending the founding

conference of the world organization in New York met with members of the U.S. State Department and asked for technical assistance in creating a commercial airline, mainly for domestic air service. An initial meeting with Brigadier-General T. B. Wilson, chairman of the board of Transcontinental and Western Airlines (TWA, renamed Trans World Airlines in 1950) was arranged by the state department (Arkebe and Taffere, 2019). An agreement with TWA was signed by the Ethiopian governments in September 19. And the new airline was established on 21 December 1945, with five wars surplus aircraft beginning operations on 8 April 1946. The 1990s and 2000s gave the global aviation industry significant changes. Stimulated by developments in information and communication technology, international rivalry has escalated. There were also several flagship African carriers grounded. Globalization and the rising need for air connectivity are rising opportunities for development and expansion at the same time. These innovations have made it possible for Ethiopian Airlines to realize its vision of becoming an African market leader and to strategize for the 21st century. Ethiopian Airlines thought that economies of scale were essential to its vision. In addition to new aircraft, rapid growth and diversification require technological excellence, new business skills, organizational skills, continuous improvement, and a high degree of absorption capability. A new board and management team unanimously agreed to create a fundamental new visiting, and long-term strategy for accelerated growth with EAL survival threatened by the highly competitive business climate. A fundamental new direction for the organization was set out in Vision 2010 (a five-year plan for 2006-2010) and Vision 2025 (a 15-year plan for 2011-2025).

2.4. Aviation policy in Africa and AU's Agenda of 2063

In Africa, there are aviation projects that would function a basis for promulgating a continental aviation strategy. A number of these were: the Declaration of Yamoussoukro, the Lagos Plan of Action, the Treaty of Abuja and also the 2063 AU agenda. Despite these initiatives and attempts to develop civil aviation in Africa, overall progress was insufficient and too late, owing mainly to an absence of political will and institutional and procedural constraints. Initiatives don't seem to be well-organized and typically have multiple viewpoints and priorities, which poses insurmountable barriers to implementation. A coherent policy structure is required to formulate well-thought-out and implementable policies that outline and entail the requisite political engagement, among other things. Therefore, Africa should have an African Civil Aviation Policy

(AFCAP) that has a structure and a forum for the expansion, cooperation, and integration of national and multinational programs in numerous aspects of civil aviation (African Union, 2011). Because of the principles of the Yamoussoukro Decision influence both regional and continent-wide traffic flows, sub-regions in Africa have their respective aviation policies. The COMESA air transportation Policy was laid down within the COMESA Treaty during which Member States should undertake to determine a structured and complementary policy on transport and communication (Charles E., 2010). Civil aviation issues within the Southern African Development Community (SADC) have given due importance to the necessity for Member States to enhance cooperation within the regional transportation market. Civil aviation policy notices that a harmonized regional aviation policy involving the ritual liberalization of intra-regional traveling markets for regional airlines would be established by member states. The 2063 agenda of the AU duly distinguished that the African Union Agenda 2063, includes a flagship project called the one African transport Market (SAATM) in line with the respective national aviation policy. The main role of SAATM is to attach Africa to assist promote its integration and trade and tourism in intra-Africa. Perhaps a vital tool for global growth, the African aviation sector has the potential to dramatically change and boost economic and social benefits across Africa. Consequently, the pillar of many developed and emerging economies is aviation. Therefore, SAATM may be a direct road to a more stable and safe future for Africa.

2.5. The potential of Ethiopian and South African airlines for Regional Economic Integration

Africa's regional integration will build larger markets that are attractive to investment and trade and crucial to sustained development, job creation and the transition to inclusive growth. It is expected that cooperation agreements through the RECs would facilitate the integration of Africa. Recent regional infrastructure and trade-related projects and separate regional infrastructure master plans offer an additional catalyst for a more cohesive integration strategy. At the national level, macroeconomic stability and strong growth has increased the capacity to draw foreign investment, partially reflecting economic and governance reforms (African Development Bank Community, 2015). The advancement of the aviation industry could enhance this regional integration. Air transportation growth on the continent promises the best for regional integration. A significant enabler for economic growth and development is air transport.

Air transport makes entry into the global economy simpler and offers essential national, region, and international connectivity. It helps generate trade, encourage tourism, and create opportunities for jobs. In its own right, air transport is a significant industry and also provides essential insights into larger economic, political, and social processes (Dufera, 2017). The present potential of air transport for booming regional integration sounds like this.

2.6. Air Transport Destination Performance and The role of Tourism and Aviation for GDP

Aviation was found to contribute a minimum of 2 percent to GDP in most of the developed countries surveyed, indicating that the aviation industry and a high level of growth mutually reinforce one another. As a consequence, it is often concluded that a well-established aviation industry might play a job in promoting growth within the standard of living of a nation (Julie, 2013). Transport may be a fundamental component of tourism, providing a vital connection between the regions and therefore, the destinations that generate tourism. Therefore, where there's a two-way relationship, there are very close ties between the transport, and tourism sectors. For the creation of any tourist destination, good accessibility, which is defined by the transport services given, is very important. As compared, due to the extra benefits that this type of travel can bring, there are major benefits from tourism for the transport industry. Aviation is therefore an increasingly important mode of transport for the tourism industry. While geography has meant that traveling has always been the dominant mode for long distance travel and lots of international tourism nowadays, the importance of aviation for brief and medium-haul tourism trips has also increased. Therefore, developments in aviation have very significant consequences for several tourism markets (Anne Graham A. P., 2008). Additionally, to the present, by encouraging their growth and funding their activities, the aviation sector contributes to other industries. For instance, through its speed, convenience, and affordability, the event of aviation industry acts as a catalyst for wider advantages in its position as a critical component and facilitator of world business and tourism. Since the aviation sector accounts for 51% of international travelling, it's important for the tourism industry, which is an integral source of economic process for several countries. Globally, 34.5 million tourism workers are funded by travel, adding about \$US 762 billion annually to global GDP (Air Transport Action Group, 2018). In 2016, over 415,000 people were directly employed by the aviation sector in Africa to

get African experience. An approximate \$6.8 billion of gross value added contribution to GDP was funded by the industry. It also promotes an oversized amount of tourism in Africa, which has created an estimated 4.9 million jobs, and a GDP contribution of \$35.9 billion. In total, an estimated 6.2 million jobs, and a contribution of 55.8 billion to GDP in Africa were funded by the aviation sector in 2016.

Regarding arrival and concerning expenditure and revenues, tourism in Africa has experienced strong growth. With a median annual rate of 9 percent, tourism export revenue has experienced a transparent growth trend. The geographic distribution of receipts for international tourists and export revenues for tourists is near that for arrivals. Southern Africa earned a mean of 26% of tourism export earnings in 2011-2014, followed by Eastern Africa (20%). Across sub-regions and countries, the share of tourism export revenues varies. The world could be a main contributor to the exports of services in Southern, Eastern and Northern Africa, achieving a mean contribution of 62 percent, 45 percent and 45 percent respectively to service exports in these sub-regions in 2011-2014 (United Nations, 2017). Tourism, and also the aviation industry go hand in hand. This confirms that the amazing contribution of the aviation and tourism industries to GDP is crucial for both sectors to be used as a platform for regional integration in Africa. The World Bank study (2013) has stated that tourism could be a strong tool for global economic process and job creation. The world accounts directly or indirectly for 8.8 percent of world jobs (258 million); 9.1 percent of world GDP (6 trillion US dollars); 5.8 percent of world exports (1 trillion US dollars); and 4.5 percent of world investment (652 billion US dollars). The World Travel and Tourism Council (WTTC) predict that the tourism industry in Black Africa could generate 3.8 million jobs, with 2.4 million indirect jobs, over the following ten years (Iain Christie, 2013). By following the inseparable nature of the industries, the character of the interdependence of aviation and tourism would force countries to border their policies. The more aviation is liberalized, the greater the flow of tourism.

The top 60 international routes are within sub-Saharan Africa. The east clearly has the more developed network, anchored in Republic of South Africa, Kenya, and Ethiopia. The most hubs today are Johannesburg, South Africa, Nairobi, Kenya, and Addis Ababa, Ethiopia. These airports consist of 36 percent of all international traffic within the continent. Like Western hub systems, these airports exist with a dominant airline

residing at each of the hubs. The entire number of carriers providing international service within sub-Saharan Africa has been fluctuating. Dominant in these new markets are Ethiopian Airlines and South African airlines. Of the overall estimated 14.3 million seats⁷ flown within the 206 country pairs, 80 percent of the seats are within the top 60 city pairs. Of those top 60 routes, 30 are again dominated by the three major carriers. In terms of routes with just one carrier, the whole number of seats has only increased by 6 percent annually—a reasonable rate. But, currently one carrier stands out 45 percent of all seats in markets having only one carrier which is served by Ethiopian Airlines, with nearly 1.2 million seats. Kenya Airways, with 22 percent, could be a distant second. South African Airways, by comparison, has only about 1 percent of the only real carrier market (WB, 2009).

The state of liberalization and the popularity of destinations go hand in hand. The degree of liberalization influences the production of the destination. State of liberalization with increased efforts to make Ethiopian Airlines more available to other countries in order to create greater opportunities. This has helped to increase international traffic in Ethiopia from 749,900 passengers in 1995 to 3,141,330 passengers, an increase of 319% with an average annual growth rate of 11% (Njoya E. T., 2013). As Ethiopian Airlines underwent a strategic transformation from an airline to a completely diversified aviation group (Ethiopian Aviation Group) (Jan, 2005), a new organizational framework became necessary. A more integrated framework was required by EAL that enabled strategic planning, coherence, monitoring of results, and accountability. The new structure demanded a structural change that affected all positions, including the equity shareholding strategy of EALs and the provision of operational and management services to other African countries (Arkebe and Taffere, 2019). The acquisition of a 49 percent equity stake in Air Malawi, for example, has allowed EAL to expand its hub in southern Africa. A new initiative to establish and operate African airports, including air traffic control, has been launched by Ethiopian airlines. Building on information gained through learning, the creation of a more sophisticated organizational capacity has thus allowed EAL to spearhead a new strategic strategy, increase revenue sources, and improve its presence and competitive position in Africa (Cohen, 1989). All of these helped EAL boost its destination efficiency ahead of time.

2.7. Does marriage of aviation industry liberalization with regional economic integration promise for poverty reduction in COMESA and SADC?

Starting with SADC, it is rational and compelling to speak about marriage, and the compatibility of the liberalization of the aviation industry with regional economic integration to reduce poverty. The origins of SADC were developed in the 1960s and 1970s, when leaders of black-majority countries and national liberation movements organized their political and military efforts to end colonial and white minority rule in Southern Africa [as cited in Rowlands, 1998 (Charles E., 2010)]. On 17 August 1992, SADC was formally created by the Southern African Development Community (SADC) (1992) through a treaty with the main objective of development and economic growth, poverty reduction by regional integration. SADC's transport sector objectives and development priorities have been described as a transport protocol dealing with a variety of transport sectors (Southern African Development Community (SADC), 2005). This Protocol further recognizes that, to resolve the difficulties of small national markets, and the small size of some SADC airlines, member states must strengthen cooperation within the regional air transport market. The liberalization of air transport is described as a civil aviation strategy aimed at the incremental liberalization of the SADC airlines, 'intra-regional air transports market, although the intra-regional liberalization of air transport has never been formally decided on. A significant contribution to the South African economy lies in the air transport market. The value of air transport to South Africa is, therefore, not arguable. The industry is reported to have helped South Africa's gross value added contribution of 7.4 billion to GDP in 2014. This suggests that the air transport industry funds 3.5 percent of the GDP of the nation (Oxford Economics, 2016). It is therefore, possible to draw an image of how much the liberalization of the aviation industry could improve connectivity and growth within and with other regions in the area. The Yamoussoukro Decision (YD) adopted in October 1999, remains the single most important policy reform initiative in the field of air transport pursued by African governments to date for its crucial aim of liberalization within Africa. The decision was aimed at expanding air services and enhancing the industry's influx of private capital (Meshela, 2006). In July 2006, South Africa adopted a five-year airlift plan aimed at improving the contribution of the air transport sector to sustainable growth and development. The implementation supports the objective of the government to increase the amount of international air traffic capacity to and

from South Africa as well as to establish a head of the demand capacity (International Civil Aviation Organization (ICAO), 2010). In the context of the Decision, the policy acknowledges the adoption and implementation by the Bilateral Air Service Associations with controlled liberalization of the YD's core principles on a continental basis, as well as the regulation of the foreign markets.

At the 2010 Economic Commission Assembly, Republic of South Africa reaffirmed its support for the favored Stance on African Liberalization and Free Market Principles within the African Region. Within the push to adopt the YD (International Civil Aviation Organization (ICAO), 2010), Republic of South Africa urged African states to integrate the Regional Economic Communities. As a result, new routes are used and speeds between Southern African countries are increased with the transmission of passengers and goods beings streamed. Therefore, an open skies market was established by a bilateral agreement between South Africa and Botswana, including multiple designations, multiple-entry points and unlimited capacity and frequency (Ndhlovu, 2009). As a result of the liberalization, particularly evident on the Nairobi-Johannesburg routes, the frequency increased from four in 2000 to a vast frequency in 2003 (Mhlanga, O and Steyn, J. N, 2018). As of J.N. Steyn and O. Mhlanga (2016) the passenger volumes have risen by 69 percent over the pre-liberalization period and air fares are 18 percent lower on realized routes, and this decrease in air fares are projected to extend the number of passengers by 14 percent to 32 percent (Myburgh, 2006). Cooperation agreements, like between South African Air and Air Tanzania, and in some sub-regions, like the East African Community , and also the Southern African Development Community, between Southern African airlines (O 'Conner, 2003). The liberalization of air transportation is therefore a powerhouse of economic integration for Africans, which might be used both at national and regional levels as a tool for poverty reduction. For instance, “Ethiopian airlines flies over 58 destinations in Africa connecting the continent, moving people and goods, and thus making the African continental trade possible,” said Ms. Songwe after a tour of Ethiopian aviation facilities in Addis Ababa on 29 March 2018 which has been followed by a historic signing of SAATM, an African Union Initiative to form one unified air transportation market in Africa. The liberalization of civil aviation in Africa is anticipated to steer economic integration on the continent. She described the Ethiopian airline aviation facilities as ‘outstanding center of excellence.’” noting that sustainable improvements within the sector require complex changes in the range of policy dimensions in

areas like infrastructure, trade facilitation and services (ECA communications section, 2018). The African Exponent (May 2016:1) reported by mentioning Ethiopian Ministry of Foreign Affairs: Ethiopian airline is entitled as resilient Airline that thrives even under tough times. While most of the foremost airlines within the world and particularly those in Africa have endured very tough times in recent years, Ethiopian has won variety of industry accolades and seems to travel from strength to strengths. It ,for example, received the 2011 African Airlines Association (AFRAA) award for being consistently profitable over the years and even won the “African Cargo Airliner of the Year 2011” award for its excellence in air cargo.

Within the economic sphere, Ethiopian has been able to generate sustainable long-run business growth, a stride attributed to the interplay of the numerous factors. In line with the 58th edition of World transportation Statistics, issued by the International transport Association (IATA), Ethiopian was the foremost important African carrier with revenue topping US\$2.3 billion in 2013, which Ethiopian was also a frontrunner in operating profit. In 2015, the profit the company garnered was over that of the combined profit posted by the rest of African airline industry. As we reflect on an ideal network dispensation of economic advantages aside from these airfare receipts, we'll also realize that better transport links expand market opportunities. It's evident that transport facilitates world trade and, this successively means aviation supports foreign direct investment, which is often amid improved technology. Given the growing international economic importance of Ethiopia within the world business communities, the Airline has consistently provided seamless movement of business people into and out of the country. More importantly, in line with correct reading of worldwide economic trends, the airline has shifted its business target linking Africa with global growth hot-spots like China and India. Borrowing the words of 1 commentator, airlines are the “physical Internet”, connecting people, products and also the planet driving the worldwide economy and creating numerous jobs (Addis Fortune, 2016). There's little question that greater transport links speed up African economic integration to the rest of the world and expand its market. Aviation can allow effective networking and collaboration over longer distances and improve the profitability of investment in other sectors moreover. This successively means aviation supports foreign direct investment both into and out of Africa (www.MFA.GOV.ET, 2016). That's why many countries promote aviation because the lifeblood of their economies. Yet, in an exceedingly world during which employment generation is becoming a main concern, those activities that are directly or indirectly addicted to

transporting people and goods by air, including airline and airport operations, are of paramount importance (MFA of Ethiopia, 2016).

In addition, Arkebe and Taffere (HDI, 2019:11) consolidated the argument above that few liberalization and regional integration for poverty reduction: During the 2001–18 phase of EAL’s development, the government used the airline as an instrument of business policy and offered it new growth opportunities by pushing it to serve the export sector. The Ethiopian horticulture industry, whose development began within the first 2000s, wouldn't have expanded without EAL investment and services. EAL also promotes tourism altogether its destinations. EAL itself has become the biggest single generator of export earnings for Ethiopia, accounts for 4 percent of GDP, and has directly or indirectly created employment for 50,000 people. It's achieved a high level of a domestic technological capability in an exceedingly technology-intensive industry, and sits an employment model for both state-owned and personal African firms.

The goals of the 1981 Common Market for Eastern and Southern Africa (COMESA), which originated in the Preferential Trade Region (PTA), were to improve economic and commercial cooperation between Member States to harmonize tariffs and to reduce trade barriers, with the potential outcome of the development of a common market (COMESA Secretariat, 2007). Since its formation, COMESA has introduced and implemented several programs. The COMESA Free Trade Region, a declared pre-requisite for a pending customs union, was established in 2000. The main objective of trade facilitation among COMESA member states is to tackle problems that face the liberalization of air transport services.

Article 87 of the COMESA Treaty, which is presumably framed in accordance with the 1988 YD, enshrines the air transportation strategy. The article associated with the liberalization of the grant of traffic rights for passenger and freight operations by member states to harmonize the laws, and regulations of civil aviation (COMESA, 1999). The draft Competition Regulations for the transport Sector was drafted in line with this COMESA, which was followed by the draft Competition Regulations for COMESA, and people drafted by SADC were considered together, and a preferred draft was adopted by the 2002 Joint Ministerial Meeting of COMESA, EAC and SADC Ministers answerable for Civil Aviation (COMESA, 2005). This means that the aviation industry has played a significant role in integrating countries into regions and regions.

2.8. Challenges and opportunities of aviation industry in Africa

Air transportation plays a significant role within the country's growth process by accelerating convergence of products and persons. The contribution of air transportation far exceeds that of road transportation sevenfold. Growth in air transport has directly maps into economic process thanks to spillover effects through creation of direct and indirect jobs within the industry and other auxiliary sectors like tourism and other service sectors. Expansion and advancement in air transport creates market opportunities for local business minded and entrepreneurs by creating regional and global economic centers. Empirical evidences assert that, in 2010, the aviation industry in Africa supported about 7 million jobs (including 257,000 direct jobs) through the impact on travel and tourism which translated into USD67.8 billion of the continent's GDP. Forecasts indicate that the aviation industry's impact on African economies is ready to grow.

Over the subsequent 20 years, implied job creation by the industry is projected at 879,000. Africa can maintain the expansion of its aviation industry if more and more people can afford to buy the price of aviation. Currently, only 10% of Africans go past air but given the present rate of economic process and emergence of the center class, there be high demand for services linked to transportation. In recent years, growing alliances with counterparts in other regions of the planet have played a vital role within the development of the African aviation industry. These alliances have permitted African companies to achieve access to new long run routes leading to higher economies of scale and skills exchange (AfDB, 2012). Hence, developing the aviation industry may additionally represent a chance to mitigate chronic transport problems faced by the 16 landlocked African countries.

IATA labels the foremost effective threat to safety in Africa to be the poor regulatory oversight, followed by inadequate safety management systems, an air lack of a flight crew training the air proficiency (WB, 2009) though an air transport safety and the security is additionally one, amongst the foremost important issues facing airports within the 21st century, and particularly following the events the terrorism the terrorism, 2001 (Anne Graham A. P., 2008).

Jean Louis Baroux (2016) identified transport because the fastest, cheapest and easiest mode of transport to regulate as a decent opportunity for Africa in an environment where road infrastructure is extremely weak. Airport infrastructures are easier to safeguard and sustain such road or rail networks thanks to their small footprint. It's also highly structured and controlled by

transport, making it relatively easy to run. This status of the planet in Africa, however, doesn't reflect its potential. Most African airlines are laid low with insufficient resources and bad management nowadays and are struggling to survive without the means to grow. African Development Bank (AfDB, 2012), painted that the rapid expansion in Africa's aviation industry is hampered by variety of things.; Poor record of safety and security, lack of adequate resources and infrastructure, distance and limited connectivity, lack of regulation and government actions are among the foremost constraints the industry is facing. These constraints augment competition and high operating costs resulting from surging oil prices. Addressing and encountering these challenges could significantly unlock the industry's potential for future growth. It further framed challenges of the industry as follows:

Safety and security challenges: Safety is that the most pressing challenge facing the aviation industry in Africa. In 2011, the typical number of traffic accidents was nine fold above the world average. The frequency of accidents stems largely from inconsistency within the implementation and enforcement of internationally accepted safety standards and practices. Increasing the amount of safety should be a key priority for the event of the African aviation industry. The African authorities have endorsed an African Union backed plan aimed toward addressing deficiencies associated with aviation safety and security and strengthening the regulatory framework. Accordingly, the International air transportation Association jointly with the International Civil Aviation Organization and other organizations have committed to supporting the Africa Strategic Improvement Action Plan of the African Union. The plan encourages African governments to foster regulatory oversight through the adoption of worldwide accepted safety and security standards.

Inadequate infrastructure: The transport industry faces various challenges including poor airport infrastructures, lack of physical and human resources, limited connectivity, and lack of transit facilities. Although substantial progress has been made during the past decade, Africa still lags behind other regions in terms of "soft" and "hard" infrastructure. It's therefore critical that African countries invest within the soft additionally as hard infrastructure to support the industry.

Lack of regulation and government actions: Despite the growing awareness of the role that the aviation industry could play within the development of the continent, the industry remains not the highest priority of African governments. More, despite increased liberalization of the

African aviation industry and also the growing presence of foreign companies, some African governments are still reluctant to open their skies fearing foreign competition could undercut national airlines, a number of which want commercial viability besides being just symbols of sovereignty. These challenges require governments to boost regulation of aerospace management, consumer protection and safety of airlines. Lack of aviation experts and skills, high airport taxes and charges, the weak connectivity and restrictions on transit visas and facilities increase the menu of impediments affecting Africa's aviation industry. The very challenges of Ethiopian and South African airlines don't faraway from these forms of hindrances.

Specifically, the world is laid low with disadvantageous political conditions and insufficient fleets and infrastructure. A minimum of on paper, the Yamoussoukro Declaration of 1999 paved the way for "open skies" agreements in Africa, but individual countries still have concerns about freeing air transport from political influence and continuing to guard their national carriers. The imposition of traffic restrictions, however, isn't a good means of defense, and therefore, the opening from airspace gives airlines the possibility to restructure (Group Agence Francaise Creation, 2016). The African aviation industry's output remains lagging behind that of the remainder of the globe, while Africa includes a 6.1 percent average rate as a rising region within the world regarding foreign traffic. When more and more individuals can afford to acquire the value of air transport, Africa can continue the expansion of its aviation industry. Just 10 percent of African traveling in 2012, but there'll be high demand for services linked to transport given the pace of economic process, and therefore, the rise of the middle class (African Development Bank, 2012). Not only does poor connectivity end in onerous travel schedules, it also keeps back economies by generally hampering the expansion of air transportation. Past efforts to open up the skies of Africa has remained largely unimplemented, like the 1999 Yamoussoukro Decision. International transport Association (IATA) has highlighted the immense potential economic and social benefits of the opening up Africa's aviation market to increase competition to spice up productivity and minimize sectoral corruption. The primary important step is to introduce the International Civil Aviation Organization (ICAO) and International air transportation Association (IATA) standards to offer new impetus to the sector; African governments must make a firm commitment to the already signed, "open skies" agreements. More specifically, initiatives that meet the wants of local communities that are expanding the infrastructure that's

available to the bulk of the population (leading to regional networks) have to be built, followed by intercontinental services (*Ibid*). It's recognized that African governments should participate in a more rigorous dialog to think about the pressure on industry and, eventually, on their economies. The value of aviation fuel in Africa is around 21 percent costlier than the worldwide average, to call one thing. Within the international arena, this might help the African aviation industry. For the African aviation industry, market access continues to be a constraint, while the industry has the flexibility to open up new markets, introduce new innovations and technology, build jobs, and lifts people out of misery. Istanbul will be reached on an everyday basis from Mombasa in 7 hours. But it takes a minimum of 9 hours and one stop to travel from Mombasa to Cairo. Within the domain of the economy of nations, aviation industry output has its own role and impact.

CHAPTER THREE

3. Methods of the Research

3.1. Description of COMESA and SADC

In viewing of Sub-Saharan African air traffic, Eastern and Southern Africa have developed major hubs, and are home to the three most important airlines-South African airlines, Ethiopian airlines and Kenyan airlines. This is supplemented by inter-SSA traffic of these hubs is dominated by the national airline. South African Airways, Kenya Airlines, and Ethiopian Airlines provide 33 percent, 70 percent and 83 percent respectively of the international traffics through their hubs (Bofinger, 2008). SADC and COMESA are among continental organizations established for defined regional purpose. Ethiopia and Republic of South Africa have dominant role within their respective in the glass of air transport. Ethiopian Airline is being shining not only in the region but also in the continent. On the other hand, Republic of South Africa has similar pattern of being icon in the respective region. Thus, how powerful air transport is in driving countries to integrate both within their region and the regions themselves are spotlighted.

COMESA profile



Source: research gate.com

VISION

“To be a fully integrated economic community that is prosperous, internationally competitive, and ready to merge into the African Economic Community.”

MISSION

Endeavour to achieve sustainable economic and social progress in all Member States through increased co-operation and integration in all fields of development particularly in trade, customs and monetary affairs, transport, communication and information technology, industry and energy, gender, agriculture, environment and natural resources.

COMESA Member States are: Burundi, Comoros, Democratic Republic of Congo, Djibouti, Egypt, Eritrea, Eswatini, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Somalia, Sudan, Tunisia, Uganda, Zambia and Zimbabwe (BOWMANS, 2021). The EEC for Eastern and Southern Africa (COMESA) comprises 21 African Member States that came together with the aim of promoting regional integration through trade and also the event of natural and human resources for the mutual good thing about all people within the region. COMESA was initially established in 1981 because the Preferential Trade Area for Eastern and Southern Africa (PTA), within the framework of the Organization of African Unity's (OAU) Lagos Plan of Action and thus the ultimate Act of Lagos. The PTA transformed into COMESA in 1994. The PTA was established to need advantage of an even bigger market size, to share the region's common heritage and destiny and to allow for greater social and economic co-operation. COMESA is one in every of the eight Regional Economic Communities (RECs) recognized by the African Union (COMESA, 2018). It's functioning with well-defined objectives agreed among member states:

- (a) The need to create and maintain: full free trade area guaranteeing the free movement of goods and services produced within COMESA and the removal of all tariffs and non-tariff barriers;
- (b) A customs union under which goods and services imported from non-COMESA countries will attract an agreed single tariff (Common External Tariff) in all COMESA Member States;

- (c) Free movement of capital and investment supported by the adoption of a common investment area so as to create a more favorable investment climate for the COMESA region;
- (d) Gradual establishment of a payment union based on the COMESA Clearing House and the eventual establishment of a common monetary union with a common currency; and
- (e) Gradual Relaxation and Eventual Elimination of Visa Requirements leading to the Free Movement of Persons, Labor, Service, Right of Establishment and Residence.

SADC profile



Source: researchgate.net

VISION

A reputable, efficient and responsive enabler of Regional Integration and Sustainable Development.

MISSION

Provide strategic expertise and co-ordinate the harmonization of policies and strategies to accelerate Regional Integration and sustainable development.

SADC is operating with the following objectives specified by member states:

- (a) Achieve development and economic growth, alleviate poverty, enhance the standard and quality of life of the people through regional integration.
- (b) Evolve common political values, systems and institutions;
- (c) Promote and defend peace and security;
- (d) Promote self-sustaining development;
- (e) Strengthen and consolidate the long-standing historical, social and cultural affinities and links among the people of the region.

The Southern African Development Community (SADC) has been breathing since 1980, when it had been formed as a loose alliance of nine majority-ruled States in Southern Africa called the Southern African Development Coordination Conference (SADCC), with the foremost aim of coordinating development projects so as to reduce economic dependence on the then apartheid African nation. The architect member States of SADCC were: Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, United Republic of Tanzania, Zambia and Zimbabwe (<http://www.sadc.int>). SADCC was born in Lusaka, Zambia on April 1, 1980, following the adoption of the Lusaka Declaration and transformed into a Development Community (SADC) on August 17, 1992, in Windhoek, Namibia when the Declaration and Treaty was signed at the Summit of Heads of State and Government thereby giving the organization a legal character (<http://www.sadc.int>). The Member States are Angola, Botswana, the Democratic Republic of Congo, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, Republic

of land, Swaziland, United Republic of Tanzania, Zambia and Zimbabwe. SADC headquarters are located in Gaborone, Botswana (SADC, n.d).

3.2. Research Method and Design

As stated earlier, the major concern of the study is examining the role of liberalizing aviation industry and regional institutional arrangements in bringing regional economic integration for integrated economic and political purpose. The goal of this study is comprehensive understanding of the ways in which the liberalizing depth of aviation industry for regional economic integration to the natural setting of regions of the study area (SADC and COMESA). Thus, the method chosen for the study is qualitative. The reason to choose qualitative method helps to provide rich and valuable information with the aim of generating the reliability and validity of the information. Therefore, descriptive research design is considered to be appropriate to emphasize on what actually happened in the process of implementing the AU's Agenda of 2063 and negotiations together with the YD and tripartite treaty with COMESA, SADC and EAC. The study used purposive sampling technique amongst non-probability sampling. Purposive sampling has been chosen because it enables the researcher to choose people that are presented and available that best meets the objective of the study.

3.3. Data Source and Data Collection Instruments

This study presents a qualitative investigation based on primary and secondary data. Primary qualitative data collection consisted of key informant interviews and documents. Secondary data collection included articles, journals, treaties and agreements emerged from different organizations concerned for aviation industry. The proposed methodology allows for effectively obtaining different perspectives on the research questions, as well as to complement and triangulate responses among respondents.

Data was collected in institutes very related to the study: FDRE ministry of Transport, FDRE Ministry of Trade and Industry, Ethiopian Civil Aviation Authority and Ethiopian Airlines. These institutions were selected according to their relevancy to the study.

Data analysis and interpretation was undertaken by reading and re-reading the responses collected using a process of categorization and identification of themes and patterns across the

different segments of respondents, identifying coherent categories in line with the conceptual map of the study.

A few points about the methodology are worthy of mentions. First, the study does not aim to be continentally representative. The study represents an in-depth regional study; findings and conclusions are to be considered in light of Ethiopian Airlines' and South African Airlines'. Second, the findings from key informant interviews are presented as the patterns that emerge from the opinions voiced by the participants during the interviews. Third, this study aims to offer insights in to, and reflect on African countries and perception of service providers in the aviation sector and experiences with respect to the role of liberalization of air transport and its attribute as well as the effectiveness of regional and continental agreements. The researcher reports associations following respondents' suggestions and ideas.

Collecting data through interviews were conducted by taking problems with ethical considerations in respect to the participants and therefore the researcher. Since a decent research problem conforms to moral, ethical and legal standards of scientific inquiry, the researcher applied the subsequent issues (Saunders, et.al, 2007):

- ❖ Deep concern of sensitivity for the rights of research subjects.
- ❖ The rights of privacy of participants.
- ❖ Voluntary nature of participation.
- ❖ Consent of participants, maintenance of confidentiality of information provided by identifiable participants.
- ❖ Effects on participants of the way during which data is analyzed and reported.
- ❖ Objectivity of the researcher.
- ❖ Reactions of participants to the ways during which the researcher seek to gather data.

CHAPTER FOUR

4. RESULT AND DISCUSSION

4.1 The role of aviation industry for regional economic integration

An informant from Republic of South Africa coincided with Njoya (2013) that asserts that the role air transportation plays in regional economic integration and growth that transport is that the nation's economic engine and has the power to drive other sectors additionally to booming the economy. As an example, the tourism industry contains a strong relationship with the event of air transportation. Strong complementarity between air transportation and tourism in regions means tourism success depends on the prevailing demand and government policies of the aviation industry and the other way around. This means that both sectors should be taken under consideration at the identical time and may work more closely for mutual benefit. This is often because the expansion of aviation generates strong accessibility for the expansion of any tourist destination (InterVISAT, 2006). The role of transport narrated that while it's the cornerstone of regional integration in Africa, other factors, like oil prices, privatization and related issues, play a task in hampering air transportation so as to facilitate regional economic integration. The efficiency of such air transportation therefore transcends the social and political growth of the regions. The informant also mentioned the success of SADC as an example for Regional economic integration in Africa which could also repose on the liberalization of the aviation industry. The SADC's achievement to this point was the creation of a trade Area in August 2008. In removing the barriers to trade between the signatory countries, the SADC trade Area has resulted in an exceedingly significant increase in intra-SADC trade. Between 2000 and 2009, intra-SADC trade grew from about US\$13.2 billion (\$17.2 billion) to US\$34 billion (\$44.7 billion), a rise of 155 per cent. Maximum tariff liberalization was achieved in January 2012 (Wilson Bell, 2017). He courageously reacts in line with the concept that the degree of regional economic integration may be enhanced by liberalizing the aviation industry, leading to national and regional development successively. He due emphasize that nothing has got to do with liberalization alone. It's to grant due consideration to other sectors of the aviation industry. Thus, for full-fledged and efficient liberalization, organizational structure, management leadership skills, infrastructures should come to the middle of dialogue. Eric Tchoaumou (2013) claims that tourism is probably going to learn from open skies policies in Njoya's research

findings. He also added that an outsized number of studies have shown that the liberalization of air services encourages the event and growth of low-cost airlines, leading to a rapid expansion of traffic and tourism arrivals (Njoya E. T., 2013). In step with Abate, the liberalization of air transportation markets is meant to optimize the benefits of direct and indirect competitive gains (Abate, 2013). Since aviation facilitates cooperation and utilization of shared resources that we've got. In line with this, Ethiopia has been stepping up efforts in recent years to attain greater openness with other countries so as to make greater opportunities for airlines in Ethiopia. This has helped lift the annual rate of international traffic in Ethiopia (Njoya E. T., 2013). In regard with the contribution of air transportation for regional integration, an informant from Ethiopian Civil Aviation Authority asserted that Ethiopia has the chance of becoming an engine to play a greater role in SAATM which could help reciprocally to own sound role in COMESA. This position would awaken it a replacement opportunity to airline industry. By using the industry as means Ethiopia can maximize its regional advantage and proportion regional integration process which meets the AU's agenda of 2063.

4.2 The contribution of Air transport for regional development

The role of air transportation is big and will be tagged as a lifting machine for development. It'll be better in an open sky and also the response of respondents is that the degree of openness matters economically for integrating regions. An informant from Ethiopian Civil Aviation Authority, planning department, happily explains the intense way forward for the airline in Africa normally and in Ethiopia and African nation specifically. Regardless of the monopole of the government, EAL is seen as an icon to the country. It's not doubted that regional integration is enhanced by liberalized air transportation. Not only South Africa and Ethiopia, but Africa itself has not exploited the industry properly which opens the door to investors outside Africa in addition as inside Africa. As per of this informant, an Ethiopian airline may be a lens to the country's economic development. Because the advancement of air transportation also helps other sectors to perform well; tourism industry is an example. Tourism industry successively creates jobs. What make the airline exemplary are its strong historical foundation, vision and commitment. These qualities help the EAL to possess the position it's in Africa. Thus, EAL encompasses a potential beyond regional integration, it'd be one amongst strong and memorable sector in meeting flagship project of Agenda 2063. Within the conclusion, both airlines are pillar

to their respective countries. Besides, SADC and COMESA would best be bridged by these dominant air lines. The response came to the thought that open sky policy and relaxed regulatory rules are over guidelines for integrating African countries that allow them to eat the fruits of the expansion of the aviation industry. He added that the thought that opening the sky could affect the expansion of air transportation capabilities of African countries. His statement is predicated on policy structures on how the sky is liberalized. And there are airlines that are profitable for years, while the government monopolizes them. Moreover, so as to resist the challenges that emerge as a result of opening skies for advanced and qualified airlines, the respective countries should have clear and efficient institutional and sectoral settings. An informant from Embassy of Republic of South Africa stated that air transportation has profound contribution to South Africa itself and binding potential to SADC. Air transport facilitates exports, foreign direct investment, and tourism i.e. US\$140 billion foreign direct investment, US\$110 billion exports and US\$9.2 billion foreign tourist expenditure (Oxford Economics, 2016). This huge capacity also connects people round the world easily. He stressed that dominant position of South African air industry, though there are bottle necks, could help so on engine members of SADC. Because African country has remarkable economic advancement than other member states of SADC and SADC nations represent a growing family with dynamic complementarities and also the potential to become a united trading block, able to tackle the opportunities and challenges presented by globalization and therefore the multilateral trading system. Since SADC represents a union of countries determined to forge ahead toward a brighter future, African country could play a noteworthy role within the region (SADC, 2005). The informant concluded that it might be done because the country is in a very better position in terms of economic status which could make things less challenging to require the advantage of aviation industry.

4.3 The marriage of liberalization of aviation industry with regional economic integration

In order to eventually liberalize air in Africa, there's an initiative called the Yamoussoukro Decision. It's drawn a map of how travel liberalization will be accomplished and promotes countries within sub-regions. A bit like an initiative, this roadmap shows what proportion liberalizing the aviation industry economically intensifies regional integration. Consequently, aviation industry liberalization and regional economic integration go hand in hand, which

testifies to their essence of interdependence. They're fine couples. Key informants from Ethiopian Civil Aviation Authority and Ethiopian Airlines provide notable insights. They contend that the concept of liberalization and privatization is that the main arc of competition of air transportation in Africa generally and in Ethiopia and Republic of South Africa specifically. This magnifies what proportion liberalization of aviation and regional integration are inseparable and important. These key informants strongly agree that initiations endorsed by AU, COMESA and SADC are used as instruments for creating air transportation liberalization and regional integration real. The informant from Ethiopian airlines reacted that Yamoussoukro Decision is taken because the foundation for the gradual and scheduled liberalization of the air transportation within the continent. Additionally to the present, there are treaties like tripartite treaty which equips countries within their own respective sub- region. It's under the umbrella of those treaties countries could integrate with competent aviation policy. Individual countries must outline their aviation policy so on meet policies of COMESA and SADC. It doesn't mean that the policy of COMESA/SADC can underestimate and downsize the policies developed by sovereign countries; rather they ought to harmonize in line with their national interest. He profoundly told to the author that talking about liberalization and privatization of aviation is needless since both elements proportion a worth to air transportation. Despite exemplary success of Ethiopian airlines within the continent, it must be more liberalized and privatized so its success sustains. Accordingly, an Ethiopian airline means the country itself since it carries the flag. Therefore, the role of the air line for regional integration is imperative that job creation, interchange, market access are often realized. The respondent also claims on the security and security issues that both South Africa and Ethiopia should improve so as to get the specified fruit. Both countries within their sub-region are dominated in terms of aviation industry. Hence, the advance in line with harmonized and progressive aviation policy can facilitate regional integration. As a result of this, the prospect of shipping in Ethiopia and South Africa is promising. The liberalization of the aviation industry in Africa and within the respective countries is closely linked to regional economic integration, furthermore on economic process and development. Air transportation creates a large catalytic effect, which is that, the most vital economic contribution to air transportation. This catalytic impact is that the influence of travel on the efficiency and development of a range of other sectors, like foreign trade, for instance, about 40 percent of the degree of all interregional exchange is transported by air, in keeping with estimates (Oxford

Economic Forecasting, 2005). That's why air transportation has become the mode of choice for several internationally traded time-sensitive and high-value products, still as a robust instrument for the implementation of just-on-time procurement and development strategies. Perishables also are becoming increasingly hooked in to a well-functioning transportation market, additionally to made goods. An oversized export industry that trades agricultural products, including cut flowers, exotic fruits, seafood, and meat, has been built on a world scale by many developing countries (Bofinger, 2007).

An informant from South African side said that the marriage of liberalization with regional economic integration is an opportunity gate to South Africa. Regional integration in Africa is a master key to confront the impact of globalization. Standing together, working together and planning can help Africa realize where to go. South Africa is one of the countries in the continent which has relatively strong position. It can facilitate regional integration since it has enabling potential in the region.

4.4 Agenda 2063 of AU and aviation industry development and its challenges

The unified voices of the AU paint a vision of what we, for future generations and therefore the continent, want for ourselves. We would like Africa to be a prosperous continent by 2063, with the means and resources to drive its own growth, with sustainable and long-term management of its resources (Commission of the African Union, 2015). in line with the Commission Report of the Africa Union (2015a), Agenda 2063 stems from the vision of the AU and also the Solemn Declaration of the 50th Anniversary, while also defining global , regional and continental priorities (KaitlynDeGhetto, 2016). In January 2018, the one African air transportation Market was introduced by the heads of state of the African Union and is now being implemented throughout the continent with 26 countries joining the initiative up to now and up to 40 projected by the top of 2018. This project, together with the Continental trade Area in Africa, and also the visa facilitation initiative, is that the African Union Agenda 2063 flagship initiatives which will boost aviation development across the continent and have the potential to come up with better than anticipated economic process (Air Transport Action Group, 2018). Of these encouraging statements will provide the potential for the continent's growth agenda, although it's not realistic

to enjoy these possibilities. For Africa, the air transport industry has become strategically significant. This can be because Africa mainly relies on air travels to link people to every other. In supporting enterprise, trade, and tourism, cultural and social activities that significantly contribute to the economic process of Africa, a clean, stable, and productive aviation industry is crucial (African Union, 2011). The AU's Agenda 2063 highlighted the requirement for regional integration for growth. The FDRE regional integration Trade relation negotiation Directorate Director told that Ethiopia has remarkable position within COMESA concerning transport. Ethiopian airlines facilitated trade within the region and helped Ethiopia to capitalize its GDP. Due to the leading position of Ethiopian airlines in Africa normally and in COMESA particularly, export amount and values perishable items like flower cuts and chat, show progress. He proudly replied that transport is crucial for having regional trade tangible and attractive. Ethiopian Airlines is thought to be a gateway to the country's economic development path; for example, Ethiopian government generates about 5.7 percent of its GDP valued at 4.2 billion and about 11 million jobs from this industry. Thanks to aviation industry development is important for the advancement of tourism which is advantageous for girls than men. He also assured that SAATM includes a profound value for healing regional integration which may lead transport competition in liberalizing the industry. The role of air transportation for regional integration sounds more; the potential of integrating countries within their regions and regions with regions. In step with the directorate director, liberalization of aviation industry and regional economic integration are indispensable. The more the advancement of aviation, the higher regional integration is. Since both Ethiopian air line and South African airline are dominant within COMESA and SADC respectively, this leading role of nations within their regions would use as a thrust for regional economic integration. Thus, the long run of COMESA and SADC to be integrated through the gradual liberalization of aviation industry is bright. Last, he suggested to the researcher that economic development would be relatively realized in Africa through regional integration. The existence of the many internal and external factors would push Africans to think and work of development cooperatively. The director boldly spoke that this destination performance of Ethiopian airlines should even be seen as a comparative advantage within COMESA since its dimensional role is remarkable. This successively, led members of COMESA and SADC to travel through competent aviation policy so regional integration becomes feasible. He strongly agrees Ethiopian airlines to be privatized though it's successful in its history.

Pursuant to his suggestion, liberalization along with privatization could beforehand magnify its overall profit also as other institutions under the monopoly of presidency would learn lessons from it. That's why aviation industry could enhance regional economic integration in Africa. He also states that in Africa, in addition as in Ethiopia and African country, air transportation isn't grazing. Air transportation is going to be the long run economic superpower of Ethiopia and Republic of South Africa if they're ready to leverage their ability through realistic and attractive aviation policies. Both countries should therefore have feasible and efficient aviation policies to underpin the role of air transportation in sectors like tourism. Additionally to the current, the specified GDP contribution from the industry is gained within workable aviation policy countries. As of the respondents, Ethiopian airlines must explain and understand word of mouth on privatization within the style of policy that's believed to proportion the industry's benefit maximization.

CHAPTER FIVE

5. CONCLUDING REMARKS

5.1 CONCLUSION

This concluding part focuses mainly on indicating the major research findings of the study i.e. whether aviation industry is determinant for regional economic integration in Africa in promoting integration and desired regional developments , and engagement of sovereign countries to harmonize their own respective aviation policy. It also briefly states how air transport is linked with regional economic integration and impact development, including the implications which have been reflected in the, and AU's agenda 2063 in bringing regional integration for collective aspirations and common economic and political destiny. The challenges encountered in the course of liberalizing aviation and using it as a tool to integrate countries among different interests within their regions are also issues of concern. Regional integration has turned the attention the most countries of the world. It is an increasingly desirable and workable developmental arrangement which facilitates the creation of institutions in which the central authority exercises their power on their sphere. Mapping out neo-functionalism and liberal inter-governmentalism as a stable theoretical floor is less demanding task. The difficulty is how aviation is liberalized and privatized, how harmonizing varieties of aviation policies be realized and how air transport could be used as a driving force for regional integration. So, the legitimacy of the foundation of institutional design of aviation industry matters. Air transport is also highly standardized and regulated, making it relatively easy to operate. However, the sector's current status in Africa does not reflect its potential. These days, most African airlines suffer from inadequate capital and poor management and are struggling to survive without the means to develop. The sector is hampered in particular from disadvantageous political circumstances and inadequate fleets and infrastructures. Decades of Africa's relations with the western and their institutions have brought nothing on development nor solved developmental problems; instead it prevented the establishment of mutually beneficial economic ties among African states. Thus, to minimize the dominance of westerns Africans shall upgrade the cooperation within themselves. Ethiopia's location in the Horn of Africa makes it a prime spot for aviation. Thus, the airlines extensive network in the region has helped to transform Ethiopia in to a major tourist destination,

so that rapid and sustained growth is the Ethiopian airline's horizon. Air transport in South Africa facilitates spillover effects on other businesses like tourism. About \$4.3 billion of the country's GDP is supported by foreign tourists who signify the importance of the industry to the country. In total, 3.2 percent of South Africa's GDP is from air transport. Having this in to account, the following recommendations are suggested;

- Policy makers should consider tourism industry when they framed aviation industry policy.
- Implementing treaties which have been promulgated by sub-regions in line with liberalizing their respective aviation sector.
- The role of aviation industry for regional integration is vital. Hence, countries should give priority for safety and security related issues of the sector to easily digest regional integration and should create African integrated aviation industry policy.
- Countries should develop a policy that could enhance the competence of aviation sector; principles and regulation designed by the countries should not be against that of sub-region. Harmonization is mutually beneficial.
- Leaders of respective countries should be committed and optimistic so that the implementation of policies and regulations would not be difficult.
- The price of air transport is not affordable in Africa relative to other mode of transport. Since fare is an integral part of competency, countries should try to coup up by lowering the price. Cost competitiveness is recommended because of ease travel is vitally important for connecting countries.
- Privatization matters for air transport development. There should be a ground for those other airlines to enjoy privatization opportunity. To do so, there should be a policy which should not hurt them. Within an adjusted environment, opening up the sky is profitable.
- Work on prioritized key areas like implement SAATM flagship project of agenda 2063 of AU, develop infrastructure to meet the demand.
- The African integration effort has been driven by politics and focused on policy and institutional construction processes to promote regional integration (Lam, 2012). It shall be given to the market, instead. Private sectors could have a remarkable role for enhancing regional integration.

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Appendixes

Addis Ababa University

College of Social Sciences

Graduate studies

Center of African and Asian Studies

An interview questions for informants on side of Republic of South Africa

1. What are the opportunities that Republic of South Africa could add to its GDP?
2. Do you think that Republic of South Africa air transport enhances regional economic integration in Africa?
3. How do you level the contribution of Republic of South Africa airlines on asset building for Republic of South Africa?
4. What are the main challenges Republic of South Africa faced during implementations of privatization policy?
5. What are your suggestions to more enhance Republic of South Africa air transport performance in Africa?
6. How do you understand and level the coordination between stakeholders on activity coordination?
7. What are the good experiences that could be taken as lessons for Ethiopia from South African aviation industry?
8. How Republic of South Africa aviation industry consults the African Union Agenda of 2063?
9. How the tripartite treaty between COMESA, SADC and EAC could upgrade regional integration within?

An interview questions for informants on side of Ethiopia

Challenges of air transport liberalization

1. How much Ethiopian airlines is eligible for privatization?
3. What are the main challenges Ethiopian airlines faces on targeting process of liberalization?
4. When Ethiopia will fully implement the YD, is there any difficulty on benefit and delivery?

Opportunities of liberalizing aviation industry.

5. How much tourism industry is dependent of air transport? Why?
6. To what extent the bond is between aviation industry and regional economic integration?
7. What are factors that hinder liberalization of air transport?

General questions

8. How do you target the liberalization of air transport in Ethiopia?
9. How do you evaluate the targeting procedures appropriateness to sustain the national pride of Ethiopian airlines?
10. What are the opportunities that Ethiopia could add to its GDP from Ethiopian airlines?
11. Do you think that Ethiopian air transport enhances regional economic integration in Africa?
12. What improvements have you seen in Ethiopian airlines in capitalizing regional integration?
13. How do you level the contribution of Ethiopian airlines on asset building for Ethiopia?
14. What are the main challenges Ethiopian airlines faced in the journey of implementations of privatization policy?
15. What are your suggestions to more enhance Ethiopian air transport performance in Africa?

16. How Ethiopian aviation industry consults the African Union Agenda of 2063; particularly the second aspiration; can integrated continent based on the ideals of Pan-Africanism?

12. How the tripartite treaty between Common Market for Eastern and Southern Africa (COMESA), Southern African Development Community (SADC) and East African Community (EAC) could enhance liberalization of air transport and regional integration in Africa?

Thank you very much!