

THE EUROPEAN UNION'S EXTERNAL AVIATION POLICY ON THE BASIS
OF EUROPEANIZATION: A CASE STUDY ON THE COMMON AVIATION
AREA

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ABSTRACT

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The purpose of this study is to examine the Common Aviation Area (CAA), which is one of the three pillars of the EU’s external aviation policy. The CAA aims to create a level playing field that liberalizes the air transport market of the EU’s neighboring countries and ensures legislative harmonization with those countries. The CAA will be discussed within the scope of Europeanization. The research question of this study is “What explains the harmonization of ENP countries with the EU acquis in the field of civil aviation?” In order to answer the research question and test the accuracy of the proposed hypothesis, case study techniques, process tracing, and semi-structured interviews were used. Georgia and Moldova were examined within the scope of the CAA. In this context, the hypothesis put forward within the framework of this study is that the material expectations of the ENP countries are the main determinant for the creation of the CAA. This study is divided into four parts. After the introduction, the second chapter will include the conceptual and theoretical framework and methodology. In the third chapter, it will be discussed whether Georgia and Moldova could be seen as being motivated by material expectations for being included in the CAA. The last chapter will summarize the main findings.

Keywords: European Union, Common Aviation Area, European Neighborhood Policy, EU External Aviation Policy, Europeanization

ÖZ

AVRUPALILAŞMA TEMELİNDE AVRUPA BİRLİĞİ DIŞ HAVACILIK POLİTİKASI: ORTAK HAVACILIK ALANI ÜZERİNE BİR İNCELEME

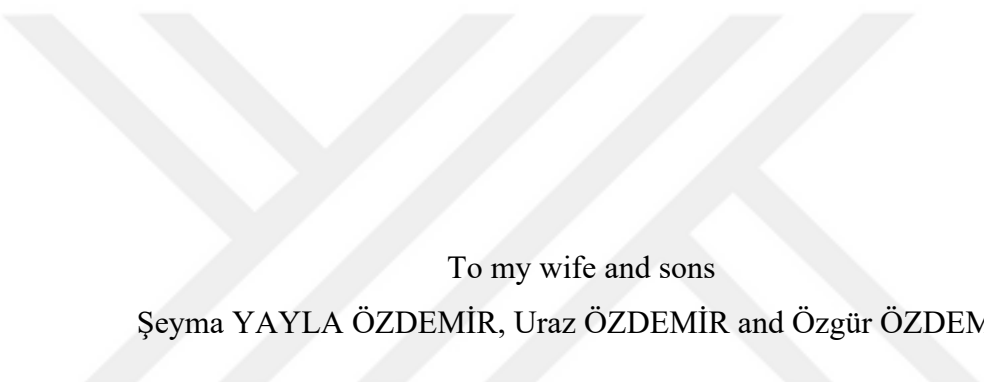
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Yüksek Lisans, Uluslararası İlişkiler

Tez Danışmanı: Prof. Dr. Şaban KARDAŞ

Bu çalışmanın amacı Avrupa Birliği'nin (AB) dış havacılık politikasının üç sütunundan biri olan Ortak Havacılık Alanını (OHA) incelemektir. OHA, AB komşu ülkelerinin hava taşımacılığı pazarını serbestleştiren ve bu ülkelerle mevzuat uyumunu sağlayan eşit bir oyun alanı yaratmayı amaçlamaktadır. OHA, Avrupalılaşıma kapsamında ele alınacaktır. Bu çalışmanın araştırma sorusu "Avrupa Komşuluk Politikası (AKP) ülkelerinin Sivil havacılık alanında AB müktesebatına uyumunu ne açıklar?" sorusudur. Araştırma sorusunu cevaplamak ve önerilen hipotezin doğruluğunu test etmek için vaka analizi, süreç takibi ve yarı-yapılandırılmış görüşme tekniğinden faydalanılmıştır. Gürcistan ve Moldova OHA kapsamında ele alınmıştır. Bu bağlamda, bu çalışma çerçevesinde öne sürülen hipotez, OHA'nın oluşturulmasında AKP ülkelerinin maddi beklentilerinin temel belirleyici olduğudur. Bu çalışma dört bölüme ayrılmıştır. Giriş bölümünün ardından ikinci bölüm kavramsal ve teorik çerçeve ile metodolojiyi içerecektir. Üçüncü bölümde, Gürcistan ve Moldova'nın CAA'ya katılırken materyal beklentilerinin olup olmadığı tartışılacaktır. Son bölümde temel bulguları özetlenecektir.

Anahtar Kelimeler: Avrupa Birliği, Ortak Havacılık Alanı, Avrupa Komşuluk Politikası, AB Dış Havacılık Politikası, Avrupalılaşıma



To my wife and sons
Şeyma YAYLA ÖZDEMİR, Uraz ÖZDEMİR and Özgür ÖZDEMİR

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LIST OF ABBREVIATIONS

AA	: Association Agreement
ASEAN	: Association of Southeast Asian Nations
ATM	: Air Traffic Management
CAA	: Common Aviation Area
CAAA	: Common Aviation Area Agreement
CEE	: Central and Eastern European Enlargement
CIB	: Comprehensive Institutional Building
DCFTA	: Deep and Comprehensive Free Trade Agreement
EASA	: European Union Aviation Safety Agency
EC	: European Commission
ECAA	: European Common Aviation Area
EEA	: European Economic Area
EMCAA	: Euro-Mediterranean Common Aviation Area
ENI	: European Neighbourhood Instrument
ENP	: European Neighbourhood Policy
ENPI	: European Neighbourhood and Partnership Instrument
EU	: European Union
FDI	: Foreign Direct Investment
GCAA	: Georgia Civil Aviation Agency
GDP	: Gross Domestic Product
ICAO	: International Civil Aviation Organization
JAA	: Joint Aviation Authorities
MFA	: Ministry of Foreign Affairs
PCA	: Partnership and Cooperation Agreement
PCRM	: The Party of Communists of the Republic of Moldova
SPSEE	: Stability Pact for South-Eastern Europe
TAIEX	: Technical Assistance and Information Exchange Instrument
TEC	: The Treaty Establishing the European Community
TFEU	: Treaty on the Functioning of the European Union
UAE	: United Arab Emirates

USA : United States of America

USOAP : The Universal Safety Oversight Audit Programme



CHAPTER I

INTRODUCTION

The EU's eastern enlargement has posed new obstacles. Following the conclusion of the Central and Eastern European Enlargement (CEEE), there has been much debate over the fact that the EU is suffering from *enlargement fatigue* and has reached its absorption capacity. In this context, the EU Commission created the *Wider Europe* initiative, to arrange the EU's relations with its neighbors. In 2003, the European Neighbourhood Policy (ENP) was established. The rationale behind the ENP was to avoid the formation of *new dividing lines* in the EU after the EU's enlargement in 2004. The purpose of this strategy was to boost security at the frontiers of the enlarged EU and promote stability and prosperity beyond them. The ENP also allows for an integration that will ensure access to the common market and the free movement of goods, services, people, and capital. In doing all this, the EU will not offer prospects of membership. If the ENP countries fulfill their commitments within the scope of this policy, then these countries will benefit from the advantages that the EU provides. The EU pledged increased collaboration with these nations in three areas, under the 3M: money, market, and mobility (Keukelerie and Delreux 2014, 254).

The EU's external aviation policy was outlined in 2005 in a Road Map produced by the Council and the EU Commission. The Road Map was built on three pillars: Horizontal Agreements, the Common Aviation Area (CAA) with the EU's neighboring countries, and comprehensive agreements with global partners. The EU

aims to establish a common aviation area with its southern and eastern neighbors. This implies gradual market liberalization and regulatory harmonization, enhancing safety criteria and providing technical help to the ENP countries (Debyser 2019, 5-6).

EU air transportation accounts for 26 % of the global air transportation market, yet the forecasts show that the Asia-Pacific's scheduled air passenger traffic is anticipated to constitute 40% of world air traffic in 2034 ("Air Transport is Critical to European Success and Competitiveness" 2022). The shifting of the world's economic center to the east is leading to the creation of new rivals in the Gulf nations and Turkey, whose geographical location allows them to profit from that expansion. Emerging enterprises and hubs are directly competing with EU carriers and European hubs (Debyser 2019, 6-7). This new position has sparked rising discussion in the EU over the fairness of competition with these new companies. Air carriers from several third countries with small-scale local markets have received billions in unfair government subsidies and are redirecting global traffic to their hubs. To address these challenges, particularly that of increased competition from third countries, the EU has formed the EU external aviation policy to promote investment possibilities and market access, boost Europe's global connectivity, and to ensure fair competition between the EU and third-country air carriers for new air transport agreements (Debyser 2019, 7). Briefly, the EU does not lose competitive advantages against emerging markets. Therefore, the projections have triggered the EU to create an external aviation policy, whose purpose is to create a level playing field for the Community Carriers in terms of market access and commercial opportunities, and regulatory harmonization of the ENP countries with the EU in the sphere of civil

aviation. In return, the EU offers some incentives under 3M to the neighboring countries, when they meet their fulfilments. These incentives will be explained in detail in the following chapter. In addition, unlike liberalization, Europeanization offers a suitable conceptual framework to explain the EU's aviation policy toward third countries, because the EU stipulates that ENP countries transpose the EU acquis which takes place in annexes of the CAA Agreements (CAAA) signed by the EU with third countries. Hence, the CAA will be examined under the framework of a Europeanization area in neighboring countries rather than liberalization.

1.1. The Common Aviation Area in the EU External Aviation Policy

A single aviation area is an internal market in many aspects, especially in terms of organization and rules for air transport operations. The idea of the single aviation area comes from the idea of the Single European Act, which aims at establishing a single market in the EU, and was signed in 1986. After completing the liberalization of its internal aviation market, the EU started to spread the implementation of acquis communautaire in the field of air transport regulations toward third countries. In this respect, the EU signed ATAs with Iceland, Liechtenstein, and Norway in 1992 (hereinafter: European Economic Area - EEA), and Switzerland in 2002. However, the evolution of the EU's external aviation policy is mostly based on the Open Skies agreements, which the USA introduced as a more dynamic type of bilateral ATA at the beginning of the 1990s. In this respect, the US signed Open Skies agreements with eight EU member states¹ (Savic 2019, 43). However, the commission considered

¹ Austria, Belgium, Denmark, Finland, Germany, Luxembourg, Sweden, and the United Kingdom

that these agreements undermined the advantages of the EU's common air transport market. Therefore, the commission brought to the Court of Justice of the European Union the cases before the EU member states, because of a clear violation of the right of establishment in Article 43 of the Treaty Establishing the European Community (TEC). As can be understood from the case, the underlying reason was to protect its single aviation market (Debyser 2019, 4). These cases have triggered the formation of an EU external aviation policy, which resulted in comprehensive ATAs with its neighbors and commercial partners.

Following the liberalization of its internal aviation market, the EU's relations with the third countries fragmented. The bilateral ATAs that allowed a particular state to be designated as exclusively majority-owned or with airlines controlled by that state or its citizens was the reason. For instance, French airlines founded in Germany could not utilize the traffic rights provided for German airlines under the remit of the ATAs between Germany and the United States. The nationality clause represented a clear violation of the right of establishment 43 of the TEC. This discrimination led the commission to take new steps on the external aviation policy. For this purpose, the EU put forward two important documents, which are the "Road Map" published in 2005 and "An Aviation Strategy for Europe" published in 2015 by the European Commission (Debyser 2019, 5). The EU's external aviation policy rests on three pillars. The first pillar is horizontal agreements with third countries to align existing bilateral ATAs between the EU and non-EU countries to the EU *acquis communautaire*, by removing nationality limitations in those agreements. The second pillar is the creation of the CAA with the EU's southern and eastern countries. The third pillar is the finalization of comprehensive ATAs with key strategic partners such

as Russia and China. This thesis will analyze the second pillar related to the creation of the CAA.

The CAA is a policy in which the EU aims at ensuring regulatory harmonization, gradual market liberalization, and technical support for the third countries in the sphere of civil aviation (Debyser 2019, 6). The underlying reason of the CAA to create new possibilities for the EU civil aviation industry and users and to form regulatory convergence is to provide a “level-playing field”. In this respect, the EU signs comprehensive ATAs with third countries. In other words, the CAA creates a level playing field with all its partners located on the southern and eastern borders of the EU, to ensure a high degree of economic and regulatory convergence in the fields of air safety and security, air navigation, competition law, passenger rights, and the environment. This is implemented through comprehensive ATAs, which are different from classical ATAs in many respects. This is so because under the provisions of the new ATAs (comprehensive ATAs), the corresponding EU regulations and directives are legally binding for the relevant countries (Debyser 2019, 2). After signing comprehensive ATAs, the relevant countries become a part of the CAA, bringing the ENP countries into line with the EU acquis. This means that the parties operate under the same market standards, not only economically, but also in terms of air traffic, security, and air safety. One concrete example of this is the annexing of comprehensive ATAs, because the EU stipulates the implementation of the EU legislation included in the annexes of the agreements. If third countries agree to sign comprehensive ATAs, the relevant country enjoys the advantages of the CAA and becomes part of the CAA.

The CAA anticipates regulatory harmonization and liberalization in the air transport market beyond its borders. For this purpose, the commission developed comprehensive ATAs as an instrument, which was used by the EU to ensure compliance between the EU acquis and the existing ATAs, which were signed between the member states and third countries. The extent of the comprehensive ATAs includes not only liberalization of international traffic rights, but also includes regulatory convergence in safety and security, the environment, fair competition, and economic regulations (Debyser 2019, 5-6).

The CAA brings together the EU and its partners located alongside its eastern and southern countries. The geographical coverage of the CAA overlaps with the boundaries of the ENP countries covering the EU's southern² and eastern neighbors³ (Communication from the Commission 2005). Therefore, in this thesis, the coverage of the CAA refers to the ENP countries.

In 2012, the commission published a communication concerning future challenges of the EU's external aviation policy (European Commission 2012, 1). During the seven years following the Road Map in 2005, the EU signed a series of comprehensive ATAs with Morocco, Georgia, and Moldova, and the Western Balkan countries that would eventually result in the creation of the CAA. The commission evaluated the benefits of the CAAs from the initiation of the Road Map in 2005 until 2012 (European Commission 2012, 3). The independent study conducted by the commission estimated that the entire economic impact of the EU-Morocco agreement (2006) topped € 3.5 billion between 2006 and 2011 because of a massive increase in

² Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestine, Syria, and Tunisia

³ Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine

air traffic, routes, and air carriers between the EU and Morocco, resulting in more competition and lower ticket prices (European Commission 2012, 16). Since 2005, passenger fares have decreased by almost 40% . Likewise, the European Common Aviation Area Agreement (ECAA), signed with the Western Balkans in 2006, provided a collective economic advantage of more than €2.4 billion between 2006 and 2011 (Communication from the Commission 2012).

The commission formulated a new aviation strategy for Europe in 2015, with the goal of enhancing the competitiveness and sustainability of the EU air transport market, and underlying the external dimension of air transportation. The commission made a particular recommendation to the council to grant authorization to negotiate comprehensive ATAs with China, the Association of Southeast Asian Nations (ASEAN), Armenia, Bahrain, Kuwait, Oman, Saudi Arabia, Turkey, the United Arab Emirates (UAE), Qatar, and Mexico (Communication on An Aviation Strategy for Europe 2015). The Europeanization process is twofold. From the EU side, as mentioned above, the EU does not lose its advantages against the evolving market, and protects its air carriers against the third countries' operators. In return, the EU grants some rewards to the ENP countries, which can be summarized as 3M (Money-Market-Mobilization). In the following chapters, 3M will be examined in detail.

Over the past seventeen years, the EU has signed the CAAA with the Western Balkan countries⁴ and the seven ENP countries, Morocco, Jordan, Georgia, Moldova, Israel, Armenia, and Ukraine. Finally, the creation of the CAA encompasses over 50 states including the member states of the EU, with a population of roughly one billion

⁴ Albania, Bosnia and Herzegovina, North Macedonia, Kosovo, Montenegro, Serbia, and Croatia (Since Croatia was not a member of the EU in the year the agreement was signed, it was considered to be among the Western Balkan countries between 2006 and 2013).

people. In terms of methodology behind case selection, the reason for choosing Georgia and Moldova is purely practical. Within the scope of Europeanization, the CAAA should be put into effect in order to clearly reveal the expectations of these countries. The countries where the CAAA has entered into force are Israel, Moldova, Georgia, and Morocco. In this regard, this study aimed at including Israel and Morocco, but despite the necessary attempts, the authorities of the said states and experts in this field rejected my requests for an interview. For this reason, the two countries above-named were examined.

1.2. The Importance of the Subject, the Research Question, and the Hypothesis

The EU's external aviation policy is a relatively new field. It is a multi-dimensional policy that includes, on the one hand, global partners such as China, Russia, and the USA, and on the other hand the ENP countries. The CAA has rarely been discussed in the literature. The existing references do not go beyond explaining its commercial and technical dimensions. However, there is a limited number of studies in the literature on the reasons explaining the harmonization of the ENP or CAA countries with the EU *acquis communautaire* in the field of civil aviation. In this context, the main problem for the study is to explain the motivation behind the ENP countries' signing of comprehensive ATAs with the EU. Therefore, this study aims at filling the gap in the literature by studying this topic through the concept of Europeanization.

Decision-makers shape their decisions by performing cost-benefit assessments. Decision-makers in the ENP countries act to maximize their interests. According to liberal approaches, rational actors follow the logic of consequences. In its relations

with the EU, when a country complies with the EU acquis, it envisages giving a wide array of rewards, varying from various commercial agreements to membership in the sense of incentives. Otherwise, a country can deprive them of these if they do not comply with their obligations (Schimmelfennig and Sedelmeier, 2004). The external incentive model is evident here, and the influence of the EU on third countries is direct. According to the external incentive model, the EU uses the conditionality strategy for change and adaptation as a tool, and provides a major contribution to the change of the domestic balances in the target country in favor of the process. More specifically, it is argued that if the size of the reward is more than the internal compliance cost, the state adapts to the norms of the organization (Gawrich, Melnykovska, Schweickert 2009, 6). This is directly related to the expectations of the states. Thus, the hypothesis put forward within the scope of the current study is that “the material expectations of the ENP countries are the main determinant of the creation of the CAA”. To put it in a nutshell, the independent variable of the proposed hypothesis is “material expectations”, and the dependent variable is the harmonization of the ENP countries with the EU acquis in the field of civil aviation.

Schimmelfennig and Sedelmeier (2004) have developed three different theoretical mechanisms to explain Europeanization and rule transfer. These three mechanisms determine under which conditions and how the candidate and neighboring countries will or will not comply with the EU rules. These models are the external incentive model, social learning model, and lesson-drawing model. Within the scope of the hypothesis put forward by this thesis, the external incentive model will constitute the general conceptual framework of this thesis. To explain the harmonization of the ENP countries with the EU acquis in the field of civil aviation

through the external incentives model, this study will use Georgia and Moldova's relations with the CAA as a case study. Moldova and Georgia were chosen for practical reasons because the representatives of the other countries (Israel and Morocco) that ratified the CAAA refused my requests for an interview, and also because the limited resources available in the literature did not allow me to analyze them comprehensively.

. Initially, it was planned to address the case of Israel in the scope of the CAA, but the relevant representative of Israel refused to be interviewed, so we could not deal with Israel. Therefore, Moldova and Georgia have been selected for practical reasons. This thesis will employ the process-tracing method to establish the causal link between the material financial expectations of the ENP countries and the creation of the CAA. Because of the lack of studies in the literature, there were difficulties in collecting data. For this purpose, the interviews were carried out as part of the data collection method in this study. The interviews were held with the officials of the civil aviation authorities of the relevant countries, which are directly or indirectly involved in the signing of comprehensive ATAs.

The ENP countries have material expectations from the CAA. Material expectations have been operationalized as “the EU funds, employment opportunities, decrease in ticket prices, the number of tourists, the rise in city pairs, the rise in the volume of air cargo freight and passenger flights, liberalization in visa regime, direct investment to air transport market and safety.” According to the results of my study, the expectations are cheaper ticket prices, the number of tourists, the rise in city pairs, the rise in the volume of air cargo freight and passenger flights, safety, and

employment opportunities for both Georgia and Moldova. Therefore, when these expectations are fulfilled, it will be easier for these countries to sign the CAA.





CHAPTER II

THEORETICAL-CONCEPTUAL FRAMEWORK AND METHODOLOGY

2.1. Literature Review

One of the most significant studies regarding the EU's external aviation policy belongs to Iva Savic (2019). The amount of research into the EU's external aviation policy remains limited in the academic literature. The existing studies mostly focus on the effects of those agreements on the relevant country in the context of international air traffic rights. Savic analyzes the EU's influence through the CAAA on third countries, and studies whether these agreements affect the regulations of international air transport law or not. In this respect, she scrutinizes the economic and technical issues of those agreements whose goal is the establishment of a common aviation area, and the influence of those agreements on international air transport (Savic 2019, 239).

Savic (2019, 98) categorizes the CAA in three market areas, which are the European Common Aviation Area (ECAA), Euro Mediterranean Common Aviation Area (EMCAA), and Eastern Partnership Common Aviation Area (Eastern Partnership CAA), in order to systemically analyze the CAA. She makes a distinction based on the content of the CAAA. Since the geographical coverage of the CAA overlaps with the ENP countries, in this thesis they will be divided into southern and eastern countries in the framework of the ENP countries, unlike Savic.

The EU signed the CAAA respectively with the Western Balkans countries (ECAA) and Morocco in 2006, as well as with Jordan and Georgia in 2010, Moldova in 2012, Israel in 2013, Armenia in 2018, and Ukraine in 2021. The countries that ratified the CAAA have become part of the EU's air transport market (In other words, all those countries implement the EU *acquis* to regulate their markets). Savic (2019, 97) has argued that those countries lose their national sovereignty in civil aviation, but are willing to lose their national sovereignty, because these agreements have provided an advantage to those countries.

Savic also emphasizes the importance of Europeanization in analyzing the EU's influence on third countries. Within this framework, she argues that the EU's impact on international air transport and air law enables us to talk about the Europeanization of air transport. The EU uses the conditionality principle in the CAAA, because they are based on fulfilling specific responsibilities, which essentially implies their regulatory convergence with the EU air transport *acquis* (Savic 2019, 241). Kassim and Stevens (2010) define the EU's role in the air transport market as "imposed Europeanization" toward third countries. Unlike Kassim and Stevens, Savic proposes that these countries have free will as to whether they accept that kind of relationship with the EU or not. This means positive conditionality, because third countries will be rewarded or granted benefits under the terms of these agreements. Negative conditionality will be lacking in these material rewards unless they fulfill the requirements of these agreements (Savic 2019, 242). Although she underlines the fact that these countries are motivated by the material rewards in the signing of the CAAA, she does not deal with the harmonization of the ENP countries with the EU

acquis in civil aviation in detail. She claims that willingness is essential for these countries in the case of the CAA (Savic 2019, 241-242).

2.2. Europeanization

The concept of Europeanization will be used to set the theoretical context for this chapter. Europeanization studies have increased with the acceleration of the European integration process, especially following the Maastricht Agreement in the early 1990s, as well as the importance of regional actors in the policy-making progress instead of the nation-state. The concept of Europeanization, which we can briefly call the EU effect, can be defined as the process of the EU's political, economic, and social dynamics becoming a part of the logic that dominates national discourses, identities, political structures, and public policies (Balkir and Soyaltin 2019, 94). At the end of the process, it is expected that the member states' rules, norms, and regulations will converge with those of the EU. However, the Europeanization research field is not only limited to member states, but also includes candidates and neighboring countries.

2.2.a. What is Europeanization?

Europeanization is one of the most popular terms used in European integration studies. Peter Mair, for example, describes it as “some of the very best and most innovative and challenging work in political science.” (Mair 2004, 346). Europeanization, however, lacks a comprehensive, agreed-upon meaning. The primary value of the word becomes especially pertinent in academic inquiry when

changes in domestic policy are influenced by “something European”(Ongur 2014, 12). Europeanization, according to Klaus Goetz, is “a process, not an event and to the extent that change in national executive practice can be attributed to the European integration process, this change has been gradual and cumulative, rather than sudden and dichotomous” (Hix and Goetz 2000, 1-6). Robert Ladrech has a similar view: “an incremental process reorienting the direction and shape of politics to the degree that the EC political and economic dynamics became part of the organizational logic of national politics and policy-making” (Ongur 2014, 12). This is also consistent with Radaelli’s definition of Europeanization as “processes of (a) construction, (b) diffusion, and (c) institutionalization of formal and informal rules, procedures, policy paradigms, styles, ways of doing things, and shared beliefs and norms that are first defined and consolidated in the making of EU decisions and then incorporated in the logic of domestic discourses, identities, political structures, and public policies” (Radaelli 2000, 4). In this study, Radaelli’s will be used as the most relevant definition for this thesis.

An analysis of the various uses of the concept of Europeanization in the academic literature demonstrates that there are at least three types: technical uses, normative approach and historical uses (Ongur 2014,12).

First, the normative approach involves both top-down and bottom-up perspectives, as well as horizontal and vertical dimensions. This means that European states may not only influence supranational decision-making bodies and be affected by them, but they may also influence cross-country norms, interests, perceptions, and values, which in turn influence decision-making mechanisms both inside and outside the EU. Second, normative forms place a larger focus on interests, beliefs, values,

and ideas. In other words, European and national political settings are obliged to be drawn by a European mind generated specifically from national interests, beliefs, values, and ideas in transaction (Ongur 2014, 12-13). Third, normative approaches emphasize identity and behavior politics, rather than administrative policies alone. The constructivist logic emphasizes the importance of actors' identities and choices for expressing global action. Fourth, normative forms envisage the voluntary adaptations of actors via social learning. In this regard, Europe is projected to respond virtually spontaneously to the requirements of change, via changes in the identity, conduct, and interests of transnational communication players. Finally, normative forms expect Europeanization to be defined in terms of political and institutional dynamics at both national and transnational levels, assuming that the eventual consequences should be recognized in broader terms, and evaluated differently for each individual actor (Ongur 2014, 13).

Hans Kohn was the first researcher to use the term Europeanization in a historical context, referring to the Europeanization of the Orient in his 1937 paper. He states that it “varies from country to country and from class to class: it is quickest where national governments promote it; it is slowest where colonial governments try to impede its development (Kohn 1937, 260).” However, it is more probable that what Kohn refers to as Europeanization is a *euphemism* for what is now known as the globalization movement, which is headed by European political, economic, and social innovations. According to Helen Wallace, Europeanization can only be carried out if it is defined as “the development and maintenance of systemic European arrangements to manage cross-border connections, such that a European dimension becomes an embedded feature which frames politics and policy within European

states (Wallace 2000,370),” and thus can be extended up to the point in time when any cross-border connection between Europeans begin.

The word “technical” here refers to regulatory, policy-related, and administrative activities, with no further reference to norms, rules, discourses, history and so on. Johan Olsen's study assumes that Europeanization is not a unique or sui generis concept that is still in a state of flux; hence, it “may be less useful as an explanatory concept than as an attention-directing device and a starting point for future explanation (Olsen 2002, 921).” Olsen contends that Europeanization can only be described in terms of common transition processes like those of other institutional organizations. In this sense, Olsen suggests five possible uses of the concept of Europeanization. The first definition is “change in external boundaries” which refers to to what extent Europe as a continent merges into a coherent political area. A well-known example is enlargement. The Treaty of Maastricht allowed for the creation of a unified European power, and brought about a significant expansion of the borders (Olsen 2002, 923-24). Secondly, Europeanization is defined as “developing institutions at the European level”. This involves center-building that can act jointly on the European level (Olsen 2002, 924). The third definition of Europeanization is “central penetration of national systems of governance (Olsen 2002, 924).” In this case, Europeanization entails the separation of tasks and powers among various levels of governance. All multilevel governance systems must maintain a balance between unity and diversity. Therefore, Europeanization refers to adapting national and subnational governance systems to the European political level. This definition emphasizes the top-down process of Europeanization, since it is primarily concerned with how national systems are modified by forces generated by the EU (Olsen 2002, 924). The fourth definition of Europeanization sees it as “exporting forms of political organization”. This signifies that

Europeanization is defined as the process of exporting systems of political structure and governance that are characteristic of and unique to Europe beyond its borders. It signifies that non-EU countries obtain more from Europe, and European solutions have more influence in international fora. The fifth definition is as a “political unification Project”. The extent to which Europe becomes a more cohesive and stronger political institution is associated with geographical space, center-building, and domestic adaptation, and the extent to which European developments are influenced by governance systems and events happening beyond the European continent (Olsen 2002, 924).

The technical dimension of Europeanization will be examined, and in this context, the main model to be used in my study will be the external incentive model. In addition, the technical dimension of Europeanization will be examined, and Olsen’s third definition will be used as the most relevant definition for this thesis. Hence, Europeanization shall be defined as a process by which the domestic policies of the ENP countries are gradually adapted to those of the EU.

2.2.b. How is it different from liberalization?

Economic liberalization is the process by which a nation opens up to the rest of the world in terms of commerce, laws, taxes, and other areas that usually influence business in the country. The key element of economic liberalization is the free movement of money between states, as well as the effective distribution of resources and competitive advantages. This is generally accomplished through lowering protectionist policies like tariffs, trade restrictions, and other trade obstacles (United Nations 2010, 97-98). Since the late 1970s, economic liberalization has been key to adjustment strategies implemented all over the world, mostly in response to loan

terms established by international financial institutions. As a result, government policies were shifted to take a non-interventionist, or laissez faire, approach to economic activity, relying on market forces to allocate resources. Economic liberalization is manifested in the aviation sector, as well as in all other sectors. Initially, this heavily regulated sector has undergone evolutionary changes, while governments have gradually distanced themselves from the position of supply manager. The liberalization in civil aviation started in 1978, when the United States started deregulating the inter-state market, after seeing a large pricing difference between identical US intra-state and inter-state routes. The liberalization in air transportation manifests itself in bilateral ATAs granting full rights on third, fourth and fifth freedom of air , open-code sharing opportunities, and liberal cargo and charter regimes, often referred to as open skies agreements. One of the major impediments to liberalization is the restriction on the nationality of those who own and operate airlines. As a result of ownership and control constraints, airlines' ability to access capital and execute mergers and acquisitions has been hindered, especially in smaller, non-EU nations with weak financial markets. The outcome of deregulation has been increased efficiency through reorganization and innovation by new entrants with new business models. This resulted in a significant and persistent drop in pricing, with noticeable differences in rates and service provided, as well as a substantial increase in passengers and freight transported, which was supported by a quick expansion in total employment in the industry (ITF Research Report 2019, 5-25). The development of the European airline sector has been one of the most visible effects of deregulation. The EU domestic aviation market was progressively liberalized by the implementation of three packages, addressing market access, air fares, and air

carrier licensing in 1987, 1990, and 1992, respectively (ITF Research Report 2019, 21). After the creation of the European internal market in 1993, the EU is considered as “a whole”. Therefore, the EU should change bilateral ATAs to change the nationality clause in the bilateral ATAs. In certain ways, EU aviation policy goes beyond the member states. The CAA, which is a component of the EU’s external aviation policy, initially seems to consist of liberal agreements in terms of content, yet rather than liberalization, the CAAA is considered as a Europeanization process in the field of civil aviation aimed toward the ENP countries, because the EU stipulates the EU acquis on the neighboring countries in the annexes to those agreements. This is actually considered as a Europeanization process in essence. Therefore, the EU not only liberalizes the air transportation market of neighboring countries, but also creates a new integration area in the field of civil aviation.

2.2.c. What to expect when we say Europeanization of aviation

The EU’s Central and Eastern enlargement in 2004 has resulted in the EU bordering on new neighbors, and strengthening ties with the existing ones, and this situation has ushered in both opportunities and difficulties. The concerns arose that wide-ranging enlargement could harm the effective functioning of the EU, and would block the Europeanization process, so this made it necessary to establish a different policy toward neighboring countries. To reduce the negative effects of Europeanization without allowing accession for neighboring countries, the EU emphasizes the concept of “shared values”, which include the rule of law, good governance, respect for human rights, and the promotion of good neighborly relations, as well as a free market economy and sustainable development principles

(Kahraman 2005, 20). Therefore, the purpose of this newly formed strategy is to ensure and protect the European continent's stability, by spreading EU norms, values, and standards in neighboring countries. It was within such a framework that the commission published "Wider Europe-Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours" in March 2003 (European Commission 2003, 2-3).

The ENP was a new foreign policy instrument, aimed at unifying EU policies toward the EU's eastern and southern neighborhoods (Celeta and Coletti 2015, 88). In its simplest terms, the ENP aims to strengthen the trade and investment relations of the Union with its neighbors, avoid drawing new *dividing lines* in Europe, work together on cross-border issues, and foster peace and prosperity beyond the EU's new boundaries (European Commission 2003, 4). To this end, the EU will offer an opportunity for a stake in the EU's internal market, and further integration and liberalization. While doing all this, the EU will not offer prospects of membership to its neighboring countries. In other words, the ENP has been developed as an alternative policy to membership. As the former president of the European Commission, Romano Prodi said, "we have to be prepared to offer more than partnership and less than membership, without precluding the latter⁵." In return, the EU expects the ENP countries to adapt their institutional structures, domestic legislation, and policies, to be compatible with the EU *acquis*.

However, this does not mean that there is no reward for the ENP countries similar to that offered to candidate countries. Within the framework of the ENP,

⁵ Romano Prodi, 2002. "A wider Europe: A Proximity Policy as the Key to Stability. Speech to the Sixth ECSA- World Conference
https://ec.europa.eu/commission/presscorner/detail/en/SPEECH_02_619 (13.01.2022)

several awards are presented, which can be summarized as Money-Market-Mobility (3M⁶), to promote compliance with the EU acquis. In more detail, these incentives are trade and investment relations, financial and technical assistance, progressive integration in the EU internal market, visa facilitation agreements, access to transportation, energy, and telecommunication networks, and promoting human rights and the rule of law, as well as intercultural dialogue. These rewards vary from country to country. The ENP does not envisage applying a single template to all of the ENP countries. The EU develops “tailor-made” policy solutions according to the priorities and specific needs and socio-economic situation of each country.

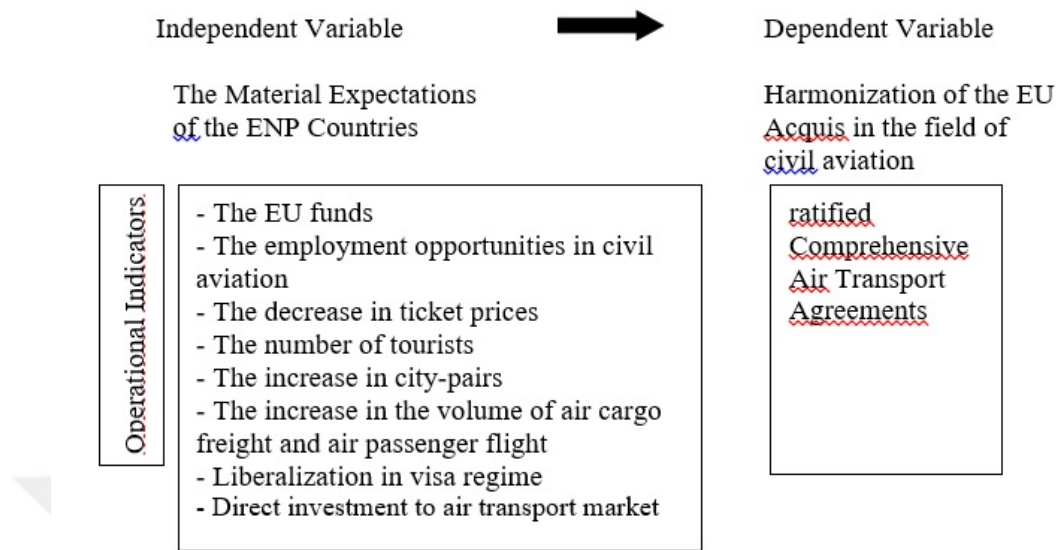
When we talk of Europeanization in the neighboring countries, 3M is mostly considered. What are these 3Ms? ‘Money’ refers to relocation of extra financial resources to support the transition to democracy, institution building, supporting civil society, and the socio-economic needs of countries. This is implemented through the ENI to the ENP countries. Money is tailored to the requirements of the ENP countries. The EU reassesses or possibly restricts funds for countries where change has not occurred. For example, the EU provided financial assistance to the ENP countries with €12 billion (\$16 billion) allocated from 2007 to 2013 (Lehne 2014), and supported them with a financial envelope of 15.4 billion euros during 2013-2020 (Balkir and Soyaltin 2018, 96). ‘Market’ access includes the progressive integration of these countries into the EU’s internal market. The commission published a statement on strengthening the ENP by adding the DCFTA to this policy. The DCFTA aims at supporting the efforts of the ENP countries to develop their economic

⁶ Remarks by High Representative Catherine Ashton at the press conference after the Foreign Affairs Council, 20 June 2011. <https://reliefweb.int/report/bosnia-and-herzegovina/remarks-high-representative-catherine-ashton-press-conference-after>.

potential, and promoting association and economic integration between the EU and the ENP countries. Air transportation is one of the economic integration areas indicated in the DCFTA. The DCFTA refers to “The progressive liberalisation of air transport between the Parties adapted to their reciprocal commercial needs and the conditions of mutual market access are governed by the Common Aviation Area Agreement between the parties (Balkir and Soyaltin 2018, 95).” The CAAA aims to lift the restrictions on route frequencies, and the capacities, foreign ownership and control rules of airlines, and the liberalizing of air traffic rights for air passenger and air cargo flights. ‘Mobility’ is seen as one of the most attractive rewards granted by the EU to ENP countries, for the progress gained in implementing the changes agreed upon within the scope of the ENP action plans. One of the most important tools is visa liberalization. Visa liberalization allows the citizens of the ENP countries the issuance of visas for a period of no more than three months in any six-month period in the territory of the EU Member States.

Within the perspective of the 3Ms, rewards can be summarized as seen in figure 1. The operational indicators of my hypothesis were determined on the basis of the 3Ms.

Figure 2.1. Operational Indicators



2.3. Hypothesis

This study will analyze “what explains the harmonization of the ENP countries in the field of civil aviation.” As can be recalled from the conceptual framework, we have explained that there are three models to explain the rule transfer and harmonization in the ENP countries. The external incentive model is based on the material expectations of the non-member states, including the ENP countries. In the context of the EU’s external aviation policy, the CAA also offers some material opportunities to the neighboring countries if they comply with the EU norms and standards in the air transport market. Consequently, when we consider the economic dimension of the aviation industry, it is considered that the motivation of third countries to sign comprehensive ATAs for the creation of the CAA is “material”. In this context, the following hypothesis will be put forward in this study:

Hypotheses 1: the material expectations explain the harmonization of the ENP countries with the EU acquis in the field of civil aviation.

In that regard, the greater the material expectations, the more likely it is for the ENP countries to sign the CAAA for the creation of the CAA.

2.4. Theoretical Model of the Thesis

Civil aviation is a crucial contributor to the global economy. Aviation is the most rapid transportation sector in the world, and stimulates economic development, creates jobs, and enables both international commerce and tourism to flourish. The global aviation industry's direct and indirect impact on the global economy reached 2.7 trillion dollars, accounting for approximately 3.6% of global GDP in 2016. ICAO projections show that this amount will reach 5.7 trillion dollars as of 2036. Additionally, the industry provided a total of 65.5 million jobs worldwide, 10.2 million of which were directly related to the air transportation sector. Tourism is one of the businesses that strongly relies on aviation. In 2016, among the tourists who crossed borders, over half of them traveled through the air. Civil aviation generated almost 37 million employees in the tourism industry in 2016, and it contributes approximately 897 billion dollars to global GDP per year. Moreover, the ICAO projection for employment says that the number of employees will increase by 97.8 million by 2036 (Aviation Benefits Reports 2019, 7-8). Air transportation is also a driving force for e-commerce and global trade. In 2018, the world trade volume was 6.8 trillion dollars, 35% of which was transported by air. Furthermore, aviation supports significant social benefits such as provision of humanitarian aid, food supplies, educational opportunities, and improvement of the quality of life (Aviation

Benefits Reports 2019, 8-10). As can be seen, the aviation industry provides many opportunities, especially commercial/financial/economic opportunities for countries.

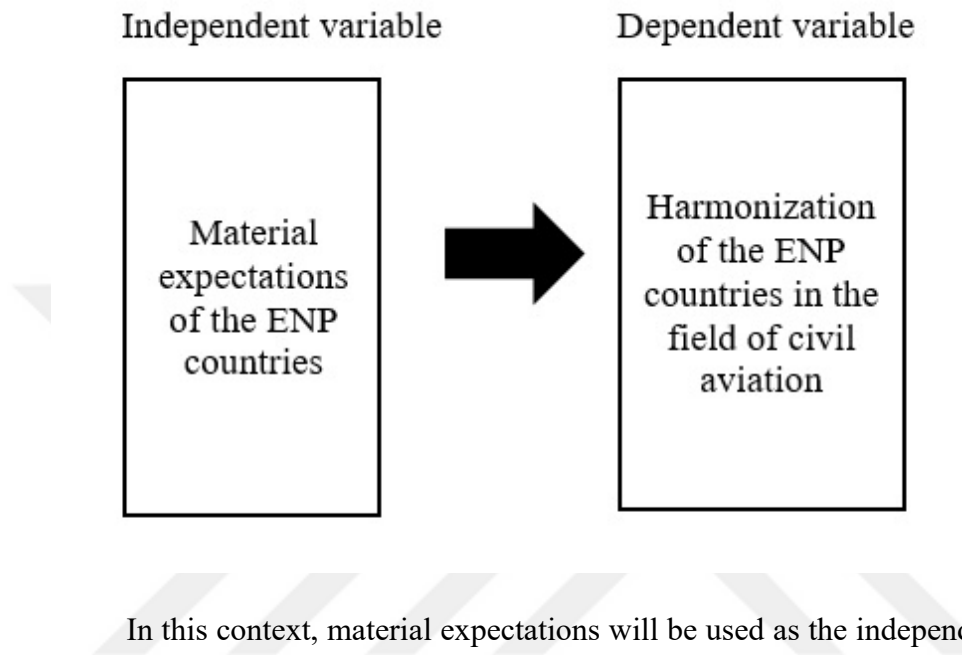
The CAA was established to promote not only market access but also a level playing field through common rules and standards to maintain high, consistent levels of aviation safety, security, ATM, the efficiency of infrastructure, and the protection of consumers, competition and the environment. However, the EU has an asymmetric relationship with the ENP countries in the field of civil aviation. Therefore, the EU must shift the cost-benefit equilibrium in the target countries by giving incentives to the ENP countries. As can be recalled from the external incentive model, the ENP countries adopt the EU rules if the benefits of the EU rewards exceed the domestic adoption costs. This is based on the assumption that states act rationally. In this respect, they aim to maximize their interests by employing cost-benefit analysis. Assuming that the states act rationally, the ENP countries anticipate material expectations from the EU within the scope of the EU harmonization process.

The EU's material rewards can come through EU funds; that is, the funds made available through the European Neighbourhood Instrument (ENI). In the framework of the ENI, the EU gives incentives and rewards to the best performers. Besides these direct rewards, the CAA offers some awards under the name of Money, Market, and Mobility (3M) to promote harmonization with the EU acquis, as Catherine Ashton remarked in 2011 at a press conference.⁷ Because the ENP countries are economically and politically weaker, they need some material rewards to harmonize their policies.

⁷ Catherine Ashton was the former High Representative at the Union for Foreign Affairs and Security Policy. <https://reliefweb.int/report/bosnia-and-herzegovina/remarks-high-representative-catherine-ashton-press-conference-after>

Consequently, the model below explains how the ENP countries harmonize with the EU acquis within the scope of the external incentive model.

Figure 2.2. The External Incentive Model in Europeanization



In this context, material expectations will be used as the independent variable, and harmonization in the field of civil aviation will be used as the dependent variable. The ENP countries harmonize their policies only according to the material rewards they receive from the EU, which is based on the external incentive model. The greater the material rewards, the easier it is for these countries to sign the CAAA. The ENP countries adopt EU rules if the benefits they gain from EU rewards exceed the domestic adaptation costs. The adaptation costs are determined by the size and speed of the determinacy of conditions, the size and speed of the rewards, the credibility of threats and promises, and the size of adoption costs.

Within the framework of the hypothesis to be asserted in this study, Moldova and Georgia's harmonization was caused by material incentives. In terms of carrots and sticks, sticks are not fully excluded from the notion of such agreements. In particular,

if Georgia and Moldova fail to satisfy their requirements, they will be punished by losing rewards in the common air transportation market (Savic 2019, 242). These countries have ratified the CAAA because of their material expectations. If the material expectations of the ENP countries in the field of civil aviation are met, such countries will be included in the CAA. Consequently, they become a part of the CAA.

2.5. Methodology

This study uses the case study method, which is a prominent qualitative method that researchers in the field of political science and international relations often use to test their hypotheses. Case studies focus on the causal mechanism in one or a few cases. This focus helps to reveal the causal mechanism behind the correlation found in many cases (Given 2008, 69-70). The case study also contributes to the creation and support of a theoretical generalization. The thesis will use Moldova and Georgia's harmonization in the Common Aviation Area as case studies, to explain the reason underlying the harmonization of the ENP countries with the EU acquis in the field of civil aviation. In the framework of the CAA, seven ENP countries have signed comprehensive ATAs. Georgia and Moldova have been chosen for this study, taking into account the geographical coverage of the ENP (southern and eastern countries).

Within the scope of qualitative research methods, this thesis will employ process tracing to find an answer to the research question, and to test the hypotheses. The data collection will rely on semi-structured interviews and a literature review. Hence, books and academic studies in the existing literature will also be used as

source material for the research. As a result, the studies regarding the CAAAs, which are signed by the ENP countries, will be examined and evaluated.

2.5.a. Process Tracing

The process-tracing method allows for the identification of the causal mechanism between dependent and independent variables. In other words, process tracing is used for tracking how the independent variables are thought to cause the dependent variable at each stage. It is also a method frequently used in case studies in which the validity of theories is tested through cases (Levy 2008,11). Case selection is the task of case study researches. Contrary to theoretical reasons, the case selection method is based on practical reason. Due to our inability to obtain data on Israel and Morocco from the countries that entered into force among the ENP countries, Georgia and Moldova were chosen.

This thesis will use the process-tracing method to test the validity of the causal mechanism between material expectations of the ENP countries and the harmonization of the civil aviation legislation of these countries with the EU.

2.5.b. Data Collection

In this research, academic journals, books, newspapers, reports, and articles will be used as sources. In addition to these, the interview will be used as a data collection technique in the research. One of the most frequently used methods among qualitative research methods is interviews. The interview is a conversation between an interviewer and a responder, in which the interviewer asks questions (Ritchie and

Lewis 2003, 129). Interviews include a more direct engagement between the researcher and the responder. Interviews may take place in person, over the phone, through video connection, or via social media. There are three types of interviews: structured, semi-structured, and unstructured interviews. The main difference between these types of interviews is the degree of flexibility during the interview.

In structured interviews, the researchers prepare a list of interview questions in advance and ask them in the same sequence to facilitate the categorization of replies. Structured interviews are used for collecting information from individuals with a planned set of questions that are supposed to elicit their ideas, opinions, and attitudes concerning study-related topics. A semi-structured interview is a sort of qualitative interview in which the interviewer is guided by a series of predetermined questions, but s/he is free to investigate new developments in the subject of the interview. It is, in some ways, a bridge between structured and unstructured interviews. Unstructured interviews are similar to everyday conversation. In this kind of interview, there is no order of questions, the questions are not expressed in a written form in a certain pattern, and the language level can be adjusted. The interviewer is free to vary the questions (Berg and Lune 2017, 67-69).

In this study, semi-structured interviews will be used as one of the data collection methods, because it allows for open-ended responses to compile more in-depth information, and it encourages two-way communication. This helps us to understand the perspectives of the interviewees on the subject, and to learn about their experiences. During the interviews, different questions have been asked to the participants to deal with the different dimensions of the subject.

Comprehensive ATAs were conducted by the ministries of foreign affairs, civil aviation authorities, and the relevant ministries of the relevant countries. For this reason, the people to be interviewed were selected from the authorized persons within the civil aviation authorities of Moldova and Georgia. In the case of Moldova, the interview was conducted with the Head of Rulemaking in the civil aviation authority of Moldova and also the staff working in these departments, the Secretariat of Economic Council to the Prime Minister of the Republic of Moldova, the staff of Air Moldova who have wide-ranging knowledge of air transportation matters, and staff working in the Ministry of Foreign Affairs of Moldova, along with an Air Transport Regulation Consultant who has knowledge and experience in the CAA. In the case of, the interviews were with the Head of the Administrative Department and Head of Rulemaking Department of the Georgian Civil Aviation Agency (GCAA), and diplomatic staffs at the Ministry of Foreign Affairs of Georgia. In addition, it was also planned to interview scholars working in this field. In this regard, some scholars answered my questions on the relevant issues.

The questions are arranged in a flow. The first section is the section that has general questions about the concept of the CAA. In this section, questions were asked about the definition of the concept of the CAA, the reasons behind the creation of the EU's common aviation area, the positive and negative impacts of those agreements, and whether this policy is likely to be successful or not. In the second section, specific questions were asked to the participants regarding the comprehensive ATAs that their countries have signed with the EU. From the questions asked in this section, the aim was to obtain information on the reasons why these countries have signed those agreements, and what the main sources of motivation of these countries have been.

Material expectations or other expectations have been found to be determinant in the signing of those agreements.

Within the framework of all these topics, the following questions were asked to the interviewees:

1. How would you assess the overall relationship of your country with the EU?
2. When did comprehensive ATAs negotiations with the EU start? How long did they take?
3. Which actors (airlines, institutions, and so on) were involved in this process? Did they slow down the process or facilitate it?
4. What were the benefits and costs of this agreement?
5. Did the EU request the implementation of its legislation in the annex of the agreement? Did the EU offer you technical support and material (commercial and economic) opportunities in this regard?
6. Did the EU offer funds in the field of civil aviation?
7. What kinds of financial opportunities did the EU offer to your country?
8. What were the expectations/motivations of the decision-makers in seeking such an agreement with the EU?
9. What possibilities does the agreement offer in terms of the market?
10. How do you assess your country's alignment with the EU in the aviation field?

2.5.d. Measurement of Variables

2.5.d.i. Independent Variable

Material expectations imply commercial, financial, and economic benefits provided by the EU. Therefore, we classified the material expectations of the ENP countries under commercial and economic benefits in the scope of 3M. In this framework, the material expectations will be defined by referring to six indicators. These are the EU funds, employment opportunities in civil aviation, the number of tourists coming from the EU, the volume of air passenger flights and air cargo freight, liberalization of the visa regime, and direct investment in the air transportation market.

In this framework, this can be increased according to the volume of air cargo freight, passenger flights, the number of tourists, traffic rights, and investment opportunities, and provides liberalization in ownership control of national airlines and the visa regime. The economic size of the aviation sector and the material opportunities provided by the CAA ensure that the ENP countries comply with the EU legislation in the field of civil aviation. In my hypothesis, even though safety standards are not an indicator of material expectations, at the end of the research process it has been determined that they are among the operational indicators of material expectations.

2.5.d.ii. Dependent Variable

The dependent variable of this research is the harmonization of the EU acquis in the field of civil aviation. Within the scope of the EU's external aviation relations, the EU has negotiated comprehensive ATAs with the ENP countries to create the

CAA. These agreements are instruments that the EU applies to involve the neighboring and surrounding countries. To measure the formation of the CAA, the operational indicator is the ratification of the comprehensive ATAs, because ratification means the relevant countries transpose the civil aviation legislation annexed to the comprehensive ATAs. The countries that signed this agreement became a part of the CAA.





CHAPTER III

COMMON AVIATION AREA

The third chapter examines whether the material expectations led the ENP countries to sign/ratify the CAA agreement, and tests the hypothesis put forward within the framework of the study. In this chapter, the harmonization of the ENP countries in civil aviation will be examined in the context of Europeanization. In this regard, Moldova and Georgia will be analyzed as case studies.

The chapter is divided into three sections. Moldova and Georgia will be examined separately in each section. In each section, the Europeanization experience of these countries respectively will be explained. Secondly, the evolution of the civil aviation relations of each country with the EU will be analyzed. Finally, the findings of the semi-structured interviews with experts in the field will be discussed.

3.1. Moldova

3.1.a. Moldova-EU Relations

Moldova is a nation that has linguistic, cultural, and historical links with Romania, and also significant ties to its Soviet history and to Russia. After the dissolution of the USSR, the EU decided to create and define ties with the newly independent nations. The EU has demonstrated a reluctance to negotiate a suitable arrangement with Moldova. Despite this, the Moldovan government initiated diplomatic attempts to begin discussions with the EU in 1993. Moldova's ties with the EU are legally established in the Partnership and Cooperation Agreement (PCA),

which was signed on 28 November 1994, and entered into force on 1 July 1998 for ten years. After the negotiations, the parties signed a Partnership and Cooperation Agreement (PCA) in November 1994, and ratified it in 1998. The PCA is the legal framework behind dealings between the EU and Moldova. The PCA established the legal framework for Moldova's bilateral relations with the EU in the political, commercial, economic, legal, cultural, and scientific fields, by providing an appropriate framework for political dialogue, economic development, and completion of the transition to a free market economy through the promotion of trade, investments and harmonious economic relations (Chirila 2002, 38-41). The PCA established a Cooperation Council to monitor the PCA implementation at the highest level. The Cooperation Council is arranged for once a year.

In the late 1990s, the concept of European integration became increasingly prevalent in Moldova's official political discourse. The Moldovan authorities made attempts to join “the Stability Pact for the South-Eastern Europe”⁸ project in 1999. They thought that Moldova would get a clear path to EU membership (Chirila 2002, 38-41).

Moldova expanded its relations with the EU as part of a strategy aimed at gaining widespread recognition for its independence, and consolidating its sovereignty. The EU attracted Moldova because of its economic prosperity. Moreover, it desired to minimize Russia's regional supremacy to some degree. In the 1990s, the EU was unwilling to strengthen ties with Moldova due to its perception as

⁸ The EU initiated the Stability Pact in 1999 with the purpose of ensuring and sustaining peace and security in South-Eastern Europe. The Stability Pact was succeeded in 2008 by the Regional Cooperation Council, which administers regional cooperation in South-Eastern Europe, and supports the region's integration into Europe and the Euro-Atlantic Union.

a politically and economically unstable nation afflicted by the Transnistrian War. Additionally, the EU was preoccupied with other issues, including the Western Balkans crises, expansion into Central and Eastern Europe, and positioning itself as a foreign policy player throughout the 1990s (Balkır and Soyaltın 2018, 91-92).

Significant improvements in Moldova's ties with the EU occurred in the 2000s. The Party of Communists of the Republic of Moldova (PCRM) won the February 2001 elections, and Vladimir Voronin was elected as the President of Moldova by seizing control in Moldova (Calus and Kosienkowski 2018, 102-4). Despite election slogans advocating for membership in the Russia–Belarus Union and anti-EU rhetoric, the PCRM did not abandon the EU, and Moldova became the only post-USSR nation to join the Stability Pact for South-Eastern Europe (SPSEE) in June 2001. After that, Moldova was included in the financial and economic assistance program helping Balkan states. The PCRM progressively mitigated its pro-Russian discourse, and made some progress in developing relations with the EU. In 2005, the PCRM retained power after the 2005 elections, during the “Orange Revolution” in Ukraine (Calus and Kosienkowski 2018, 104). The PCRM administration reaffirmed its strong commitment to further European integration, and the newly elected parliament approved a statement of political collaboration, to to promote the goal of European integration.

The next phase in the rapprochement with the EU was the development of the Moldova-EU Action Plan, which was approved by the February 2005 Cooperation Council under the ENP. The Action Plan originally defined three-year collaboration plans but was continuously extended (Calus and Kosienkowski 2018, 105).

Moldova participated in the South East European Cooperation Process (SEECF) in 2006, along with the Western Balkans group. On 7 May 2009, Moldova attended the Eastern Partnership Summit in Prague. This was a first step toward normalizing the ties between Moldova and the EU. The PCRM was initially skeptical of the Eastern Partnership concept, because the Eastern Partnership did not offer the prospects of EU membership. The Moldovan government were initially dissatisfied with the plan, since it did not provide a path to membership. The European Neighbourhood Policy Instrument (ENPI) became the primary source of funding for Moldova, and funded Moldova between 2007 and 2010 with the sum of €209.7 million (Calus and Kosienkowski 2018, 109). Through financial and technical aid, the ENPI aims to help Moldova's democratic development, good governance, economic growth, and administrative capacity building (Calus and Kosienkowski 2018, 108).

When the PCRM lost its legislative majority on 29 July 2009, a new phase began in relations between Moldova and the EU. On 8 August 2009, the Liberal Democratic Party of Moldova (PLDM), the Democratic Party of Moldova (PDM), the Liberal Party (PL), and the “Our Moldova Alliance” agreed on a ruling coalition (Calus and Kosienkowski 2018, 108-110). The resulting Alliance for European Integration (AIE) government elected a pro-European administration headed by Vlad Filat on 25 September 2009, and immediately afterwards, the cabinet issued a new four-year action program, titled *European Integration: Freedom, Democracy, and Welfare*⁹. The program stated that Moldova’s integration into the EU was a

⁹ <http://www.ape.md/en/2009/10/english-interview-with-vlad-filat-new-moldovan-pm-filat-talks-about-priorities-radio-free-europe-26-09-2009/>

fundamental goal of the Republic of Moldova's internal and international policy. It also emphasized that Europeanization was the most effective means to accomplish the political, economic, and social modernization of the nation (Całus and Kosienkowski 2018, 108).

The EU agreed to begin negotiations for an Association Agreement (AA) in 2010, after which Moldova and the EU started discussions on providing Moldovan people with visa-free travel to the Schengen region for 90 days (Całus and Kosienkowski 2018, 108). The EU also provided financial support for the implementation of necessary reforms. In this respect, Moldova received €550 million in funding between 2010 and 2013. The EU provided Moldova with more than €130 million in 2014 (Całus and Kosienkowski 2018, 109). Since 2010, EU political consultants have been appointed, to assist with Moldovan state reform, and to monitor the activities of Moldovan public institutions.

From Brussels's standpoint, engagement with Moldova was primarily intended to provide stability outside the new EU boundaries, particularly in the context of Transnistria. For instance, the EU compelled the Moldovan government to shut its borders, reorganize the national border guard agency, strengthen control of the Transnistrian border, and implement biometric passports by providing Moldovans with visa-free access to the Schengen zone. The EU's goal was to transform Moldova into a model Eastern Partnership state that might serve as a good example to other Eastern Partnership nations such as Ukraine. Moldova became the success story of the Eastern Partnership, and as a result of this, except for the Baltic States, Moldovan citizens gained entry to the Schengen Zone without a visa (Całus and Kosienkowski 2018, 109).

The next step in the relations was the signing of the AA. The AA was signed in June 2014, and has since then served as the legal framework for the development of Moldova and EU cooperation (Savic 2019, 174). The agreement came into force on 1 July 2016, upon the approval of the agreement by all 31 signatories. Moldova has benefited from the Deep and Comprehensive Free Trade Area (DCFTA) with the EU, from the agreement's preliminary application in September 2014 (Savic 2019, 175). The DCFTA lowers taxes on European companies exporting to Moldova, and simplifies customs processes. Additionally, the agreement encourages commerce, by gradually bringing Moldovan laws, regulations, and processes, as well as standards, into line with those of the EU. Therefore, the DCFTA strengthens the EU's political affiliation and economic integration with Moldova, and has enhanced the stability and predictability of the trade and investment environment.

Despite intense political and economic pressure from Moscow, Moldova has maintained a pro-EU stance. Indeed, it is a solid indicator that Maia Sandu was elected as president in the 2020 Moldova elections. She is a pro-European president. Therefore, the current pro-European government is pushing Moldova closer to the EU.¹⁰

Moldova's main achievements during this time were the conclusion of an Association Agreement which included the DCFTA and the liberalization of the visa policy (Całus and Kosienkowski 2018, 111). The EU has offered significant financial and technical support to Moldova, whose administration sought to implement some

¹⁰ <https://www.euractiv.com/section/europe-s-east/news/moldovas-pro-eu-presidential-hopeful-wins-first-round-vote/>

of the EU's conditions. One of the achievements was to sign a comprehensive ATA with the EU on 29 June 2012, which entered into force on 2 August 2020.

3.1.b. Civil Aviation Relations between Moldova and the EU

The political and economic relationship between Moldova and the EU is based on the EU-Moldova AA signed in 2014. However, relations in terms of civil aviation are based on the Moldova Common Aviation Area Agreement (CAAA) signed in 2012. Indeed, it refers to the Moldova CAAA which aims to gradually liberalize air transportation between the EU and Moldova, "adapted to their reciprocal commercial needs and the conditions of mutual market access, and is dealt with by the Common Aviation Area Agreement between the EU and its Member States and the Republic of Moldova."¹¹

Until 2012, EU-Moldova aviation relations were based on bilateral ATAs with some member states. The majority of the agreements were more or less restricted in terms of "designation" and other terms relating to air transportation services. The EU took a step forward in most of the areas covered by the 2005 Action Plan, including an institutional reform of the aviation sector. The most essential objectives in this regard were to develop a national aviation policy reform, and a reform of the air transport market, as well as moving Moldova closer to deeper integration into the European air transportation market. In detail, the Moldova Action Plan stressed:¹²

¹¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:22014A0830%2801%29&from=EN>

¹² https://ec.europa.eu/archives/docs/enp/pdf/pdf/action_plans/moldova_enp_ap_final_en.pdf
(Accessed 06/04/2022)

- Implementation of a national aviation strategy for the sector's growth, including a market structure reform.
- Revision of bilateral ATAs with EU members, to include "Community carrier" clauses.
- Solution of pending issues with the EU member states concerning the implementation of ATAs.
- Improvement of administrative and technological capabilities to become a complete JAA member. Investigating the possibility of joining EASA and participating in the Single European Sky.
- Cooperation on aviation security issues (common norms for combating international terrorism).

After that, aviation relations between the EU and Moldova evolved to reach an important point. The EU and Moldova signed a Moldova CAAA on 20 October 2012 (Savic 2019,174). European Commission Vice-President, the Estonian Siim Kallas, the former commissioner responsible for mobility and transport, said:

"the comprehensive air services agreement reached in Chisinau today is very important for further strengthening the overall economic, trade, and tourism relations between Moldova and the EU. Indeed, it will allow Moldova to become a full partner of the EU in aviation and gradually integrate Moldova into a pan-European aviation market. This is a very important step in our strategy of closer cooperation between the EU and its neighbours, particularly in the context of the Eastern Partnership."¹³

Moldova would align its aviation legislation with European standards and implement EU aviation laws in areas such as aviation safety, security, environment, consumer protection, air traffic management, economic regulation, competition policy, and social issues, through the Moldova CAAA. In other words, this agreement

¹³ https://ec.europa.eu/commission/presscorner/detail/fi/IP_11_1242

has facilitated market access and integration, increased collaboration, and created new possibilities for customers and airlines. However, the Moldova CAAA anticipates a gradual transition of Moldova to full compliance with EU air transport regulations (Moldova CAAA 2012, 26). The transitional arrangements require that Moldova's implementation and execution of the EU acquis related to civil aviation, listed in Part D of Annex III to the agreement, are subject to European Commission assessment and validation, by a separate decision of the EU-Moldova Joint Committee (Cenusa and Emerson 2018, 177). Such an evaluation will be conducted two years following the agreement's entry into force. Until that time, the fifth freedom¹⁴ will not be allowed for both parties. Eight years from the date the Moldova CAAA was signed, it was finally approved by EU Council Decision 2020/951 of 26 June 2020.¹⁵

As with the other CAAA, the Moldova CAAA also establishes a Joint Committee (JC) which is composed of representatives of the parties (Savic 2019, 174-178). The JC is responsible for the administration and implementation of the agreement. For this purpose, it makes recommendations and takes action through the agreement's specific provisions. The JC's decisions are made by consensus and are binding on the parties. Additionally, a party may request a meeting of the Joint Committee to seek resolution of any dispute concerning the interpretation or implementation of this agreement (Moldova CAAA 2012, 16).

¹⁴ "Fifth freedom right" means the right or privilege granted by one state (the 'Granting State') to the air carriers of another State (the 'Recipient State'), to provide international air transport services between the territory of the Granting State and the territory of a third state, subject to the condition that such services originate or terminate in the territory of the Recipient State."

¹⁵ <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A32020D0951>.

Moldova CAAA does not provide Moldovan airlines with total internal market access; rather, they are only granted the authority to fly between Moldova and EU destinations, either directly or through an intermediate point inside the ENP partners' territory, and that of ECAA countries listed in Annex IV of the agreement (CAA Moldova 2012, 25). This prohibits Moldovan airlines from operating flights within the EU member state (cabotage) and flights between two EU member states that are not linked to or from Moldova.

The CAA Moldova offers a solution that benefits EU capital. Although foreign investment is claimed to be permitted in both directions, EU investment in Moldovan air carriers does not need approval. Nevertheless, if a Moldovan invests more than 50% in an EU air carrier, the JC must approve it (CAA Moldova 2012,8). The second provision concerns competition law. Moldova has pledged to comply with EU competition law and standards, prescribed in Art. 107 of the Treaty on the Functioning of the European Union (TFEU), and interpretative instruments adopted by the European Union institutions. Moldova recognized not just primary and secondary EU legislation, but also the jurisdiction of EU institutions. This means besides harmonization with the aviation acquis, Moldova decided to apply other parts of the EU legislation, and the competency of EU institutions who thereby gained legal grounds for the extraterritorial action in the competition. This is the highest source of EU law. By doing so, the Moldova CAAA has allowed the parties to refuse, revoke, suspend, or restrict an operating licence to an air carrier of another contracting party, if it determines that the criteria for a competitive environment are not met in line with relevant provisions of the agreements.

3.1.c. Research findings into Moldova's inclusion in the Common Aviation Area

Semi-structured interviews were organized with four experts in the field, including public sector employees and academic researchers in the field of aviation. Some experts did not answer some of the questions because they lacked knowledge of these particular questions. Because civil aviation is a technical field and a field that requires expertise, these questions are generally answered by technical experts. In total, the interviews were held with four people who are experts in their fields. The questions prepared within the scope of the interview are ordered from general to specific and consist of three different stages. Within this framework, the first stage questions are about the relations between the EU and Moldova. The second stage questions are about the relations between the EU and Moldova regarding civil aviation, by focusing on the comprehensive ATAs. At the third stage, information was obtained on when the comprehensive ATAs signed with the EU started, how long the process lasted, which actors were involved in this process, and whether the said actors accelerated or slowed it down.

After obtaining information on the general framework of the comprehensive aviation agreement between the EU and Moldova, questions were asked about the main motivation behind Moldova's signing of this agreement.

3.1.c.i The overall relationship of Moldova with the EU

First, the question was asked to experts in the field about how they define the overall relations between Moldova and the EU. In this question, a person who works in the public sector, and academics gave their opinions on the overall relationship between Moldova and the EU.

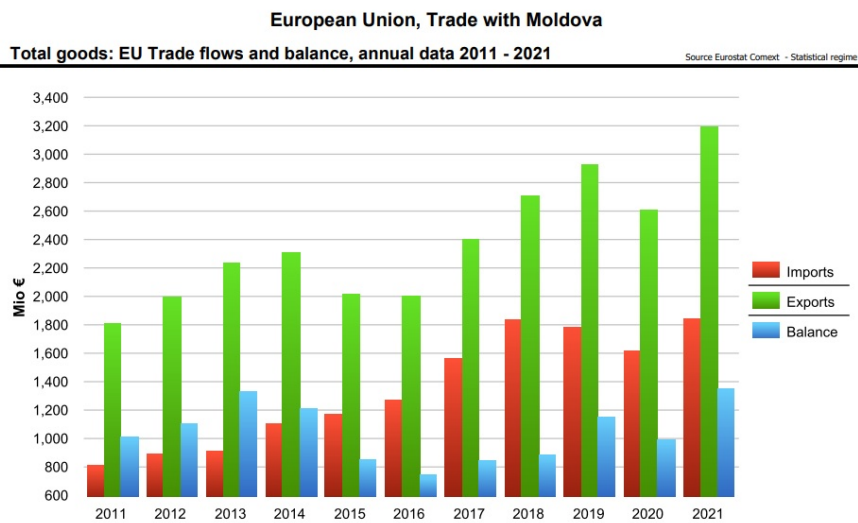
Interviewee A defined the EU as one of the main partners for the Republic of Moldova in what concerned the widest possible range of economic, political, and financial relations. Partnership with the EU was the core of the external state policy for the Republic of Moldova, and, bearing in mind the European aspirations of Moldova, it was also a substantial factor for internal policy elaboration and implementation. Interviewee B opined that the EU not only held vital importance in Moldova's foreign policy, but also had become a tool to ensure the political and social cohesion of Moldova. In addition, Interviewee B said that Moldova attached so much importance to its relations with the EU that it named its ministry responsible for Foreign Affairs as "Ministry of Foreign Affairs and European Integration of the Republic of Moldova". Interviewee C said that Moldova had direct access to the EU, establishing good ties with the EU due to its border with Romania.

Nicu Popescu, Minister of Foreign Affairs and European Integration of Moldova stated that Moldovan society was split into two parts: one side desired closer ties with Russia, and the other side wanted closer ties with the EU. However, he also said that even if the latter wanted to work with the EU, they were not anti-Russian,

and did not favour poor ties with Russia. In other words, the majority of pro-European and pro-Russian voters were neither anti-European nor anti-Russian.¹⁶

Moldova’s biggest trading partner is the European Union, which accounts for 52.2% of its overall trade, followed by Russia (10.5%) and China (8.3%). Approximately 63% of Moldovan exports are sold to the European Union market. Moldova is the EU’s 56th largest trading partner, with a total trading volume of approximately five billion Euros in 2021. The EU’s exports to Moldova were €3.8 billion in 2021, with a 22 % increase over 2020. Machinery and appliances, as well as mineral goods, are important EU exports.¹⁷

Figure 3.1. The EU, Trade with Moldova 2011-2021



Considering the trade growth and export growth between Moldova and the EU, Moldova has benefited most from free trade access. Moldova’s economic

¹⁶ <https://www.euractiv.com/section/europe-s-east/news/moldova-fm-we-want-to-move-as-quickly-as-possible-on-eu-accession/>

¹⁷ “EU Trade Relations with Moldova,” Trade (European Commission), accessed December 20, 2022, https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/moldova_en.

potential is dependent on its strategy for integrating commerce and investment. The EU consumes more than half of Moldova's exports. Reducing the economic distance to big regional markets, and realizing the advantages of openness are essential to overcoming Moldova's structural restrictions, and fostering export-driven development. This has provided financial help for Moldova's growth and reform assistance, and has furthered generally unconditional backing for the Moldovan government, regardless of the practical benefits of proceeding toward EU membership. The EU referred to Moldova as a "success story" under the Eastern Partnership (Nizhnikau 2018, 24-25). If the economic relations between Moldova and the EU are taken into consideration, it is obvious that Moldova's integration into the EU brings economic benefits to Moldova. In addition, when the answers given by experts in the field are evaluated, it is also observed that economic issues and integration into the EU are issues that mainly come to the fore. Therefore, Moldova's relations with the EU are among the most prominent issues that closely reflect the economic interests of the country.

3.1.c.ii. The Background of Comprehensive ATAs and the Role of Domestic Actors in the Signing of the Agreement and their Cost and Benefit Analysis

Interviewee A pointed out that the political contacts were held in April 2010, a time when the Moldovan government announced its desire to begin negotiations for broad ATAs with the EU, following the signing of the Horizontal Agreement between the EU and Moldova. The European Commission was authorized by the EU Council in June 2011 to carry out negotiations. The agreement was signed on 26 June 2012.

The ratification process on the side of the EU states took almost 8 years, and the agreement was finally approved by EU Council Decision 2020/951 of 26 June 2020.

Interviewee B mentioned that, in line with the normal negotiation process for an agreement on the scale like that, the national aviation industry was involved in the process through extensive consultations. It is also to be understood that the different aviation players had different interests and concerns about the changes the new comprehensive agreement brought to Moldova, so the government received mixed feedback on proposals from the stakeholders' side. Interviewee C said that the issue was discussed with internal stakeholders such as Air Moldova, and a cost-benefit analysis was carried out.

Moldova CAAA allows for the harmonization of Moldovan law with EU legislation. However, the agreement did not provide Moldovan airlines with full access to the EU market; they were only permitted to fly between Moldova and EU cities and were not permitted to operate inside any EU member state (Cabotage rights) or between EU member states without flying to Moldova. Moreover, even if this opportunity were provided to Moldova by the EU, Moldova would not have the capacity to carry out these operations; this was because before the Moldova CAAA, the two largest carriers flying from Chisinau International Airport were the Romanian company "Carpatair" (charters to Rome, Venice, and Milan) and "Air Moldova," which carried passengers from Moldova to Bucharest and from there to other destinations via another Romanian carrier "Blue Air". Moldovan officials believed that the Moldova CAAA would encourage low-cost carriers to use Chisinau's airport, since European airlines would now be allowed to fly freely to and from Moldova. In this case, the role of domestic actors has been very weak, because they have no

bargaining power with the EU. On the other hand, while Moldova has developed its commercial relations with the EU through the DCFTA and the AA, it is not considered reasonable to have a limitation on air transportation, which is one of the most important modes of transport for the execution of these commercial activities. For these two reasons, it is assumed that the benefits of signing this agreement will exceed the costs. The interviewees also expressed similar views. They said that the Moldovan government had made a cost-benefit analysis of this agreement by consulting with the stakeholders in the country during the comprehensive ATA with the EU.

3.1.c.iii. The Implementation of the EU Acquis and the technical support, material (commercial and economic) opportunities, and financial opportunities and funds offered by the EU under the CAAA

Interviewee A said that Moldova has economic expectations from the Moldova CAAA. Interviewee A also said that the Moldova CAAA is structured in a way that it contains Annex III of the Moldova CAAA, which is viewed to be a living, evolving part of the agreement, and provided rules applicable to civil aviation, which are subject to adaptation to the national rules of Moldova. This adaptation is in turn subject to the transitional periods available for such an undertaking, and agreed between the parties. Interviewee B said that the EU provided support to the Moldovan party in particular, concerning the transposition of the EU acquis, which was both in the way of bilateral support and support within the frames of the multilateral/regional EU projects. Interviewee C said that the EU had funded Moldova in the field of the Eastern Partnership initiative, but underlined the fact that the support was offered through consultations, expertise, and training provided, and never in the way of direct

financial assistance. Some EU funds are available for Moldova, including in the aviation sector, e.g., Moldova's joining of the Horizon Europe research and innovation program in October 2021. Yet the interviewees do not have any particular knowledge of the inner EU funding machinery, and how it allows and distributes funds to non-EU states. In addition to this, the report prepared by the EU Commission shows that the EU supported the EU technical assistance program for a three-year period between 2012 and 2015 (European Commission 2015a, 16).

According to the response given by the interviewees, it is understood that Annex III of the Moldova CAAA must be transferred to Moldova's legislation as also indicated in the agreement. For this transposition, Moldova needs support for harmonizing its legislation to the EU's *acquis* in the field of civil aviation. According to the views of the interviewees, and the studies in the literature on this subject, the EU provided technical assistance to Moldova. Another issue is the funds and financial opportunities. In addition, it was learned that the EU did not move to a direct funding method in return for the signing of the agreement. However, in the scope of the Eastern Partnership, the EU funds Moldova in various fields. As mentioned in the previous chapter, Moldova received 550 million Euros in assistance between 2010 and 2013. In 2014, the EU provided Moldova with more than 130 million Euros (Calus and Kosienkowski 2018, 111). From 2017 to 2020, the EU granted 100 million Euros to Moldova under the Macro-Financial Assistance (MFA) program. During the pandemic, the EU agreed on an MFA program of 100 million Euros for Moldova.¹⁸

¹⁸ https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/international-economic-relations/enlargement-and-neighbouring-countries/neighbouring-countries-eu/neighbourhood-countries/moldova_en#:~:text=As%20part%20of%20this%20package,thereby%20successfully%20completing%20the%20programme.

Within the scope of the Moldova CAAA, it is understood that the EU did not provide direct funding to Moldova, and Moldova also had no expectation of financial opportunities underlying the signing of the Moldova CAAA. Therefore, the EU funds are not considered as an independent variable indicator in my hypothesis.

3.1.c.iv. The Expectations/Motivations of the Decision-Makers in Seeking Such an Agreement with the EU

Interviewee A said that the expectations/motivations lie within the confines of the benefits of the agreement, namely, open-sky type of relations, cheaper prices for airline tickets for Moldovan citizens, increased connectivity, attracting business passengers and tourists to Moldova, attracting traffic for connection flights through the KIV airport, and offering more city pairs. Interviewee A also said that the liberalization provides an increase in the air traffic of passengers coming from the EU and airfreight between the parties. This opportunity worked best, along with the decision for a visa-free regime for Moldovan citizens visiting the EU. Interviewee B said that Moldova needed to attract low-cost airlines to Moldova. The air traffic between Moldova and the EU was very limited, so one of the best options was considered to be the liberalization of air freedom rights, such as the third and fourth freedom and even fifth freedom. By doing so, many European airlines will fly to/from Chisinau Airport, which is the only international airport in Moldova. Interviewee C said that the CAAA offers unrestricted, apart from cabotage, flight freedoms to the airlines of the two parties, including both scheduled and unscheduled flights. This would give rise to an increase in mobilization, and the number of tourists arriving to Moldova. In addition, along with the growing operational capacity of Moldova's

aviation sector, employment opportunities would be created. Interviewee D said that the main challenges lay in the requirement of harmonization of the EU acquis to Moldova's legal system, and the transposition of those regulations into the national Moldovan law. Subsequently, it involved the requirements to phase out some non-EU (non-EASA-type certified) aircraft which was (and still is) a challenge, especially for the national airline industry. Interviewee D also said that the agreement instigated positive changes in aviation safety standards, which were set at the EU level.

Safety is a fundamental value-offering of fast and reliable air services, and global collaboration on aviation safety by governments and industry organizations, through the ICAO, has contributed to making commercial flight the world's safest mode of transportation. The ICAO conducts this through The Universal Safety Oversight Audit Programme (USOAP), which is a program through which the ICAO evaluates member states' compliance with their safety oversight commitments. This audit program is bolstered by legislation, organization, licensing, operations, airworthiness, accident investigation, air navigation services, and aerodromes. ICAO audits contracting states on a regular basis, to promote global aviation safety. If the audit program generates an adverse result against a state, then this may result in economic losses in the state's balance in terms of transportation, trade, and tourism. For example, if a government is dissatisfied with another country's aviation safety requirements, it can not only revoke the permits or authorization granted to the carriers of that deficient country, but also stop or suspend the operations of its own air carriers to that country, until the deficiencies are resolved. Another effect of low safety standards is the costs of insuring aircraft. Insurance coverage is tailored particularly to the operating of aircraft and the risks associated with aviation. The

higher the risk, the higher the insurance costs will be. In this case, airline companies will either organize flights accordingly, or reflect high insurance costs in airline tickets. This will mean an increase in ticket prices, which is the logical consequence of material expectations, because the airline will reflect this cost onto the passengers. The level of safety standards will attract airlines and service providers in civil aviation to Moldova. Therefore, the Moldovan government expected to promote its safety standards through the Moldova CAAA because this provides capacity-building activities to Moldova in the safety area. On the other hand, The European Parliament and Council charged EASA with overseeing a unified European framework for assessing the safety performance of international airlines. EASA gives safety authorization to foreign airlines when it is satisfied that they meet minimal international (ICAO) safety standards, and relevant airspace user criteria in EU airspace. These are called the third country operators (TCOs)¹⁹. If a country does not meet these standards, it is not possible to operate commercial flights to the EU. That is why safety standards have great importance in Moldova.

As of 2019, the EU's low-cost carriers have entered the market, and Wiz Air UK and Wiz Air Hungary have started to operate in Moldova. In fact, in 2019, 30% of the international scheduled flights from EU countries to Moldova were operated by Wiz Air UK and Wiz Air Hungary. Ticket prices have been dramatically reduced as the air transportation market has intensified. Thus, the Civil Aviation Authority of Moldova reported that ticket prices between London and Chisinau were around 210 Euros in 2010, but they dropped to 45 Euros by April 2017, which is almost an 80%

¹⁹ <https://www.easa.europa.eu/en/the-agency/faqs/third-country-operators#category-third-country-operators---general>

drop. During this time, ticket costs to Milan fell by 75%, from 141 to 35 Euros, while tickets to Lisbon fell by 34%, from 222 to 146 euros (Kosse and Kulchytska 2017, 4).

Before the entry into force of the agreement, the parties would exercise third and fourth freedoms.²⁰ This had some positive implications in an increase in the number of city pairs, number of passengers, number of flights, and cargo revenues. For example, there were fifteen city pairs²¹ between the EU and Moldova in 2010, yet this number increased 2.5 times, reaching 38 in 2019.²² Overall scheduled air passenger traffic increased approximately five times in 2019 compared to 2010, as seen in the graph. Correspondingly, the number of passenger flights has continued its steady growth, at an average rate of 11% between 2010 and 2019.

²⁰ The third freedom is the right to carry passengers or freight from one's own state to another. The right to carry passengers or freight from another state to one's own is the fourth freedom.

²¹ **The EU cities:** Athens, Bacau, Bucharest, Budapest, Frankfurt, Iasi, Larnaca, Lisbon, London, Milan, Munich, Rome, Sofia, Varna, and Vienna.

²² **The EU cities:** Athens, Barcelona, Beauvais, Berlin, Bologna, Brussels, Bucharest, Cluj, Copenhagen, Dortmund, Dublin, Florence, Frankfurt, Friedrichshafen, Heraklion, Iasi, Katowice, Larnaca, Lisbon, London, Madrid, Memmingen, Milan, Munich, Nice, Paris, Parma, Prague, Rome, Southend, Stockholm, Thessaloniki, Timisoara, Turin, Venice, Verona, Vienna, and Warsaw.

Figure 3.2. The Overall Passenger Revenue Traffic between Moldova and the EU Member States between 2010-2019 (<https://data.icao.int/newdataplus>)

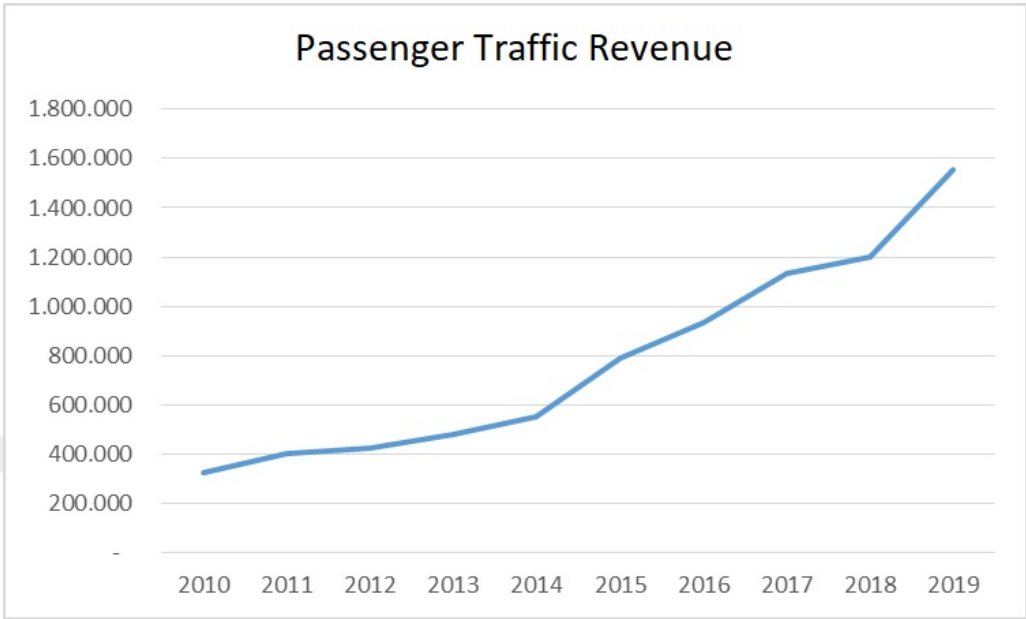
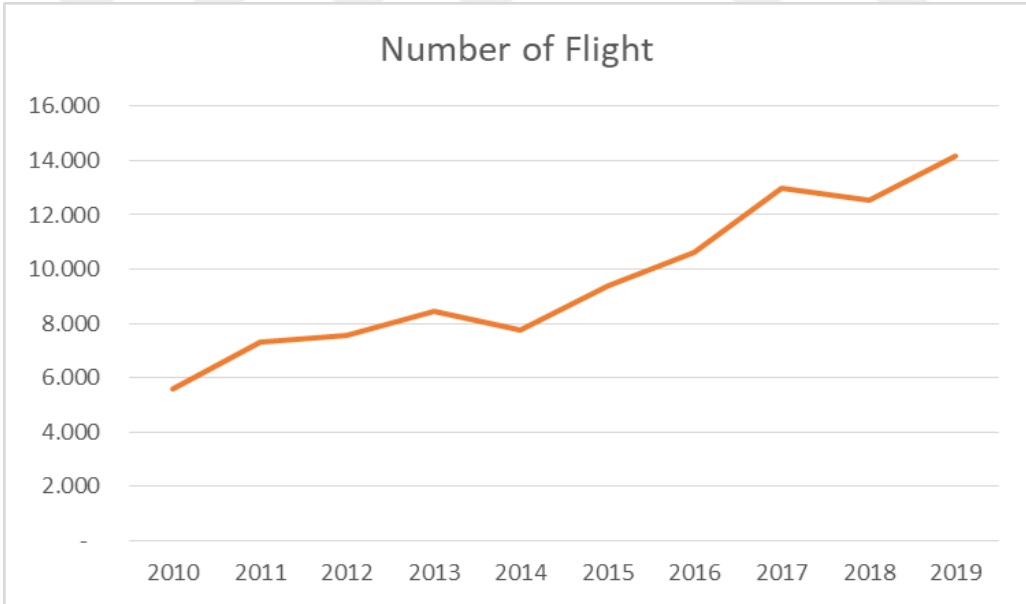
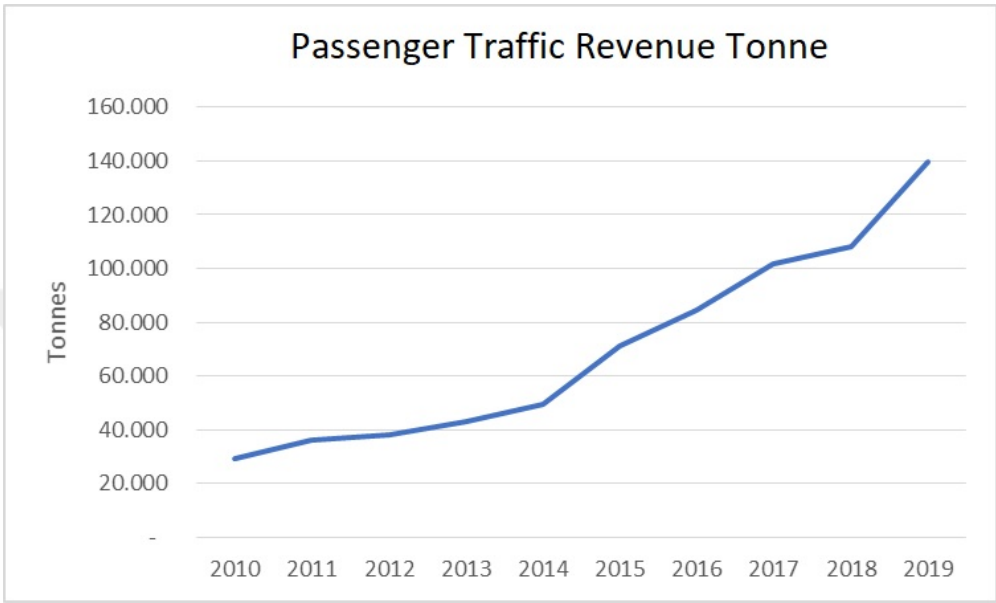


Figure 3.3. The overall number of flights between Moldova and the EU Member States between 2010 and 2019 (<https://data.icao.int/newdataplus>).



Besides passenger volume between the parties, passenger traffic revenue tonnage also showed a growing trend. While the overall freight revenue traffic tonnage was around 30,000 in 2010, this number increased to 140,000 tonnes in 2019.

Figure 3.4. The Overall passenger revenue traffic tonnage between Moldova and the EU Member States between 2010 and 2019 (<https://data.icao.int/newdataplus>)



Relations between the EU and the Republic of Moldova have existed for over 20 years. Since 2014, relations have been based on the EU Moldova AA, which lays the groundwork for closer political and economic ties between the EU and Moldova. Moldova's major trading partner and investor is the EU. In 2020, the EU was responsible for around 67 percent of Moldova's overall exports, and 53 percent of its total commerce.²³ Moldovan citizens have enjoyed tangible benefits from the EU's help and support for democratic reforms. The DCFTA opens the EU market to Moldovan firms and goods, and Moldovan citizens have been able to travel to the Schengen region with no visa requirement for up to 90 days. Economic ties between

²³ https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/moldova_en

Moldova and the EU are based on the DCFTA, which is part of the AA. The AA refers to the Moldova CAAA in civil aviation relations. Therefore, as a whole, civil aviation is a crucial part of the economic relations of Moldova. As mentioned above, in parallel with increasing economic relations, aviation relations between the EU and Moldova have also gained momentum.

As a small economy, Moldova’s economic potential is tied to the integration of commerce and foreign investment. Therefore, foreign direct investment (FDI) has vital importance for Moldova. FDI stocks in Moldova fluctuated at times between 2010 and 2020. The lowest level of FDI stocks was recorded in 2015 - USD 2,904 million - while the highest level was attained in 2020 - USD 4,851 million.

Figure 3.5. Inward Moldovan FDI stocks (mil USD), (Foreign Investor Association 2019, 14)

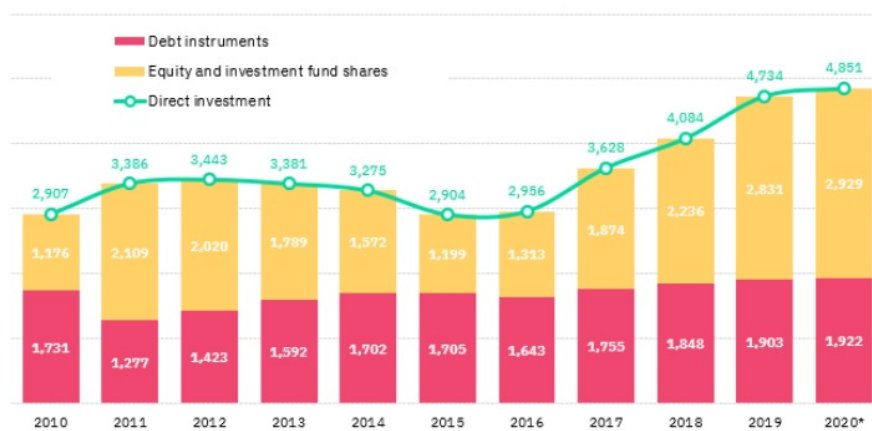
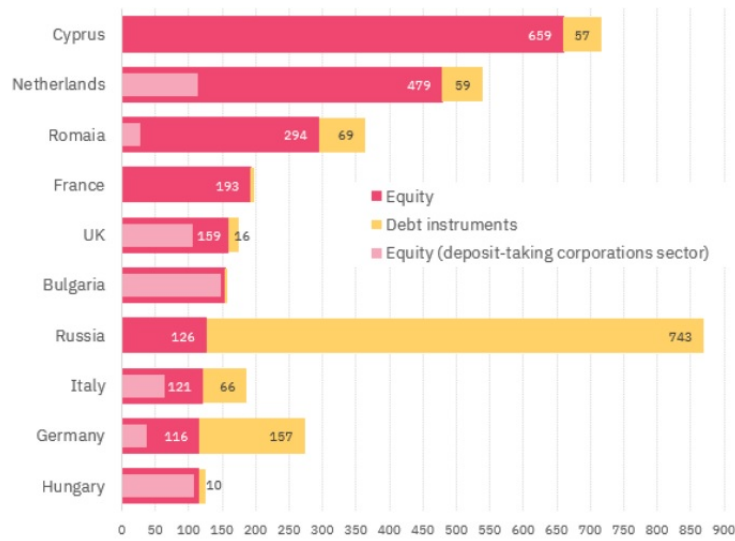
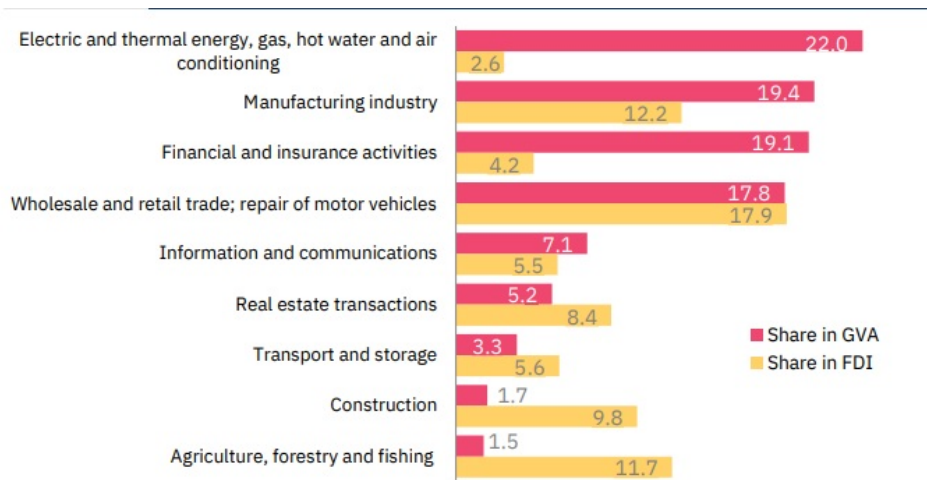


Figure 3.6. Inward Moldovan FDI stocks as of 31 Dec 2019, by top 10 states (mil. USD), (Foreign Investor Association 2019, 15)



As seen in Figure 3.6 above, in 2019, in terms of equity participation and share, the EU accounted for 82.2% of FDI in 2019, aside from the United Kingdom (UK). The vast majority of FDI is attributed to investors from the EU member states, excluding the UK. The top five countries were Cyprus, Romania, the United Kingdom, France, and the Netherlands. On the other hand, when debt instruments are included, the Russian Federation is the greatest investor in the domestic economy. When the sectoral-based shares of FDI are analyzed, the largest share of the FDI was respectively the wholesale and retail trade-/repair of motor vehicles (17.9%), the manufacturing industry (12.2%), agriculture, forestry and fishing (11.7%), construction (9.8%), real estate transactions (8.4%), and transport and storage (5.6%).

Figure 3.7. The Moldovan Share of FDI in 2019 (percentage), (Foreign Investor Association 2019, 31)



In 2018, a consortium²⁴ headed by Blue Air, a Romanian low-cost airline purchased the loss-making Moldovan national air carrier Air Moldova for 2.56 million Euros, and also took on Air Moldova’s debts of 61 million Euros.²⁵ According to reports²⁶, Air Moldova was having financial difficulties. The only direct investment in Moldovan air transportation was the purchase of Air Moldova by Blue Air Romanian Air Carriers. Although the Moldova CAAA anticipates the liberalization of the air transportation market, and the purchase of Air Moldova was by a Romanian air carrier (an EU carrier), FDI was not seen as a material expectation in the signing of the Moldova CAAA. Indeed, Igor Dodon, who was the President of Moldova at that time, opposed this purchase, and said that Air Moldova should have been returned to the state²⁷. However, according to both the literature review and the

²⁴ A consortium made up of Blue Air (49%), and Moldovan citizens Andrei Yanovich and Sergey Melnik (25.5% each)

²⁵ <https://emerging-europe.com/business/analysts-question-motives-behind-blue-air-s-purchase-of-air-moldova/>

²⁶ <https://www.intellinews.com/details-of-frauds-related-to-murky-air-moldova-privatisation-revealed-204987/>

²⁷ <https://www.ch-aviation.com/portal/news/82175-air-moldova-aircraft-assets-taken-in-money-laundering-probe>

answers given by the interviewees, it has been concluded that there is no FDI expectation in the signing of the Moldova CAAA.

The visa liberalization dialogue with Moldova was launched in 2010 through a Visa Liberalization Action Plan. Visa liberalization dialogue between the EU and Moldova was completed on 28 April 2014. The visa liberalization regime is based on the Prague Eastern Partnership Summit of 7 May 2009, which underlined visa liberalization for individual partner nations on a case-by-case basis, provided that they fulfill their obligations (Ministry of Foreign Affairs and European Integration of the Republic of Moldova 2022). These obligations concern the country's success in implementing reforms such as the rule of law, combatting organized crime, corruption, and illegal migration, and boosting administrative capacity in border control and document security. Moldova is the first Eastern Partnership nation to fulfill all of the Visa Liberalisation Action Plan's criteria (Gotışan 2019, 106-10). Visa liberalization has developed independently of the CAA. According to the literature review, and the answers of the interviewees, there is no direct relationship between the signing of the CAA and Moldova's visa liberalization. Therefore, it was concluded that Moldova did not expect visa liberalization as a material expectation in the signing of the CAA.

The major donor to Moldova has been the EU. Moldova received 550 million Euros in financial aid between 2010 and 2013²⁸. In 2014, the EU provided 131 million Euros via ENPI, to promote the implementation of the DCFTA, public finance reform, agriculture, and rural development. This made Moldova one of the biggest

²⁸https://ec.europa.eu/archives/delegations/moldova/eu_moldova/political_relations/eu_moldova_relations_deliverables/index_en.htm

such recipients among the Eastern Partnership. Moldova received 410 million Euros between 2014 and 2017, to promote changes in important sectors including public administration reform, agricultural and rural development, police reform, and border management.²⁹ Moldova received more than half a billion Euros from 2014 to 2021, as well as an additional 200 million Euros in loans and grant within the scope of the Macro-Financial Assistance programs (European Commission 2022). Within the scope of the CAA, one of the most challenging issues is the transposition of the EU acquis into Moldovan law. In this regard, the EU supported Moldova with a three-year EU technical assistance initiative. However, the implementation process was hindered, owing to coordination issues caused by Moldova's civil aviation law modifications in 2013 (European Commission 2015b, 16). No evidence has been found on whether the Moldovan government expected EU funds from the Moldova CAAA. On the other hand, the EU has not allocated any funds to Moldova under the CAA. However, as seen in the reports of the EU Commission, technical support was provided to Moldova for the transposition of the EU acquis. In addition, within the scope of the Moldova CAAA, no statements by the Moldovan government or officials regarding EU funds were encountered. Therefore, according to the responses of the interviewees and the findings in the literature, it was concluded that Moldova did not expect EU funds in the signing of the CAA. The EU only provided technical assistance to Moldova for the transposition of the EU acquis.

Given the evaluations made by the interviewees, they had a similar opinion that the motivation behind signing the agreement was based on material expectations, which were an increase in city pairs, the volume of air cargo freight, and air passenger

²⁹ https://ec.europa.eu/commission/presscorner/detail/en/MEMO_15_4682

flights, the number of tourists visiting Moldova, and the decrease in ticket prices, increased employment opportunities in civil aviation, and higher safety standards. Besides this, it is concluded that the EU funds, visa liberalization, and direct investment were not a component of material expectations in the scope of the Moldova CAAA.

3.1.c.v. The Assessment of Moldova's alignment with the EU in the aviation field

Interviewee A said that in terms of the alignment of the regulations, based on the reporting for 2021, the first year of the implementation of the ratification process has been concluded, and Moldova had more than half of the regulations included in Annex III transposed. As a result, Moldova had nearly managed to comply with its regulations with the EU within the scope of the Moldova CAAA.

As can be understood from the testimony of the interviewees, Moldova's civil aviation legislation has been largely harmonized with EU legislation. The EU norms and rules in the field of civil aviation have become largely applicable to Moldova.

3.2. Georgia

3.2.a. Georgia and EU relations

Georgia declared its independence on April 9, 1991, with the adoption of the Independence Restoration Act (Chochia and Popjanevski 2016, 200). Nevertheless, Georgia was not recognized as an independent country until December 1991. At the time, Georgia was undergoing a crisis, because of the breakdown of Soviet-era economic linkages, the loss of economic markets, internal disputes, political

instability, social impoverishment, and a slew of other negative elements (Kerikmäe and Chochia 2016, 200). Therefore, Georgia had a false start in its introduction to democracy and state building, due to a difficult political context and the inexperience of the governing class at the time. The national movement was divided rather than united on the goal of liberalization. Georgia was almost a failed state because of ethnic conflicts in South Ossetia, the civil war and government coup, a catastrophic war in Abkhazia, and loss of authority over about one-fifth of the country's area.

Diplomatic relations between the EU and Georgia were established in 1992. In 1994, Georgia and the EU started negotiating a partnership and cooperation agreement (PCA) (Chochia and Popjanevski 2016, 200-201). These discussions were concluded in 1996. The PCA, which entered into effect in 1999, provided Georgia with significant incentives and opportunities for Europeanization. The PCA was crucial in establishing the status of EU-Georgia relations, and moving them to a higher level. However, it could not play a significant role in rapidly reforming and europeanizing the country; neither in terms of the development of its political institutions, nor in terms of improving its sectorial policy, nor in terms of increasing its overall development index (Gogolashvili 2016, 9). In 1995, the EU created a regional liaison office in Tbilisi, Georgia, to address regional concerns. However, President Eduard Shevardnadze's administration failed to achieve any significant beneficial changes for Georgia. Massive corruption and the inability of the state to operate culminated in the 2003 Rose Revolution, in which young Mikheil Saakashvili and his political allies deposed President Shevardnadze (Chochia and Popjanevski 2016, 201). The Rose Revolution meant a tremendous deal for Georgia; it ushered in a youthful, pro-Western administration that, with a fresh approach to politics, was

able to implement highly painful but long-overdue reforms, dramatically cut corruption and develop a business-friendly climate. The confidence and support of Western partners began to return, investments began to flood in, and the country's economic condition began to improve dramatically. In 2004, Saakashvili, the president of Georgia, declared the EU to be the country's top priority, and proposed that the EU take more measures toward collaboration. In the same year, Georgia created the Office of the State Minister on European and Euro-Atlantic Integration, which is in charge of managing EU and NATO aid programs, and reporting on the country's progress. Simultaneously, the European Union Integration Commission of Georgia was established, a commission that participated in all the ministries and the commission aided the EU integration process, and developed recommendations and suggestions for the government. Since the beginning of his presidency, Saakashvili and his administration had emphasized that the country's major objectives were to join the European Union, and progress toward the West. Between 1999 and 2004, the EU offered assistance in three major areas, humanitarian, financial, and technical. During this time, the EU spent more than a billion Euros to help Georgia (Chochia and Popjanevski 2016, 201).. These funds were used for Georgia's modernization process, the growth of the free market economy, and the creation of democratic values via different programs and initiatives. The EU continued to support bilateral and multilateral initiatives with financial and technical assistance. This assistance also encompassed donations to international institutions such as the UN agencies, the World Bank, the International Monetary Fund, and others, as well as loans and grants that Georgia gets from different EU-based financial institutions.

Georgia suffered greatly during the 2008 conflict with Russia. Russia has long attempted to maintain its significant influence on Georgia, and to undermine the country's democratic processes. After 2008, Georgia's prospects for a genuine rapprochement with the EU became more favorable, and thus visible, particularly in areas such as free trade, a simplified visa regime, and EU association, all of which were mentioned in the first communication defining the EU's Eastern Partnership as one of its primary mechanisms for bilateral cooperation. The August War, on the other hand, also served as a stimulus for the Eastern Partnership initiative, when it was launched on 1 September 2008 (Chochia and Popjanevski 2016, 202-203). Negotiations for an Association Agreement (AA) with the EU started in 2010, with the goal of making Georgian legislation compliant with EU actions and reforms in the areas of political cooperation, justice, freedom and security, and the economy (Chochia and Popjanevski 2016, 205). Georgia also began talks with the EU in 2012 on visa reform for Georgian people visiting EU countries. As part of the process, the EU initiated a project on border control and immigration rules, to boost the Georgian government's border management capability (Chochia and Popjanevski 2016, 205). The AA was launched at the Eastern Partnership Vilnius Summit in November 2013, and Tbilisi signed it in June 2014. Following the adoption of the AA by the European Parliament, the parties agreed on an Association Agenda to ease implementation, establishing goals for 2014-2016 (Chochia and Popjanevski 2016, 205). The conclusion of the AA with the EU was a big step forward for Georgia, and a historic moment in its European integration history. Georgia also acceded to the Deep and Comprehensive Free Trade Agreement (DCFTA) through the AA, giving Georgian enterprises access to the EU's single market, a long-standing objective of Georgian

politicians (Kerikmäe and Chochia 2016, 207). The EU has also continued to offer large-scale funding to Georgia, amounting to €335–410 million in 2013–2017 (Chochia and Popjanevski 2016, 206). Georgia's AA established a broad free trade zone, exempting almost all commodities and services from most tariffs or non-tariff restrictions. Simultaneously, Georgia is required by the AA to align its legislative and regulatory structure with the EU *acquis* (Gogolashvili 2016, 7). The AA also allows Tbilisi to participate in EU programs and have access to EU agencies. Furthermore, the AA offers strong tools for the country's functional integration into European institutions, as well as for improving the quality of its economic integration via EU market access, and high levels of sectoral collaboration. Moreover, Georgia has entered into Europe's energy union, which is another criterion for candidate nations, in compliance with other stipulations of the AA. The two have signed agreements on the European Common Aviation Area, and the involvement of Georgian armed personnel in EU-led peace operations. Another important point is visa liberalization. The council approved a rule on visa liberalization for Georgians traveling to the EU for a stay of up to 90 days in any 180-day term on February 27, 2017.³⁰ As a result, Georgia actively participated in the EU's bilateral and multilateral programs which are the Partnership and Cooperation Agreement (PCA), the Comprehensive Institutional Building (CIB) program, the Interstate Oil and Gas Transportation to Europe (INOGATE) program, the Transport Corridor Europe-Caucasus-Asia (TRACECA) program, along with Euro-Asian transport connections, and macro-micro financial support (Chochia and Popjanevski 2016, 200).

³⁰ <https://www.consilium.europa.eu/en/press/press-releases/2017/02/27/visa-liberalisation-georgia/>

3.2.b. Civil Aviation Relations between Georgia and the EU

The PCA Georgia, which has been in effect since 1999, regulates the relationship between the EU and Georgia. Within the framework of the ENP, aviation relations between the EU and Georgia are based on the Action Plan enacted by the EU in 2006. This plan highlights the importance of cooperation in air transportation (Savic 2019, 164). However, the basic document concerning civil aviation relations is the Georgia CAAA, signed in 2010. The AA also underlines the Georgia CAAA in defining that “the progressive liberalization of air transport between the Parties adapted to their reciprocal commercial needs and the conditions of mutual market access are governed by the Common Aviation Area Agreement between the European Union and its Member States, of the one part, and Georgia, of the other part”³¹

The Georgia CAAA, like the Moldova CAAAA, creates a common aviation area between the EU and Georgia. The Georgia CAAA was signed with the intention of giving reciprocal market access to the parties’ air transportation markets, with similar competitive circumstances, and adherence to the same criteria, especially in the areas of safety, security, air traffic management, and environmental control, via the establishment of a common aviation area. Importantly, the annexes of the EU CAA outline the body of EU aviation law with which Georgia is required to eventually integrate its legislation. As a result, the community carriers will be allowed to operate direct flights to Georgia from everywhere in the EU, and Georgian carriers will be able to reciprocate. The Georgia CAAA will lift all pricing and frequency limitations between Georgia and the EU.

³¹ [https://eur-lex.europa.eu/legal-content/en/TXT/PDF/?uri=CELEX:22014A0830\(02\)](https://eur-lex.europa.eu/legal-content/en/TXT/PDF/?uri=CELEX:22014A0830(02))

The Georgia CAAA bears a resemblance to the Moldova CAAA. However, one important difference is concerning the issue of state aid and competition. In addition to the aviation acquis, Georgia opted to implement additional elements of EU legislation, including the Treaty on the Functioning of the European Union (TFEU), which is the highest level of EU law. As a result, Georgia has moved closer to the ECAA Agreement (Savic 2019, 165-166).

3.2.c. Research Findings on Georgia's inclusion in the Common Aviation Area

This section will be based on semi-structured interviews held with five experts in the field, including the public sector, private sector employees, and academic researchers in the field of aviation. During the interview, the participants could not answer some of the questions asked, because they did not know enough about those areas, so the number of participants that responded to each question may differ.

3.2.c.i. The overall relationship of Georgia with the EU

First, a question was asked to experts in the field as to how they defined the overall relations between Georgia and the EU. Interviewee A said that relations between the EU and Georgia were initiated in 1991-92 shortly after Georgia achieved independence after the disintegration of the USSR. Within the ENP instrument, Georgia has become a partner country of the Eastern Partnership initiative. Interviewee A also said that Georgia has continued to collaborate, in order to enhance Georgia's political and economic integration with the EU, and the AA, which was adopted in 2014 with its DCFTA component, further strengthened the relations.

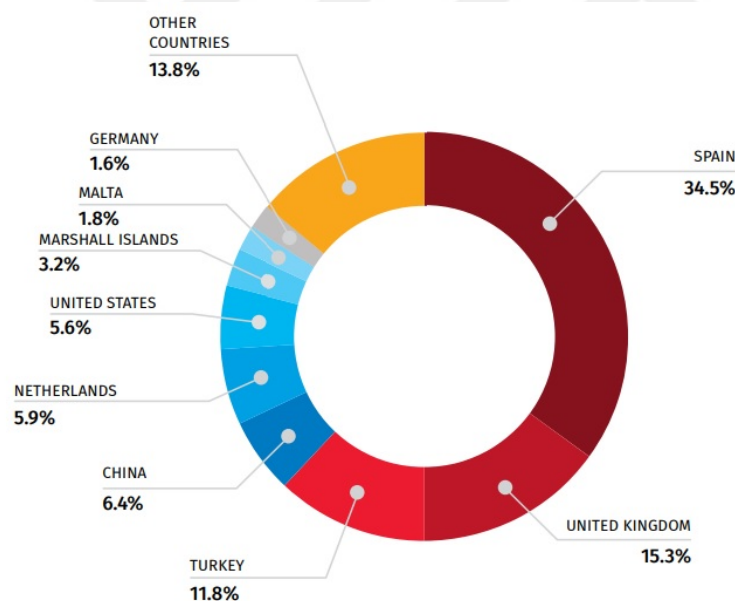
Interviewee B said that the EU firmly supports Georgia's territorial integrity, and ensures a non-recognition policy over the occupied regions of Georgia. The EU is one of the largest donors to Georgia, and most importantly, the EU itself is the main supporter of Georgia in its Euro-Atlantic aspirations, offering it invaluable assistance on issues related to the growth of the economy, the strengthening of institutions, and deepening of contacts between peoples. Interviewee C said that Georgia was a reliable partner for the EU in the region, and throughout the years the country has provided significant contributions to NATO EU-led peace support operations in Afghanistan, to which there was also a strong European contribution. Interviewee D also said that the latest Russian invasion of Ukraine, in February 2022, had drastically accelerated the fear in the Associate Trio – Georgia, Moldova, and Ukraine. Therefore, Georgia along with Ukraine and Moldova had applied for EU membership, to move closer politically to the EU.

As can be understood from the interviewees, they agreed with the contention that the EU assists Georgia in increasing its economic potential through international collaboration. Especially through the DCFTA, as the main pillar of the AA, the EU helps to foster Georgia's economic development and diversification. Georgia wants to benefit from the material advantages provided by the EU even more. For this reason, Georgia attaches great importance to integration into the EU. Moreover, it can also be understood that Georgia also sees the EU as a counterbalance to Russia.

The EU members remain Georgia's key trading partners: the major trade partners for Georgia in aggregate exports from January to April 2021 were the EU nations (17.7%), China (16.6%), Russia (13.3%), Azerbaijan (12.7%), and Turkey (8.7 %). Georgia (ranked 74th) contributed 0.1 percent toward EU27 trade at € 2.350

billion in 2020 (The European Union and Georgia, EEAS Website). In 2020, EU exports to Georgia were valued at €1.587 billion. Non-agricultural items, such as those from the chemical or associated industries, equipment and appliances, and mineral materials, were the most important exports. Georgia's primary EU imports were mostly industrial items such as mineral materials. Agricultural items (particularly vegetable products), foodstuffs, drinks, tobacco, textiles, textile articles, and products of the chemical or associated industries were also included. In 2020, the EU bought products from Georgia worth €763 million.³²

Figure 3.8. Top Direct Investor Countries in Georgia in Quarter 1 2022, in million USD (Geostat 2022, 4)



Looking at the top direct investor countries in Q1 2022, Spain was the nation with the largest foreign direct investment in Q1 2022, with USD 196.1 million (34.5 percent), followed by the United Kingdom with USD 87.2 million (15.3%), and

³² https://www.eeas.europa.eu/georgia/european-union-and-georgia_en?s=221

Turkey with USD 67.1 million (11.8 %). The EU accounts for 43.8% of the direct investment in Georgia, as seen in figure 3.8.

The critical geopolitical position of the South Caucasus, as well as its growing significance as an energy and communication corridor linking the Caspian Region and Central Asia with Europe, makes EU cooperation with the South Caucasus a top priority. Following the fall of the Soviet Union, Georgia was undergoing a serious crisis as a result of the breakdown of Soviet-era economic links, the loss of economic markets, internal disputes, political instability, social impoverishment, and other negative factors. The Rose Revolution of 2003 altered political circumstances, and opened the way for a shift in Georgia's political structure. Not only has the Georgian political system changed dramatically since the Rose Revolution, but so has the Georgian economy. From 2005 until the conflict with Russia in 2008, the tiny South Caucasus republic attracted a rising number of international investors, with consistent GDP growth rates of approximately 10% (Rinnert 2011, 5). However, the PCA, the AA, and the DCFT have shaped relations between the EU and Georgia, by allowing Georgia to benefit from the economic opportunities of the EU. The basic economic indicators between the two sides prove this.

3.2.c.ii. The Background to the Comprehensive ATAs and the Role of Domestic Actors in the Signing of the Agreement and their Cost and Benefit Analysis

Interviewee A said that in 2005, the President of Georgia issued a Resolution on “Measures for the Liberalisation of Air Traffic” (Kovziridze et.al. 2021, 123). Based on liberal principles, amendments to existing bilateral agreements were negotiated and new agreements were concluded. As a result, Georgia started to

liberalize its air transport market, and the restrictions were removed on flight frequencies, capacities, tariffs, destination points, and the number of designated airlines. Interviewee A also said that following the implementation of the liberal air transportation policy, in 2008, the EU expressed an interest in integrating Georgia into the European Common Aviation Area, so Georgia was the only country in the South Caucasus to be offered the opportunity to sign the Common Aviation Area Agreement with the EU. In June 2009, the Commission opened negotiations with Georgia on a comprehensive air transport agreement. As a result of negotiations, the “Common Aviation Area Agreement between the European Union and its Member States and Georgia” was signed on 2 December 2010, in Brussels, Belgium (Savic 2019, 1, 176). The Parliament of Georgia ratified the agreement in 2011. The agreement was approved (ratified) on behalf of the EU in 2020. Interviewee B said that state agencies and institutions from both sides participated in the negotiations. These institutions, the Ministry of Foreign Affairs of Georgia, Ministry of Economy and Sustainable Development of Georgia, State Ministry for Euro-Atlantic Integration of Georgia, and the Georgian Civil Aviation Agency were involved in the process. Interviewee B also said that the negotiations went smoothly, without any delays. Interviewee C said that Georgia has made commitments to transpose and implement EU legislation in areas such as aviation safety, security, air traffic management, passenger rights, social aspects, and market access. The harmonization of Georgian aviation regulations with EU standards ensures the safe and sustainable development of the Georgian civil aviation sector, improving existing flight safety standards, protecting the rights of customers, attracting new air carriers to the aviation market, allowing for the steady growth in passenger flow and air traffic tonnage, and

better realization of Georgia's transit potential. As a benefit of Georgia CAAA, Interviewee C said that Georgia improved aviation safety oversight parameters from 32% to 87.64% thanks to its harmonization with the EU. Interviewee C also said that the liberal aviation agreement attracted new airlines, and more and more new destinations in European cities have been added. Interviewee D said that the consultation mechanism was developed, and one of the most difficult issues was the existence of non-EASA-certified aircraft. Interviewee D also said that Georgia had started the process of removing non-EASA-certified aircraft from the state registry, and in this respect, all Soviet-made aircraft were removed from the register, so the requirements for the Georgia CAAA had been difficult and financially painful for the operators. Interviewee D also said that not all operators were happy to meet these and other requirements during the implementation phase, but despite this, they were also making some progress toward moving to new standards and remodeling business processes.

As a result of the interviews, it may be understood that a consultation mechanism was established in the comprehensive aviation agreement process, and the benefit and cost analysis of this agreement proceeded. It is also understood that a cost-benefit analysis was conducted with the involvement of Georgian state institutions in the decision-making process. After the internal evaluation process, Georgia concluded that the benefits of this agreement outweigh the costs of this agreement. According to the interviewees, the benefits of the Georgia CAAA are the increase in destination points, growth in the passenger flow, and new airlines entering the air transport market. This will lead to lower ticket prices, and will connect Georgia to more EU cities. Unlike the others, one of the benefits that Georgia expects from

this agreement is the issue of aviation safety. Aviation safety depends on air traffic management, maintenance, aircrew, airports, and airlines. If Georgia does not ensure a safe environment for the third countries, foreign air carriers do not want to operate in Georgia. Alternatively, if Georgian carriers fail to meet safety requirements, then the third parties do not grant flight permission to Georgian airline companies. In the EU, the EASA (European Aviation Safety Agency) is responsible for issuing safety authorizations to foreign airlines, when it is satisfied that they meet minimal ICAO safety standards, and relevant airspace user criteria in EU airspace. As interviewee C said, Georgia's safety parameters were 32% in ICAO safety standards, because Georgia had Soviet-made aircraft which did not address the ICAO safety standards. Therefore, one of the most challenging requirements was the removal of this type of aircraft. However, as interviewee C said, thanks to its harmonization with the EU, Georgia's aviation safety oversight parameters increased to 87.64%.

3.2.c.iii. The implementation of the EU Acquis, and the technical support, material (commercial and economic) opportunities, and financial opportunities and funds offered by the EU under the CAA Agreement

Interviewee A said that for the EU to harmonize Georgia's civil aviation legislation with the EU acquis, technical cooperation projects had been implemented. Interviewee A said that the EU did not offer any special fund for the signing of the Georgia CAAA, but they had for the technical support that aimed at harmonizing Georgian aviation law with the EU acquis specified in Annex III of the Georgia CAAA (Kovziridze et.al. 2021, 119). In this respect, Interviewee A described the technical support programs. These programs were respectively

- “Harmonisation with EU legislative regulations and standards of Georgia in the field of Civil Aviation” I (2011-2013). This project aimed to facilitate the implementation of a Common Aviation Area Agreement, through gradual harmonization of EU standards in areas of aviation safety and security.
- “Legal approximation of Georgian Civil Aviation regulations with EU standards” II (2015-2017) - This project aimed to introduce European standards, and improve the legislative framework of the GCAA, and empower the GCAA to enable the effective implementation of the Georgia CAAA
- The TRACECA Civil Aviation Safety/EASA project (2012-2015) - The EU financed a project for countries that are part of the EU’s European Neighbourhood Policy (ENP), aimed at supporting the implementation of comprehensive aviation agreements, and paving the way toward the Common Aviation Area, as well as to ensure effective participation in the pan-European civil aviation system.
- The EU TRACECA Civil Aviation II Project (2012-2015) – The EU-financed project aimed to ensure the sustainable development of civil aviation in beneficiary countries, the harmonization of current regulations and practice with ICAO standards, and the implementation of EU regulations concerning civil aviation safety, etc.
- EASA Eastern Partnership / Central Asia project (2016-2021) - The EU-financed project aimed to support Eastern Partnership countries in the sustainable development of civil aviation, in compliance with international and EU standards, and in the harmonization of regulations and working practices with international safety and security standards.

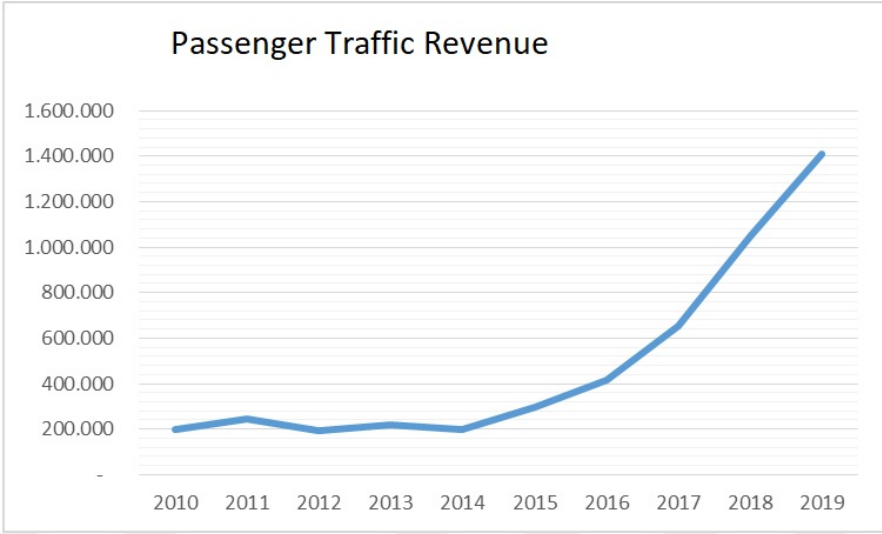
As understood by the interviewee, the EU supported Georgia in order to ensure the harmonization of Georgian legislation with the EU acquis, because the purpose of these funds was their use for the capacity-building activities of Georgia. These technical assistance projects aimed at enhancing Georgia's capacity-building activities in the civil aviation area.

3.2.c.iv. The Expectations/Motivations of the Decision-Makers in Seeking Such an Agreement with the EU

Interviewee A said Georgia's motivation was to have free air traffic rights with the EU, to bring the country into full compliance with the European aviation safety standards, and to achieve closer economic integration with the EU. Interviewee A also said that the Georgia CAAA provides an increase in direct flights, which leads to cheaper prices, and an increase in city pairs. Interviewee B said that within the framework of the liberal aviation policy and Georgia CAAA, competitive and equal conditions were provided for the low-cost airlines operating in the Georgian aviation market. Above all, the procedures for access to the Georgian aviation market have been simplified for airlines. Interviewee B also said that the liberal air transportation market would lead to an increase in the number of flights and passengers, and in the volume of air cargo freight between Georgia and the EU. Interviewee C said that liberalization in the air transport market improved the services offered to the consumers, so this offered employment opportunities for civil aviation. In addition, Interviewee C also said that the liberalization in air traffic rights provides an opportunity for the EU carriers, so Georgia expects an increase in the number of tourists entering by air.

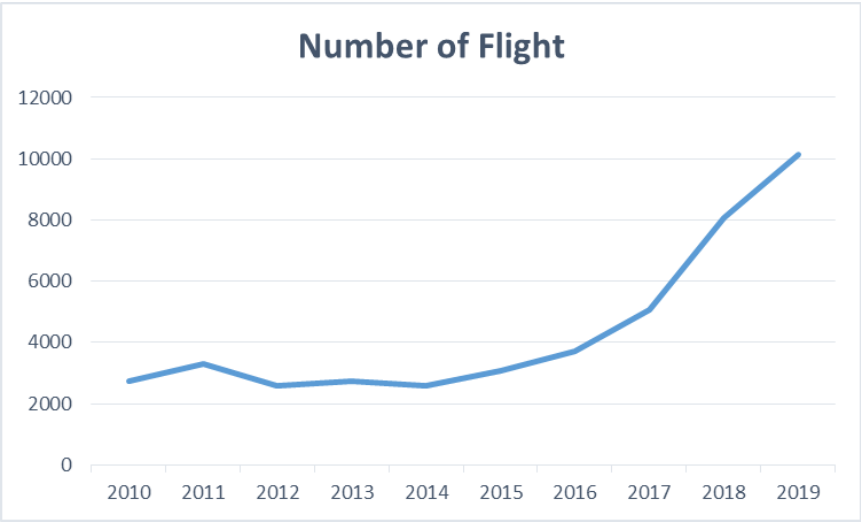
After the dissolution of the USSR, Georgia started to break its ties with Russia politically and economically. To rebuild its nation, Georgia has needed more investment from the EU or generally from the West, which is one of the largest markets in the whole world. Air transportation is one of these markets. Air transportation has an important contribution to the growth and opening up of the country. The easiest way for Georgia, which is geographically far from the EU, to build bridges with it is air transportation. Liberalization in the air transportation market will enable EU citizens to visit Georgia more comfortably with the increase in the number of city pairs. Not only EU citizens, but also Georgian citizens will have easy access to many EU cities thanks to the Georgia CAAA. While this situation did not seem possible with a limited number of airline operators and frequencies between the parties, the Georgia CAAA has led to the inclusion of many airlines in the air transportation market through liberalization, and accordingly an increase in the number of city pairs. Thus, regardless of nationality, any airline company from any origin point in the EU will be able to operate flights to any destination point in Georgia without frequency and capacity limitations. The interviewees also expressed the opinion that Georgia has such an expectation.

Figure 3.9. The Overall Passenger Traffic Revenue between Georgia and the EU Member States between 2010 and 2019 (<https://data.icao.int/newdataplus>).



The overall passenger traffic revenue between the EU and Georgia rose by 1,400% (from 200 thousand to 1.4 million passengers) between 2010 and 2019. In parallel to this, there was a significant growth in the number of flights.

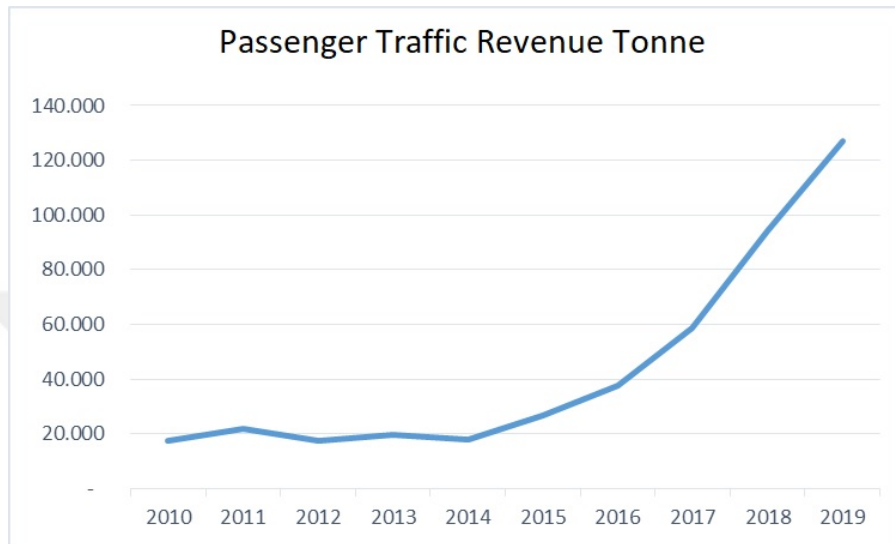
Figure 3.10. The overall number of flights between Georgia and the EU Member States between 2010 and 2019 (<https://data.icao.int/newdataplus>)



Besides the number of passenger traffic and passenger flight data, passenger traffic revenue tonnage also showed an increase between 2010 and 2019. The overall

passenger traffic revenue tonnage was around 20,000 in 2010, and this number jumped to 120,000 tonnes in 2019.

Figure 3.11. The Overall Passenger Traffic Revenue tonnage involving Georgia 2010-2019. (<https://data.icao.int/newdataplus>)



There were thirteen city pairs³³ between the EU and Georgia in 2010, but this number increased more than three times, reaching 43 in 2019.³⁴ Liberalization in the air transportation market will lead to cheaper prices. For example, while one airline company operates on the Tbilisi-Paris route, this number will increase with the Georgia CAAA, and competition will occur on that route. As a result of increasing competition, ticket prices will become even cheaper. Although the competitive advantage is on the EU side, Georgian and EU citizens will fly at cheaper prices in this competitive environment.

³³ **The EU Cities:** Amsterdam, Athens, Bucharest, Cologne, Frankfurt, London, Luxembourg, Munich, Nice, Paris, Prague, Vienna, and Warsaw

³⁴ **The EU Cities:** Amsterdam, Athens, Barcelona, Bari, Beauvais, Berlin, Bologna, Brussels, Bucharest, Budapest, Cluj, Copenhagen, Dortmund, Dublin, Eindhoven, Frankfurt, Friedrichshafen, Gdansk, Heraklion, Katowice, Krakow, Larnaca, London, Luxembourg, Malta, Marseilles, Memmingen, Milan, Mulhouse, Munich, Paris, Poznan, Prague, Rennes, Riga, Rome, Rotterdam, Tallinn, Thessaloniki, Vienna, Vilnius, Warsaw, and Wroclaw.

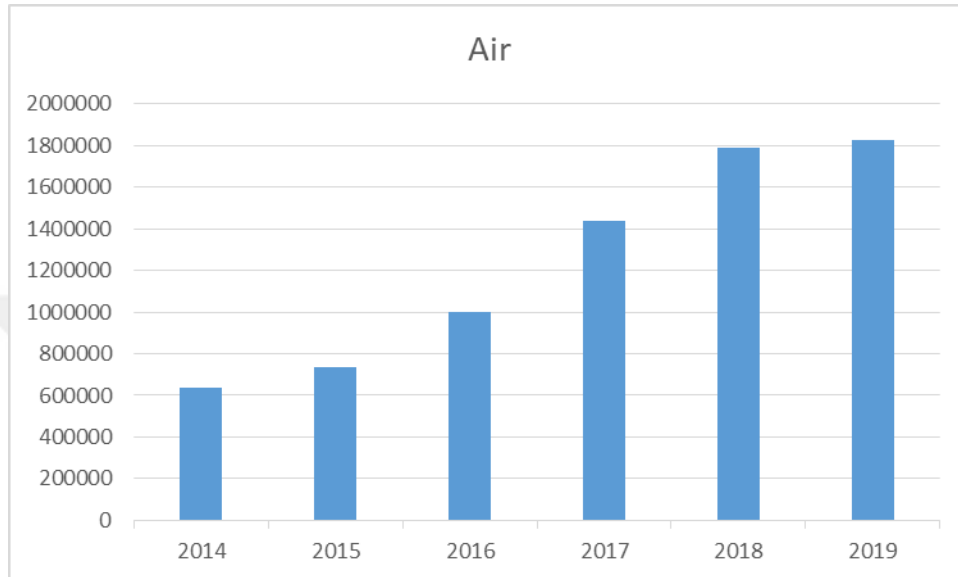
According to The Ministry of Economy and Sustainable Development of Georgia, the country aims at providing a liberalized environment by allowing access to the air carriers, granting traffic rights to them, and lifting capacity restrictions, while increasing the number of airlines (Ricovert 2011, 1-7). In addition to this, one of the purposes of the GCAA is to protect passenger rights and interests, so this means a decrease in ticket prices.³⁵ In addition to this, given the evaluations made by the interviewees, their expectations are cheaper prices, an increase in city pairs, an increase in the number of passengers and flights and air cargo freight. Besides this, Georgia's expectations in the Georgia CAAA are a safety issue. As discussed in the case of Moldova, Georgia has similar concerns. Georgia had a low level, according to the ICAO safety standard scores. Harmonization with the EU acquis will provide a high standard in safety issues in Georgia.

As is well-known, one of the most crucial corridors between the EU and Georgia is air transportation. Although it was claimed that this agreement was signed with the expectation that the increase in the number of passengers would have a positive influence on tourism revenues, the interviewees did not mention that tourism revenue emanating from the EU is among the material expectations of Georgia. However, when the literature is analyzed, it will be seen that the Georgian government gives great importance to tourism revenue coming from aviation. According to Mariam Kvrivishvili, Deputy Minister of Economy and Sustainable Development of Georgia, “the aviation sector of Georgia is one of the priority directions to the country and the other directions of the economy, especially tourism,

³⁵ <https://gcaa.ge/en/about-gcaa/>

significantly depend on its rapid recovery.”³⁶ Mariam Kvrivishvili also pointed out that a purpose of Georgia is to strengthen the country’s aviation industry by creating more direct air traffic with its strategic partners.

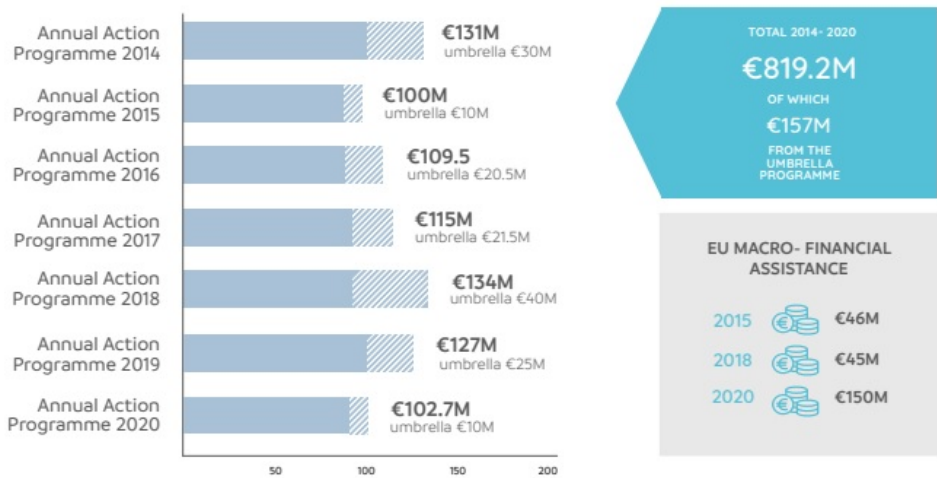
Figure 3.12. International Visitor Trips by Air to Georgia 2014-2019
(<https://data.icao.int/newdataplus>)



The increasing number of flights, number of passengers, and operational activities brought some difficulties. A major problem was the lack of qualified personnel. In this context, the technical support projects between Georgia and the EU aimed to close this gap, as mentioned above. We know from the interviewees that the Georgian side does not expect to receive direct financial support or funds from the EU. However, instead of this, cooperation at the technical level is among the expectations of Georgia.

³⁶ <http://www.economy.ge/?page=news&nw=1907&s=mariam-qvrivishvili-saaviacio-seqtoris-warmomadgenels-shexvda>

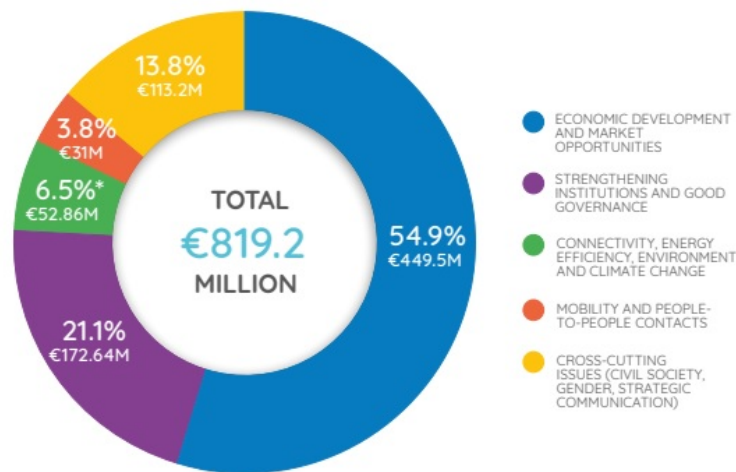
Figure 3.13. The EU assistance to Georgia (Kostanyan, Hrant, Michael Emerson, and Tamara Kovziridze et.al. 2021, 9).



As seen in figure 3.13, the EU granted 819 million Euros to Georgia from 2014 to 2020. Considering the size of the funds on a sectoral basis, economic development and market opportunities accounted for 54.9% of the funds between 2014 and 2020.. In the scope of the Georgia CAAA, the EU only provided 5 million Euros for technical assistance for civil aviation safety improvements in 2014.³⁷ The purpose of the fund is to improve Georgia's current aviation law and guarantee its conformity with EU standards, providing legislative structures to facilitate the implementation and adoption of EU rules. Consequently, in line with the data on EU funds and the answers given by the interviewees, it has been concluded that there was no expectation for EU funds in the signing of the CAA agreement.

³⁷ https://eu4georgia.eu/wp-content/uploads/Factsheet_Georgia_april2021.pdf

Figure 3.14. Priorities for EU bilateral Support (National Statistics Office of Georgia).



The capacity-building activities will enhance the safety, security, and ATM issues in Georgia. Thus, the interviewees said that before signing the Georgia CAAA in 2012, Georgia's safety scores were around 32%, which was very low. After signing the Georgia CAAA, Georgia has raised the ICAO safety oversight percentage to around 82%, thanks to the harmonization of Georgia's civil aviation legislation with the EU acquis. The interviewees also stated that Georgia expected technical support and harmonization through the Georgia CAAA. Safety is one of the main goals of the GCAA. The GCAA aims to implement European aviation safety and quality management standards. Aviation safety was not one of the main determinants, but in the case of Georgia, safety is one of the determining factors that constitute my independent variable.

Another point is employment opportunities. Initially, Georgia needs to employ of experts, as a result of the operational activities that will increase in the field of civil aviation. According to the National Statistics Office of Georgia, the lack of transportation choices was seen as contributing to the high national unemployment rate, which reached 15.2% in 2011 (Asian Development Bank 2014, 4). Despite the

fact that Tbilisi accounted for 47% of the sector's value addition, the city has the highest unemployment rate in the nation, at 29.2% in 2011 (Asian Development Bank 2014, 4-5). Therefore, transport (air-rail-road-sea) were two of ten sectors selected for development by the government in its 2011-2015 economic growth strategy. For this purpose, the country expected that the CAAA would provide many employment opportunities for Georgia, because with the increasing air traffic, more qualified people would be needed in air transportation operations. This creates employment in many areas, from pilots, and air traffic controllers, to ground personnel operating at the airport, and so on. Along with the operational growth, new employment areas and opportunities will arise in the field of civil aviation. Indeed, the interviewees expressed similar things in the interviews. On the other hand, this can contribute to employment not only directly but also indirectly. Civil aviation will have an indirect effect on employment. It will also pave the way for business people to easily go to Georgia and carry out various investments there. The easier access of business people to Georgia, and the investments of these business people in Georgia, especially the increase in direct investments, will create employment opportunities for Georgia.

Lastly, the EU Commission granted Georgian citizens visa-free travel to the Schengen Area in March 2017 (Visa Free Travel Comes into Effect for Georgia, EEAS Website). This was an important milestone for Georgia. However, there is no causal relationship between the Georgia CAAA and visa liberalization. No explanation was found regarding visa liberalization among the material expectations in the literature review and interviews. Therefore, visa liberalization is not an element of the independent variable.

When taking into consideration these explanations, Georgia's material expectations were safety, employment opportunities, an increase in the number of passenger/ flights, cargo freight, and city pairs, a decrease in ticket prices, and the number of tourists.

3.2.c.v. The assessment of Georgia's alignment with the EU in the aviation field

Interviewee A said that the level of alignment with the EU aviation standards was 80%. Interviewee A added that 19 out of the 65 regulations in the Georgia CAAA have been fully implemented, 7 - partially implemented, 6 - directly applied and relevant parts were transposed from 6 regulations. Interviewee B said that Georgia had an appropriately organized and empowered civil aviation authority that continues its work toward institutional development and strengthening the organizational capacity. Interviewee C said that Georgia has 3 newly-renovated international airports, and a well-equipped Air Navigation Service Provider (ANSP), with sufficiently trained and licensed staff, and several technical agreements have been signed with EASA to enhance cooperation with international institutions. Interviewee C also said that a lot of effort and hard work was still required to finalize harmonization with EU aviation norms.

As can be understood from the interviewees, the Georgian civil aviation legislation has been largely harmonized with the EU legislation. EU norms and rules in the field of civil aviation have become largely applicable to Georgia.

CHAPTER IV

CONCLUSION

The EU's external aviation policy has evolved since the liberalization of its internal aviation market. Recognizing the growing inconsistency between the terms of the bilateral ATAs and Community legislation, the commission launched legal action against the eight member states that had signed "Open Skies" agreements with the USA. The EU Commission litigated against the bilateral ATAs before the Court of Justice. Shortly after the Open Skies judgment of November 2002, the commission issued a communication that emphasized the need for bringing the existing bilateral ATAs into compliance with community legislation, citing the community's primary goal of promoting safe, secure, and efficient air transport for the benefit of European residents. The council authorized the commission in June 2003 to negotiate a comprehensive ATA with the United States, as well as horizontal agreements with the third countries to bring their bilateral agreements with the EU member states into line with EU legislation. In 2005, the commission adopted a communication on "Developing the agenda for the Community's external policy" and further defined the EU's external aviation policy in a three-pillar roadmap. The first is the horizontal agreements with the third countries, in order to replace "national designation" provisions with "EU designation" clauses. The second pillar is the signing of comprehensive ATAs with major strategic partners that combine market liberalization, investment barrier elimination, regulatory cooperation, and convergence. The third pillar is the establishment of a Common Aviation Area with

the ENP countries. For this purpose, the EU negotiated comprehensive ATAs or the CAAA with the ENP countries. Up until 2022, the EU had signed the CAAA with Georgia, Moldova, Morocco, Israel, Jordan, and Ukraine, among sixteen ENP countries, and the ratification process of Moldova, Georgia, Morocco, and Israel had been completed as of 2022. The scope of those agreements not only includes liberalization in traffic rights, but also contains regulatory harmonization in the field of civil aviation or air transportation with the EU.

The ENP has allowed the effect of Europeanization to be carried beyond EU borders. The relationship between the EU and the eastern and southern neighbors of the EU has been progressing within the framework of the ENP. Therefore, the CAA is not independent of it. In this study, it has been concluded that the civil aviation relations of the EU with the ENP states can be conceptualized as an instance of Europeanization. For this purpose, the EU Commission has developed their CAA policy to ensure the compliance of these states with EU norms and rules in the field of civil aviation, and it continues to conduct its relations with these countries through the CAA. This is not enough by itself. The EU offers some incentives and rewards to alter the cost-benefit calculations in the target countries in a positive direction. As explained in the previous chapters, the EU offers a number of rewards, which are usually summarized as Money-Market-Mobility (3M)³⁸, in order to encourage the adaptation to the EU acquis. On the other hand, from a rational choice perspective, which adds explanatory power to the material incentives, ENP countries calculate whether the benefit from the awards offered by the EU exceed the cost of adopting

³⁸ Remarks by High Representative Catherine Ashton at the press conference after the Foreign Affairs Council, 20 June 2011. <https://reliefweb.int/report/bosnia-and-herzegovina/remarks-high-representative-catherine-ashton-press-conference-after>.

the rules set by the EU, and they then engage in cost-benefit calculations accordingly. Therefore, the main aim of this study has been to explain the motivations that lead the ENP countries to sign the CAAA. Determining under which conditions the ENP countries comply with EU rules in the field of civil aviation, forms the basis of the research question addressed in the context of the study. In this study, the external incentive model, which is one of the theoretical models of Europeanization, is used to analyze the expectations of the ENP countries in the field of civil aviation. Based on the assumption that the actors make behavioral choices that maximize their benefits and interests, it has been discussed as to whether the ENP countries' decision to sign the CAAA is based on material expectations. As mentioned in the previous chapter, air transportation is the most important component of civil aviation. The aviation sector contributes \$3.5 trillion (4.1%) to global GDP. Around the globe, the aviation sector provides 87.7 million units of employment. In terms of value, more than one third of global commerce is realized through air transportation..³⁹ Therefore, the air transportation sector, and the benefits accrued in this realm, are a driving force for the countries. This is valid for the CAA. This study has hypothesized that the material expectations of the ENP countries is the independent variable that explains their alignment with the EU acquis in the field of civil aviation. To measure the countries' material expectations, the indicators have been determined within the framework of the opportunities offered by the EU. These indicators are determined as EU funds, employment opportunities, the decrease in ticket prices, the number of tourists, the rise in city pairs, the rise in the volume of air cargo freight and air passenger flight, liberalization of the visa regime, and direct investment in air

³⁹ <https://aviationbenefits.org/economic-growth/>

transportation. The motivations of these countries to sign the CAAA have been determined by the findings obtained as a result of both the literature review and semi-structured interviews with experts in the field, which are the data sources of the study.

For this study, while operationalizing material expectations, indicators were chosen based on financial and economic advantages. This was determined within the framework of the expectations presented by the CAA, and the material expectations presented by the EU to these countries within the scope of the ENP. However, when the cases of Georgia and Moldova were examined, it was seen that the safety factor, which does not constitute a directly financial and economic factor for civil aviation, is the factor that ensures the stability of aviation in those countries as an indicator within the material expectations. The expectations regarding enhancement of the safety capacity in the civil aviation of the ENP countries has emerged as a result of semi-structured interviews as a major element that motivates the ENP countries to seek inclusion in the CAA.

The result of Europeanization is legal and institutional change at the national level. Within the framework of the CAA, the implementation and application by these countries of all the provisions of the EU legislation corresponding to air transportation indicated in Annex III of the CAAA enter into force when the ratification process is completed by both parties. Therefore, the ratification has been selected to measure the harmonization of the EU acquis in civil aviation.

The EU aims to create a level playing field in the forming of its external aviation policy. The CAA is one of the three pillars of its external aviation policy. The EU has asymmetrical advantages over the ENP countries. To this end, the EU pursues a conditionality perspective for these countries. The most effective reward for this

policy is the prospect of EU membership, yet the EU does not offer this prospect to these countries. Therefore, the most attractive reward for these countries to comply with the EU acquis is considered as the 3Ms (Money, Market and Mobility). The hypothesis was developed from the rational choice perspective. Georgia and Moldova were chosen as case studies in the scope of the CAA to test the hypothesis. For this purpose, the material expectation indicator was operationalized in terms such as employment opportunities, lower ticket prices, an increase in the number of tourists, a rise in the city pairs and the volume of air cargo and air passenger flights, plus the promotion of safety standards, EU funds, direct investment in civil aviation, and liberalization of the visa regime. After discussing these indicators above, it has been concluded that employment opportunities, lower ticket prices, an increase in the number of tourists, a rise in the city pairs and the volume of air cargo and air passenger flights, and the promotion of safety standards were valid for both Moldova and Georgia. It has been understood that EU funds, direct investment in civil aviation, and liberalization of the visa regime, which are among the indicators put forward as material expectations at the beginning of the study, are not indicators of the independent variable. Consequently, the creation of the CAA is possible if the abovementioned material expectations of the ENP countries are fulfilled.



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APPENDIX

Appendix-1: Semi-Structured Interview Questions

1. How would you assess the overall relationship of your country with the EU?
2. When did comprehensive ATAs negotiations with the EU start? How long did they take?
3. Which actors (airlines, institutions, and so on) were involved in this process? Did they slow down the process or facilitate it?
4. What were the benefits and costs of this agreement?
5. Did the EU request the implementation of its legislation in the annex of the agreement? Did the EU offer you technical support and material (commercial and economic) opportunities in this regard?
6. Did the EU offer EU funds in the field of civil aviation?
7. What kind of financial opportunities did the EU offer to your country?
8. What were the expectations/motivations of the decision-makers in seeking such an agreement with the EU?
9. What possibilities does the agreement offer in terms of the market?
10. How do you assess your country's alignment with the EU in the aviation field?