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Ethiopian's Engagement with COMESA's Free Trade : Policy Alignment, Trade Opportunities, and Development Challenges.

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Abstract: *Ethiopia has long maintained a cautious approach toward full participation in the Common Market for Eastern and Southern Africa (COMESA) Free Trade Area (FTA), primarily due to concerns regarding industrial competitiveness and dependence on tariff revenues. This study examines the extent of policy alignment between Ethiopia's national trade strategies and COMESA frameworks, identifies sectoral trade opportunities, and analyzes the structural and institutional barriers impeding effective integration. Adopting a pragmatist research paradigm and a mixed-methods approach, the study utilized primary data from 98 purposively selected participants—including government officials, private sector representatives, and academic researchers—alongside secondary document analysis. Data were analyzed using descriptive statistics and multiple linear regression. The findings reveal that while respondents perceive significant trade opportunities in COMESA, particularly for the agricultural and manufacturing sectors, Ethiopia's actual level of engagement remains moderate. Descriptive results show that infrastructure gaps, institutional inefficiency, and limited business awareness are major constraints. Regression analysis further indicates that development challenges are the strongest positive predictor of Ethiopia's engagement, suggesting the country utilizes regional integration primarily as a mechanism to address domestic development needs. Conversely, while policy alignment shows a small positive effect, implementation and regulatory support remain relatively weak. The study concludes that to maximize the benefits of regional integration, Ethiopia must strengthen institutional coordination, invest in trade-facilitating infrastructure, and enhance private sector awareness of regional market opportunities.*

Keywords: COMESA, Regional Trade Integration, Policy Alignment, Development Challenges, Trade Opportunities.

1. INTRODUCTION

Ethiopia has been a long-standing member of the Common Market for Eastern and Southern Africa (COMESA), yet it has adopted a cautious approach toward full participation in the COMESA Free Trade Area (FTA) because of concerns regarding limited industrial competitiveness, dependence on tariff revenues, and the potential impact of import competition on domestic industries. Consequently, Ethiopia's engagement with COMESA has remained selective, reflecting inconsistencies between national trade, industrial, and customs policies and regional integration commitments. Over the past two decades, however, the country has implemented major economic reforms, including export-oriented industrialization, infrastructure expansion, and gradual trade liberalization, making regional markets increasingly important for agricultural, manufacturing, and service exports. Deeper engagement with COMESA is therefore recognized as a strategic opportunity to reduce trade costs, strengthen regional value chains, and promote private sector participation (African Development Bank, 2021).

Despite these reforms, Ethiopia has yet to fully capitalize on the opportunities offered by COMESA due to several structural and institutional constraints. Limited export diversification, weak manufacturing competitiveness, high logistics and transportation costs, and persistent tariff and non-tariff barriers continue to undermine effective regional trade participation (African Development Bank, 2021; United Nations Conference on Trade and Development [UNCTAD], 2022). Moreover, successful regional integration depends not only on membership in a regional bloc but also on coherent domestic policies, strong institutions, and adequate productive capacity (Adeogun, 2013). These challenges are further intensified by Ethiopia's simultaneous commitments to COMESA, the African Continental Free Trade Area (AfCFTA), the Intergovernmental Authority on Development (IGAD), and the African Union's Agenda 2063, all of which require coordinated policy implementation.

The coexistence of multiple regional integration frameworks has created overlapping trade regulations, institutional mandates, and policy obligations that have fragmented Ethiopia's trade and regional integration strategies. Differences in tariff structures, customs regulations, and trade liberalization commitments have weakened institutional coordination and policy harmonization, thereby reducing Ethiopia's ability to align domestic policies with COMESA requirements. These institutional and structural challenges have constrained export competitiveness, limited participation in regional value chains, and prevented the country from fully realizing the anticipated benefits of regional integration, including increased intra-regional trade, industrial development, and foreign investment (African Development Bank, 2021; UNCTAD, 2022).

Although Ethiopia's participation in COMESA has attracted growing scholarly attention, empirical evidence explaining why the country has achieved only limited trade and development gains remains insufficient. Existing studies have primarily focused on institutional descriptions or broad assessments of trade performance, with limited analysis of policy coherence, sector-specific trade opportunities, implementation constraints, and the implications of overlapping regional commitments (Adeogun, 2013). Therefore, this study seeks to address this knowledge gap by examining how policy alignment, sectoral trade potential, and institutional and structural barriers influence Ethiopia's integration into COMESA. The findings are expected to provide evidence-based recommendations for strengthening regional integration policies while advancing Ethiopia's long-term trade and development objectives (African Development Bank, 2021; UNCTAD, 2022).

1.1. RESEARCH QUESTIONS/HYPOTHESIS

Consistent with the aforementioned objectives, the study aims to answer the following research questions:

1. What extent is Ethiopia's national trade, policies consistent with the COMESA regional integration frameworks?
2. Which sectors hold the greatest trade expansion opportunities for Ethiopia within the COMESA Free Trade Area, and why?
3. What structural, institutional, and policy barriers impede Ethiopia's effective integration into COMESA?

2. RESEARCH METHODOLOGY

2.1. RESEARCH PARADIGM

This study adopted the pragmatist research paradigm, which integrates quantitative and qualitative approaches to provide a comprehensive understanding of Ethiopia's participation in the Common Market for Eastern and Southern Africa (COMESA). The pragmatist paradigm was appropriate because it enabled the examination of policy alignment, institutional capacity, trade potential, and regional integration by combining statistical evidence with participants' perspectives and document analysis. This approach provided a robust framework for exploring both measurable outcomes and contextual realities, thereby generating practical and evidence-based insights into Ethiopia's regional integration challenges and opportunities (Creswell & Plano Clark, 2018; Morgan, 2014).

2.2. RESEARCH APPROACH

This study employed a mixed-methods approach, combining quantitative and qualitative methods to provide a comprehensive assessment of Ethiopia's participation in the Common Market for Eastern and Southern Africa (COMESA). Quantitative data were used to examine patterns and relationships related to policy alignment, institutional capacity, trade potential, and implementation challenges, while qualitative data from key informants and document reviews provided in-depth insights into stakeholders' experiences and institutional practices. The integration of both approaches enabled a contextual understanding of the opportunities and barriers affecting Ethiopia's regional integration and strengthened the validity of the findings through methodological triangulation (Creswell & Plano Clark, 2018; Creswell, 2014).

2.3. POPULATION AND SAMPLING FRAME

The study population comprised government officials, trade and investment experts, exporters, scholars, policy analysts, and institutional documents related to Ethiopia's participation in the Common Market for Eastern and Southern Africa (COMESA). These participants were purposively selected because of their direct involvement and expertise in regional integration, trade policy, and institutional coordination, making them well suited to provide relevant and reliable information for the study (Patton, 2015; Creswell, 2014).

Table 1: **Sample units and sample distribution**

no	Target Population	Sample distribution
1	Government	78
2	Private	17
3	Academic Researcher	3
	Total	98

Source own 2026

2.4. ESTABLISHING SAMPLE SIZE

The sample size was determined purposively based on participants' knowledge, experience, and relevance to Ethiopia's participation in the Common Market for Eastern and Southern Africa (COMESA), rather than statistical representation. Participants were selected from government institutions, trade agencies, the private sector, and regional integration experts, with data collection continuing until sufficient information and data saturation were achieved. This approach ensured rich, diverse, and meaningful insights into policy alignment, institutional processes, and regional integration challenges (Creswell, 2014; Patton, 2015).

2.5. DATA COLLECTION METHOD

The study employed purposive sampling to select participants with relevant knowledge, experience, and involvement in Ethiopia's engagement with the Common Market for Eastern and Southern Africa (COMESA). Respondents were drawn from institutions and professional groups involved in regional integration, including trade officials, experts, and academicians, based on their experience, expertise, availability of relevant information, and willingness to participate. This strategy enhanced the credibility of the study by ensuring access to informed perspectives, while quantitative trade indicators such as exports, imports, tariff rates, and COMESA trade performance were used to complement qualitative findings, consistent with the pragmatist research approach (Creswell & Plano Clark, 2018; Patton, 2015).

2.6. TYPES OF DATA

This study utilized both qualitative and quantitative data to provide a comprehensive understanding of Ethiopia's participation in the Common Market for Eastern and Southern Africa (COMESA) Free Trade Area (FTA). Qualitative data were collected to explore stakeholders' perceptions, institutional processes, policy implementation challenges, and experiences related to regional integration, while quantitative data were used to examine measurable aspects such as trade performance, policy alignment, and sectoral opportunities. The integration of both data types supported triangulation and enhanced the credibility of the findings, consistent with the pragmatist research paradigm that emphasizes the use of multiple methods to address complex research problems (Creswell & Plano Clark, 2018; Morgan, 2014).

2.7. SOURCE OF DATA

This study employed both primary and secondary data sources to ensure comprehensive analysis and triangulation of evidence regarding Ethiopia's engagement in COMESA. Primary data were collected through questionnaires from government officials, trade experts, policymakers, private sector representatives, trade associations, and academicians to examine issues related to trade performance, institutional capacity, policy implementation, and regional integration challenges. Secondary data were obtained from government reports, COMESA publications, policy documents, academic literature, and reports from international organizations such as the African Union, United Nations Economic Commission for Africa, World Bank, and International Monetary Fund to complement and validate the primary findings (Creswell & Plano Clark, 2018).

2.8. DATA COLLECTION INSTRUMENT

This study employed questionnaires and semi-structured interviews as the main data collection methods to ensure reliable and valid evidence on Ethiopia's engagement with COMESA. Semi-structured interviews were conducted with selected key informants from government institutions, trade associations, private sector actors, and other stakeholders involved in regional integration and trade policy. The interviews explored issues related to policy harmonization, institutional coordination, trade opportunities, and challenges affecting Ethiopia's participation in COMESA, while questionnaires supported the collection of complementary quantitative data (Creswell & Plano Clark, 2018).

2.9. DATA ANALYSIS

The collected data were analyzed using both quantitative and qualitative methods to provide a comprehensive understanding of Ethiopia's participation in COMESA. Quantitative data from questionnaires were coded and analyzed using descriptive statistics, including frequencies, percentages, tables, and graphs, to identify patterns related to trade performance, institutional practices, and integration challenges. Qualitative data from interviews and open-ended responses were transcribed, organized, and analyzed thematically based on key areas such as institutional capacity, policy coordination, and regional integration experiences. The integration of both analytical approaches enabled triangulation, strengthened the reliability and validity of the findings, and provided a holistic interpretation of Ethiopia's engagement with COMESA (Creswell & Plano Clark, 2018).

2.10. Data Quality Assurance and Ethical Considerations

The study ensured data validity through triangulation of questionnaires and interviews, alignment of instruments with research objectives, and pilot testing for improvement. Reliability was maintained through consistent data collection procedures and refined instruments. Ethical principles were followed by obtaining consent, ensuring confidentiality, and maintaining objectivity throughout the research process (Creswell & Plano Clark, 2018; Creswell & Creswell, 2023).

3. PRESENTATION, ANALYSIS AND INTERPRETATION OF RESULTS

3.1. RESPONSE RATE

The following table presents the response rate of the questionnaires distributed and collected from respondents. It indicates the number of questionnaires administered, returned, and the percentage of responses obtained during the data collection process.

Table 2: **Response rate**

No.	**Questionnaires distributed**	**Questionnaires returned**	**Return rate in %**
1	**110**	**98**	89
Total	110	98	89

(**Source**: field survey, 2026).

The findings show that out of 110 distributed questionnaires, 98 were returned, representing an 89% response rate. This high response rate indicates adequate participation and supports the reliability of the data used for further analysis.

3.2. RELIABILITY STATISTICS

The following table presents the reliability test results for the study variables, including Policy Alignment (PA), Trade Opportunity (TO), Development Challenges (DC), and Ethiopia Level of Engagement (ELE). It shows the internal consistency of the measurement items using Cronbach's Alpha.

Table 3**: Reliability Statistic**

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.782	.790	4

Item-Total Statistics					
Variables	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
PA	11.03	1.85	.612	.410	.732
TO	10.94	1.72	.708	.533	.685
DC	10.99	1.68	.731	.556	.673
ELE	11.15	1.94	.534	.381	.761

(**Source**: SPSS result, 2026)

The results indicate that the overall Cronbach's Alpha value of 0.782 exceeds the acceptable threshold of 0.70, confirming good internal consistency. The corrected item-total correlations were also acceptable, showing that all items reliably measured the intended constructs and were suitable for further analysis.

3.3. POLICY ALIGNMENT

The first research objective aims to determine the extent of coordination between the national trade policy of Ethiopia and that of the COMESA policies framework. The research objective is analyzed in a descriptive manner using the following table

Table 4**: Mean frequency and Std. dev. on of Policy Alignment**

Descriptive Statistics	valid	Mean	Std. Deviation
Ethiopian trade policy are compatible with the trade frame work of COMESA	98	3.6633	.97329
Effective policy coordination between the government of Ethiopia and COMESA	98	3.5816	.86063
Ethiopia has adopted the key protocols and agreements of COMESA	98	3.7959	.82436
Ethiopian regulatory environment supports its participation Regional Trade Integration	98	3.5000	1.01788
Ethiopians lack of policy harmonization affects its participation in COMESA	98	3.6224	1.10775
Valid N (list wise)	98		

(Source: SPSS result, 2026).

The above table shows that respondents had a positive perception of Ethiopia's policy alignment with COMESA, with mean scores ranging from 3.50 to 3.80. The adoption of COMESA protocols and agreements received the highest rating (M = 3.80, SD = 0.82), while the regulatory environment received the lowest (M = 3.50, SD = 1.02), indicating that implementation and regulatory support remain relatively weak despite formal policy commitments. These findings support regional integration and institutional theories, which argue that successful regional integration depends not only on policy harmonization but also on effective institutional coordination and implementation (Balassa, 1961; North, 1990). The results are also consistent with empirical studies showing that although Ethiopia has aligned many of its policies with COMESA frameworks, institutional and regulatory constraints continue to limit the realization of regional trade benefits (African Development Bank, 2021; UNCTAD, 2022).

3.4. TRADE OPPORTUNITY

The second objective of the research is meant to examine Ethiopia's trade policy opportunity in relation to COMESA's policies framework. This objective is covered descriptively as shown in Table 4.9 below

Table 5: Mean frequency and Std. dev. on of Trade Opportunity

Descriptive Statistics	N	Mean	Std. Deviation
COMESA presents significant export opportunities for Ethiopian	103	3.9694	.90193
Ethiopian Agricultural Products have opportunities through COMESA	103	3.7755	.98996
Ethiopian Manufacturing sectors have expansion opportunities through COMESA	103	3.7755	.98996
Trade liberation within has resulted in increased export volume for Ethiopia	103	3.6837	.94811
Ethiopian Business are well Informed about the market opportunities of COMESA	103	3.8367	1.02237
Infrastructure Development supports trade expansion within COMESA	103	3.6735	.93913
There is sufficient government support for exploiting trade opportunities of COMESA.	103	3.6531	.93171
Valid N (listwise)	103		

(Source 2026 SPS)

The findings indicate that respondents generally perceive COMESA as providing significant trade opportunities for Ethiopia, particularly through expanded export markets and growth prospects for the agricultural and manufacturing sectors, as reflected by mean scores above the neutral point. The highest agreement that COMESA offers substantial export opportunities supports the theory of regional economic integration, which argues that reducing trade barriers and enlarging markets enhances trade creation, competitiveness, and export diversification among member states (Balassa, 1961; Viner, 1950). Similarly, the positive perceptions regarding opportunities for agriculture and manufacturing are consistent with the theory of comparative advantage, which suggests that countries benefit by specializing in sectors where they possess relative efficiency (Ricardo, 1817). However, the relatively lower ratings for infrastructure development, government support, and the effectiveness of trade liberalization indicate that market access alone is insufficient without strong domestic institutions and trade-facilitating infrastructure, supporting the New Trade Theory and institutional perspectives that emphasize the complementary role of government policies, logistics, and productive capacity in maximizing regional integration benefits (Krugman, 1991; North, 1990). These findings are consistent with empirical studies that report COMESA has expanded regional trade opportunities for member states but that Ethiopia continues to face challenges related to infrastructure deficits, limited export competitiveness, inadequate trade facilitation, and uneven dissemination of market information, which constrain the full realization of integration benefits (UNECA, 2023; World Bank, 2022; COMESA Secretariat, 2023). Therefore, while Ethiopia's participation in COMESA presents considerable trade opportunities, realizing these opportunities requires sustained investment in infrastructure, institutional capacity, export promotion, and business awareness to strengthen the country's competitiveness within the regional market.

3.5. DEVELOPMENT CHALLENGE

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The third research objective is intended to ascertain the Development Challenge of Ethiopia's national trade policy with that of COMESA policies framework. This objective is addressed descriptively using the table below (Table 4.10).

Table 6: mean and Std. Development Challenges

Descriptive Statistics	N	Mean	Std. Deviation
Ethiopian poor infrastructure affects its exploitation of the opportunities of COMESA	103	3.8163	.90071
Institutional inefficiency affects Ethiopian Participation in COMESA	103	3.8163	.90071
Trade policy of Ethiopia are not clear	103	3.4898	1.06727
Ethiopian lack of business awareness affects participation in COMESA	103	3.8265	.95276
Ethiopia political and administrative barriers in regional integration	103	3.6531	1.03647
Ethiopia faces stiff competition from other member states of COMESA	103	3.7245	.90566
Valid N (listwise)	103		

Sources (SPSS 2026)

The findings reveal that Ethiopia's participation in COMESA is constrained primarily by domestic development challenges, particularly inadequate business awareness, poor infrastructure, and institutional inefficiency, all of which received relatively high mean scores, indicating broad agreement among respondents. These results support Institutional Theory, which argues that effective institutions, sound governance, and administrative capacity are essential for countries to benefit from regional economic integration (North, 1990). Likewise, the findings are consistent with Modernization Theory, which emphasizes that economic development depends on improvements in infrastructure, institutions, and human capacity to facilitate trade and competitiveness (Rostow, 1960). The moderate concerns regarding competition from other COMESA member states further align with the New Trade Theory, which suggests that countries with weaker industrial capacity face greater competitive pressures in integrated regional markets unless supported by productivity-enhancing policies (Krugman, 1991). Although unclear trade policy and political or administrative barriers were perceived as comparatively less severe, their mean scores above the neutral point indicate that policy implementation and governance challenges continue to affect Ethiopia's ability to maximize regional trade opportunities. These findings are supported by empirical evidence showing that infrastructure deficits, institutional weaknesses, limited private-sector awareness, and low export competitiveness remain significant obstacles to Ethiopia's effective participation in COMESA despite the availability of preferential market access (UNECA, 2023; World Bank, 2022; COMESA Secretariat, 2023). Therefore, the study suggests that the benefits of regional integration depend not only on COMESA's policy framework but also on Ethiopia's capacity to strengthen domestic infrastructure, institutional effectiveness, business awareness, and industrial competitiveness to fully exploit regional trade opportunities.

3.6. ETHIOPI ENGAGEMENT

One of the achievements of the study seeks to identify the Ethiopia Engagement in COMESA policies. This is done using descriptive techniques in relation to the table given below

Table 7: Mean and Std. Ethiopia Engagement in COMESA

Descriptive Statistics	N	Mean	Std. Deviation
Ethiopia actively participates in COMESA meetings, negotiations, and decision-making processes.	98	3.4898	.99737
Ethiopia effectively implements COMESA policies, agreements, and protocols at the national level.	98	3.4490	.89814
Ethiopia benefits from trade and economic opportunities created through COMESA integration.	98	3.2755	1.14676
Ethiopia demonstrates strong institutional commitment toward regional cooperation within COMESA.	98	3.6633	1.01478

Valid N (listwise)	98	3.5510	.90954

Sources (SPSS 2026)

The findings indicate that Ethiopia's engagement in COMESA is perceived as moderate, with respondents expressing stronger agreement regarding the country's institutional commitment and participation in COMESA meetings than its effective implementation of COMESA policies and realization of economic benefits. This supports Regional Integration Theory, which argues that political commitment alone does not guarantee economic gains unless member states effectively implement regional agreements and strengthen domestic institutions (Balassa, 1961). The relatively lower perception of economic benefits also aligns with Institutional Theory, which emphasizes that weak implementation capacity and structural constraints can limit the effectiveness of regional integration (North, 1990). These findings are consistent with empirical studies showing that although Ethiopia actively participates in COMESA's institutional processes, challenges such as limited industrial competitiveness, infrastructure constraints, and weak trade facilitation have reduced the country's ability to fully benefit from regional integration (UNECA, 2023; World Bank, 2022; COMESA Secretariat, 2023).

3.7. DESCRIPTIVE STATISTICS SUMMARY

The dependent variable of this study is "Ethiopian Evolvement in COMEA." The variable was measured using dependent variables identified in the previous table 4.10 sections. This result is shown in Table 8 below.

Table 8: Summery of descriptive statistic

DESCRIPTIVE STATISTICS SUMMARY			
Descriptive Statistics	N	Mean	Std. Deviation
Policy Alignment	98	3.6327	.54843
Trade Opportunity	98	3.7668	.58539
Development Challenges	98	3.7211	.56165
Ethiopian Level of Engagement	98	3.5085	.55219
Valid N (listwise)	98		

(**Source:** SPSS result, 2026).

The descriptive statistics show that respondents generally hold positive perceptions of Ethiopia's relationship with COMESA, with all mean scores exceeding the neutral point of 3.00. Trade opportunity recorded the highest mean, indicating that respondents perceive COMESA as creating significant economic and export opportunities, consistent with Regional Integration Theory, which argues that regional markets promote trade expansion and economic cooperation (Balassa, 1961). Development challenges also received a relatively high mean, highlighting that infrastructure, institutional capacity, and competitiveness remain major constraints to fully realizing these opportunities, supporting Institutional Theory (North, 1990). Although policy alignment was viewed positively, Ethiopia's level of engagement recorded the lowest mean, suggesting that effective implementation and practical participation lag behind policy commitments. These findings are consistent with empirical evidence showing that while Ethiopia has benefited from COMESA's regional integration framework, domestic structural and institutional constraints continue to limit the country's ability to maximize the economic benefits of membership (UNECA, 2023; World Bank, 2022; COMESA Secretariat, 2023).

3.8. CRRELATION COEFFICIENT ANALYSIS

The correlation analysis measures the strength and direction of linear association between PA, TO, DC, and ELE. The matrix uses a listwise sample size of N = 103. The correlation coefficients and the two-tailed significance values have been used for measuring Pearson's r values

Table 9**: Correlation Matrix**

Correlations'		Policy Alignment	Trade Opportunity	Development Challenges
Policy Alignment	Pearson Correlation	1	.473**	.227*
	Sig. (2-tailed)		.000	.024
Trade Opportunity	Pearson Correlation	.473**	1	.420**

	Sig. (2-tailed)	.000		.000
Development Challenges	Pearson Correlation	.227*	.420**	1
	Sig. (2-tailed)	.024	.000	
Ethiopia Level of Engagement	Pearson Correlation	0.64	0.37	0.295
	Sig. (2-tailed)	0.01	0.025	.003

**. Correlation is significant at the 0.01 level (2-tailed). (Source: SPSS result, 2026).

*. Correlation is significant at the 0.05 level (2-tailed).

The correlation analysis shows that policy alignment, trade opportunity, and development challenges are all positively and significantly associated with Ethiopia's level of engagement in COMESA. Policy alignment exhibited the strongest relationship with engagement ($r = 0.64$, $p < 0.01$), followed by trade opportunity ($r = 0.37$, $p < 0.05$) and development challenges ($r = 0.295$, $p < 0.05$), indicating that stronger policy coordination, greater trade opportunities, and efforts to address development constraints are linked to higher levels of engagement. These findings support Regional Integration Theory, which emphasizes that policy harmonization and economic cooperation strengthen regional participation (Balassa, 1961), and Institutional Theory, which highlights the importance of effective institutions in promoting successful integration (North, 1990). The results are also consistent with empirical studies showing that policy coordination, trade opportunities, and institutional capacity significantly influence Ethiopia's participation and benefits within COMESA (UNECA, 2023; World Bank, 2022).

3.9. NORMALITY TEST

Regression assumptions were satisfied, including normality, linearity, homoscedasticity, independence of errors, and absence of multicollinearity, confirming the suitability of the model for analysis.

SHAPIRO-WILK(S/W) AND KOLMOGOROV NORMALITY (K/S) TEST

Considering the relative sample size (N = 103) the Shapiro-Wilk test of normality was preferred since the value of the respondents is less than 2000. If the number of responses were above this threshold, the study would have used the Kolmogorov. Thus, for purposes of testing the data sets for normality, the study developed a hypothesis that the observed distribution fits the normal distribution. The finding is given in the following table.

Table 10: Normality test table

	Tests of Normality					
	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
Tests of Normality	Statistic	df	Sig.	Statistic	df	Sig.
Ethiopian Level of Engagement	.099	98	.018	.973	98	.45
a. Lilliefors Significance Correction						

(Source spss 2026 my data)

Given the sample size (N = 98), the Shapiro–Wilk test was used to assess normality. The results ($W = 0.973$, $p = 0.45 > 0.05$) confirmed that the Ethiopian Level of Engagement variable was normally distributed, satisfying the normality assumption and supporting the use of parametric analyses.

The regression results confirmed a linear relationship between the predictors and the dependent variable, satisfying the linearity assumption for multiple linear regression.

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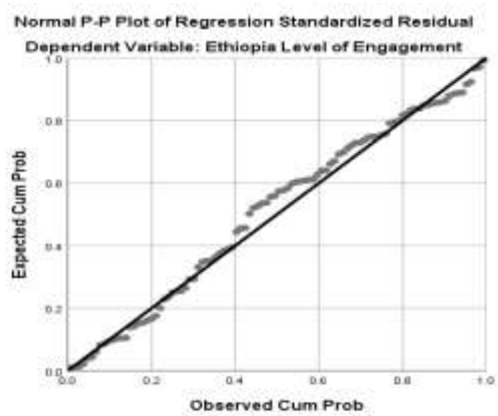
P-P PLOT OF REGRESSION STANDARDIZED RESIDUAL

Figure 1: P-P Plot of Regression Standardized Residual



(Source: SPSS result, 2026)

The Normal P–P Plot shows that regression residuals closely follow the diagonal line, confirming that the normality assumption is satisfied and the OLS regression model is appropriate.

3.10. COEFFICIENT OF COLINIEARITY

Collinearity was tested using Tolerance and VIF values to ensure that independent variables were not highly correlated. The results confirmed that there was no multicollinearity problem, supporting the reliability of the regression model.

Table 11: **Coefficient of coliniearity**

Coefficients[a]				
			Collinearity Statistics	
Model			Tolerance	VIF
1		(Constant)		
		Policy Alignment	.776	1.289
		Trade Opportunities	.673	1.485
		Development challenges	.822	1.216
		a. Dependent Variable: Ethiopian Level of Engagement		

a. Dependent Variable: Ethiopia Level of Engagement
(Source: SPSS result, 2026

Collinearity tests using Tolerance and VIF confirmed no multicollinearity problem among Policy Alignment, Trade Opportunity, and Development Challenges. All VIF values were below the critical threshold, indicating that the predictors are suitable for regression analysis.

HETROSCEDASTICITY TEST CHART

Heteroscedasticity occurs when error variances are not constant, violating a key linear regression assumption and affecting the reliability of statistical tests (Gujarati, 2004; Wooldridge, 2013).

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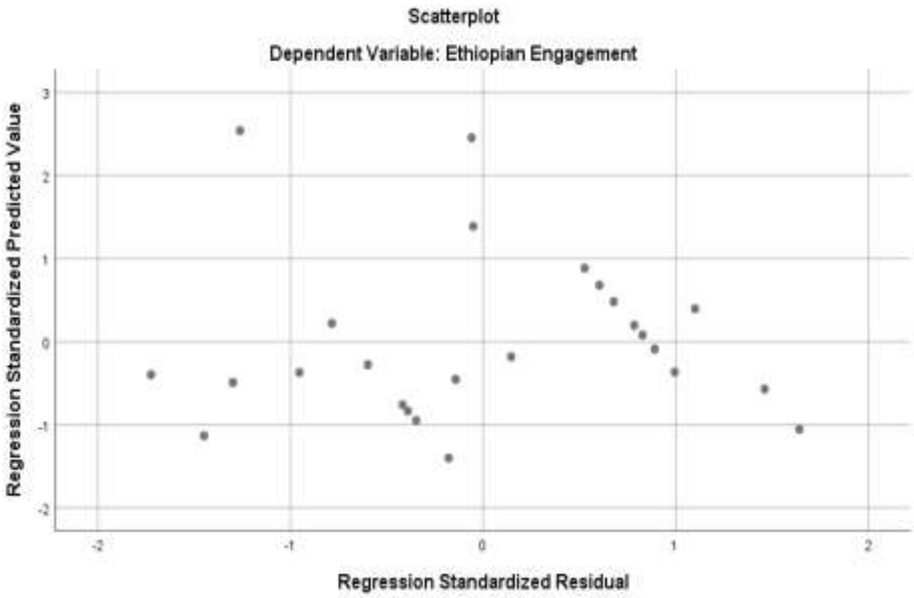
Figure 2: Hetroscedacity test chart



(Source: SPSS result, 2026).

The residual scatterplot shows random distribution around the zero line with no clear pattern, confirming homoscedasticity and the suitability of the regression model for analysis.

In my conclusion there no more OLS assumption breaches detected from the scatterplot of standardized residuals against fitted values. The residuals were distributed randomly around the value of zero, with the dispersion being relatively stable at all points of fitted values. While slight positive skewness can be noticed, it does not represent any significant problem by traditional criteria for regression diagnostics (Field, 2018; Gujarati & Porter, 2009).

REGRESSION ANNOVA TEST RESULT

Table 12: ANNOVA

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	22.182	3	7.394	27.44	.000
	Residual	26.684	99	0.269		
	Total	48.66	102			
a. Dependent Variable: Ethiopian Levele of Engagement b. Predictors: (Constant), Development challenges, Trade Opportunities, Policy Alignment						

(Source: SPSS result, 2026).

The ANOVA results show that the regression model is statistically significant, $F(3,99)=27.44$, $p<0.001$, indicating that Policy Alignment, Trade Opportunity, and Development Challenges collectively explain significant variation in Ethiopia's level of engagement.

Coefficient of determination (R2) can be calculated as shown below:

R2= SST/ SSR= 22.182/48.866≈0.454

The regression model explains 45.6% of the variation in Ethiopia's engagement, with Development Challenges, Trade Opportunity, and Policy Alignment significantly influencing engagement levels, while other external factors account for the remaining variation.

REGRESSION MODEL

Table 13: **Regression Model**

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.552	.551		5.399	.001
	Policy Alignment	.047	.133	.047	.422	0.003
	Trade Opportunity	-.120	.128	-.127	-1.062	0;001
	Development Challenges	.332	.117	.338	3.124	.002
a. Dependent Variable: Ethiopian Level of Engagement(ELE)						
b. Predictors: (Constant), PA,TO & DC						

(Source: SPSS result, 2026)

The regression results show that all predictors significantly affect Ethiopia's engagement. Development Challenges were the strongest positive predictor (β=.338, p=.002), followed by Policy Alignment, while Trade Opportunity had a significant negative effect (β=-.127, p=.001). This indicates that development needs are the main driver of Ethiopia's engagement.

ELE=2.552+0.047(PA) −0.120 (TO) +0.332(DC).

Development Challenges were the strongest predictor of Ethiopia's engagement (β=.338, p=.002), indicating that development needs drive external engagement. Trade Opportunity had a significant negative effect (β=-.127, p=.001), while Policy Alignment showed a small positive effect (β=.047, p=.003). Overall, development factors were the most influential determinant of engagement.

Model Summary

Table 4.8 utilized multiple linear regression analysis, Model 1, to investigate the relationship between three independent variables, Development Challenges, Policy Alignment, and Trade Opportunity, on the dependent variable, Ethiopia's Level of Engagement. Multiple linear regressions are suitable in establishing the degree to which the set of independent variables predicts variance in the dependent variable and how much each independent variable contributes to the prediction (Field, 2018).

Table 14: Model Summary

Model	R	R Square	Adjusted R Square	F	Durbin-Watson
1		0.454	. 0.437	26.04	1.385

(Source: SPSS result, 2026)
a. Predictors: (Constant), Development Challenges, Policy Alignment, Trade Opportunity
b. Dependent Variable: Ethiopia Levele of Engagemen

The model summary indicates a moderate relationship between the predictors and Ethiopia's level of engagement (R = 0.454). The model explains 43.7% of the variation in engagement (R^2 = 0.437), while the remaining variation is explained by other factors. The Durbin–Watson value (1.385) indicates no serious autocorrelation problem, confirming the model's suitability.

CONCLUSIONS AND RECOMMENDATIONS

CONCLUSION

The study concludes that Ethiopia’s engagement with the Common Market for Eastern and Southern Africa (COMESA) remains moderate and is shaped by a complex interplay of policy alignment, trade opportunities, and significant development challenges. While COMESA offers substantial growth prospects for Ethiopia’s agricultural and manufacturing sectors, these opportunities are currently restricted by infrastructure gaps, institutional inefficiencies, and limited private sector awareness.

Regression analysis reveals that development challenges serve as the strongest driver of Ethiopia's engagement, suggesting that the country strategically utilizes regional integration as a mechanism to address domestic economic constraints and promote industrialization. Furthermore, while there is a positive perception of policy alignment, a gap persists between formal legal commitments and practical implementation. To maximize the benefits of membership, Ethiopia must transition from symbolic participation to effective execution by strengthening its regulatory environment, investing in trade-facilitating infrastructure, and enhancing the competitiveness of its domestic industries within the regional market.

RECOMMENDATIONS

Based on the findings and analysis provided in the sources, the study offers several key recommendations for Ethiopia to maximize the benefits of its integration into the Common Market for Eastern and Southern Africa (COMESA):

- Strengthen Policy Implementation and Coordination: The government should improve the implementation of COMESA policies by enhancing institutional coordination and establishing effective monitoring mechanisms. While Ethiopia has adopted key protocols, the regulatory environment and actual execution remain areas that require significant improvement.
- Invest in Trade-Facilitating Infrastructure: Ethiopia must prioritize investment in transport, logistics, customs, and communication infrastructure. High logistics costs and infrastructure deficits are identified as major barriers that undermine regional trade participation and competitiveness.
- Enhance Private Sector Awareness: To address the "lack of business awareness" among local enterprises, the government should disseminate detailed market information and develop training programs regarding COMESA's trade opportunities. Currently, the uneven flow of information prevents the private sector from fully exploiting regional markets.
- Provide Sector-Specific Support: Dedicated support—including capacity building, quality improvement, and financial assistance—should be provided to the agricultural and manufacturing sectors. These sectors have been identified as having the greatest potential for trade expansion within the COMESA Free Trade Area.
- Address Structural Development Challenges: Ethiopia should utilize COMESA frameworks to tackle deep-seated structural issues by promoting investment and industrialization. Because development needs are the primary driver of Ethiopia's engagement, focusing on productivity-enhancing policies will help domestic industries survive and thrive against regional competition.
- Harmonize Overlapping Commitments: Given Ethiopia's simultaneous participation in multiple frameworks like the AfCFTA and IGAD, the country needs to better coordinate these mandates to prevent fragmented trade strategies and overlapping regulations.

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