

China Trade Mission

Trip Spotlights Fastest-Growing Sector for United Airlines Asia Market

In the fall of 1985, United Airlines acquired the Pacific Division of Pan American World Airways for \$750 million. At the time, observers viewed the price as excessive, but that move has proven to be one of the most critical, cogent and rewarding decisions ever made by the airline.

Now, as California Chamber member United this month celebrates the 20th anniversary of its service to Asia, the airline, its customers and its employees are enhancing what is today a service that ranks it as the world's largest transpacific airline.

Expanded Service

It is this segment of the business which has seen United expand its Asia-Pacific service by nearly 15 percent since late 2004, with new routes and increased capacity, that led the company to play an important role in Governor Arnold Schwarzenegger's China trade and tourism mission last November, and also the mission to Tokyo in November 2004.

The strong recovery in international business from the severe impacts of the 9/11 terrorist attacks, the Iraqi war, the SARS outbreak, and other economic factors led United to shift additional resources to both the Asia-Pacific region and to Europe.

That decision has paid off. In 2005, United carried more than 5.4 million passengers to and from or within the Asia-Pacific region, on more than 400 weekly flights. That represents about 25 percent of United's total capacity, backed by some 2,300 employees who are based in Bangkok, Beijing, Ho Chi Minh City (Saigon), Hong Kong, Melbourne, Nagoya, Osaka, Seoul, Shanghai, Singapore, Sydney, Taipei and Tokyo.

The reach of United's network is further extended through its Star



Alliance relationships with All Nippon Airways (ANA), Asiana, Singapore, Thai Airways and Air New Zealand.

Fastest-Growing Sector

China represents the fastest-growing sector of the market. United connects China with its hub at San Francisco International Airport (SFO) via daily Boeing 747-400 service from Shanghai, Beijing, and Hong Kong — the only such service provided by a U.S. carrier. In addition, daily service is also provided from those three points to Chicago.

As evidence of the importance of the California marketplace to Asia-Pacific, United has over the past 18 months introduced new service from SFO to Nagoya, Sydney, Beijing, and marked the historic return of U.S. carrier service to Vietnam, again from SFO, in December 2004.

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On the China trip, United carried most of the 110-120 participants, who joined Governor Schwarzenegger and First Lady Maria Shriver for a very productive visit to Beijing, Shanghai and Hong Kong. As it did on the Tokyo trip, the company sponsored and worked very closely with the California Travel and Tourism Commission, led by Executive Director Caroline Beteta, in hosting a group of leading California tourism officials.

Those officials met with key travel executives and tour operators at events in the three cities aimed at stimulating travel to California from China, and enhancing

governmental and media relationships. Those events are already producing results as business to and from California continues to increase.

The collaboration between United and the commission marked a continuation of a relationship that dates back to the early 1980s, when the company began to work closely with the state of California in attracting international visitors to the Golden State.

Highlights of a series of promotional activities this past fall were an inflight video promoting skiing in California and featuring the Governor, along with a major article in the December issue of *HEMISPHERES*, United's inflight magazine.

As United moves forward in the wake of its exit from bankruptcy on February 1, the commitment to international growth and the state of California, where it employs some 16,000 workers, has never been stronger.

With approximately 50 percent of its revenues derived from the international marketplace, and California's critical position, the benefits for both are obvious.

This article is the fifth in a series highlighting the China activities of California Chamber of Commerce members that participated in the Governor's trade mission to China in November 2005.