

2nd O'Hare-Beijing route in doubt

New city likely to get China air link before Chicago gets another



Demand for flights to China has kept fares from falling amid competition, says travel agent Randy Lynch. "There's . . . so much business for everybody." Photo: Erik Unger

Despite rising demand, aviation experts are betting against a bid by [American Airlines](#) to offer more flights to China from Chicago.

American's proposal to serve Beijing from [O'Hare International Airport](#), competing directly with United Airlines, is up against proposals for new routes to China from other cities.

"I would have to imagine new service would be preferable to competing service" in the view of regulators who allocate new air routes, says Douglas Abbey, a partner in Velocity Group, an aviation market research and consulting firm in Washington, D.C.

If the Department of Transportation decides against American in a ruling expected next month, United keeps its monopoly and Chicago travelers won't see a near-doubling of seats on the popular non-stop route, currently running near 90% full.

A loss for American also would eliminate the possibility of price competition on the Beijing route, where United has raised business-class fares 47% since last year to \$12,000. Business-class fares haven't climbed quite as sharply on the O'Hare-to-Shanghai route, rising 39% since American started competing with United in April 2006.

"In the beginning, fares were lower, but now, one year hence, it hasn't had that much effect," says Randy Lynch, president of TravNet Inc., a Chicago travel agency that specializes in Asia. "There's so much demand, so much business for everybody."

In Chicago as elsewhere, booming trade with China is spurring business travel to that country. Some 101,383 passengers flew the O'Hare-Beijing route last year, up 7% from 2005.

Seven U.S. carriers, including Chicago-based United, are vying for four new daily non-stops starting in 2009. With one earmarked for a new carrier to China, American is up against five carriers for one of three remaining routes.

American's biggest selling point is the competition it would create for United. That argument has worked before, allowing American to win its only China route, Chicago to Shanghai.

"The key thing from a (Department of Transportation) perspective is balance," says Tom Aichele, vice-president of sales for American's Central division. "Today, we are not balanced."

United's proposal argues "governmentally gerrymandered" balancing of competition has no merit, and a spokesman says, "Our Los Angeles-Shanghai proposal meets the greatest unmet demand."

A Department of Transportation spokesman declines to comment.