Bumpy road ahead for Shanghai carriers金融英语考试 PDF转换可能丢失图片或格式，建议阅读原文

https://www.100test.com/kao_ti2020/644/2021_2022_Bumpy_road_c92_644676.htm Like filial children of traditional Chinese families, China Eastern and Shanghai Airlines have tied the knot at the wishes of their respective parents, who have not only arranged the marriage but also laid down the ground rules for the couples future. But as experts and analysts point out the road ahead is bumpy and marked by turbulence with the dark clouds of economic recession hovering on the horizon. The Hong Kong and Shanghai listed China Eastern, is controlled by the State-owned Assets Supervision and Administration Commission (SASAC), while the Shanghai-listed Shanghai Airlines is majority owned by the citys municipal government. The to-be married couple can expect a handsome dowry from their parents in the form of fresh capital infusion to help achieve the ultimate goal of dominating the Shanghai skies. Surprisingly neither airline was deemed fit enough to fill that role on their own. A strong, dominant and efficient airline is seen essential to Shanghais long-cherished dream of becoming an international aviation hub that can serve the industrial heartland of East China and the entire Asia-Pacific region. And that is precisely the role envisaged for the carriers by their parents after marriage. Challenges galore Judging from the past performances of the two ailing airlines, achieving that goal may prove to be a tough challenge, despite the high hopes and best wishes of their parents. "Shanghai has always been planning to build an international aviation center," said Chen

Jiahai, director, Institute of National Economy, Shanghai Academy of Social Sciences. "To achieve the plan, a dominant local carrier is vital as the current aviation market in the city is highly segmented," he said. China Eastern holds a 32 percent share of the local aviation market, while Shanghai Airlines has 17 percent. "To support an international aviation hub, the city-based airline should control at least 50 percent of the local market," said Chen. With a combined market share of 49 percent, the merged airline seems to be well on track to achieve its goals. Beijing-based Air China holds more than 45 percent of the local market share, while Guangzhou-based China Southern Airlines has more than 50 percent of the market share in that city. The Shanghai government, which first broached the idea of the merger way back in 2002, has important short-term consideration to press for the matter now. The cut-throat price competition between the two carriers has led to a deterioration in the quality of services, something that could seriously undermine the Shanghai governments efforts of perfecting its role as the host of the 2010 Shanghai World Expo. Hesitant couple The two carriers have been dragging feet on the merger, as they do not perceive any great advantage from it. Being the smaller of the two, Shanghai Airlines was reluctant for a merger, as it would get merged completely into China Eastern. The debt-ridden China Eastern posted a net loss of 13.93 billion yuan for 2008, in contrast to a 587 million yuan profit a year before. To be sure, Shanghai Airlines was not exactly in the pink of health either. The carrier said its 2008 losses widened to 1.25 billion yuan, from losses of 435 million yuan in 2007. The carrier saw no particular advantage in merging itself with a sicker rival. "The management of Shanghai Airlines was mostly opposed to the merger, because they are wary of their company losing its identity after the tie-up. In addition, no one would like to be acquired by a rival with a poorer performance record," said an analyst on condition of anonymity. China Eastern had also remained lukewarm to the merger because its management, under the newly installed chairman Liu Shaoyong, was busy grappling with the myriad operational and financial problems facing the company. The carrier said it plans to introduce a revised business model focusing on hub operations and also tackle the huge hedging losses as a result of wrong bets on fuel price movement. But none of these considerations mattered when the parents of the two carriers reached a consensus on marriage.