

## ***Air China's Positioning Strategy***

Air China Limited ("Air China") and the Star Alliance, the airline network for Earth™, signed a Memorandum of Understanding on May 22, 2006 confirming an invitation for Air China to join the alliance. Mr. Li Jiaxiang, Chairman of China National Aviation Holding Company and Chairman of Air China Limited, said in his speech: "With economic globalization and open skies, the competition in the airline industry will become more and more severe. No one airline can create a global network by itself. In order to survive and develop, airlines have to cooperate with other partners in various forms including multilateral alliance cooperation. Cooperation between Air China and Star Alliance will be mutually beneficial. Currently, China is one of the fastest growing civil aviation markets with great potential. Through cooperation with Air China, Star Alliance will connect its international route network with China through Air China's extensive domestic network and extend its global route network. The travelling public will have access to more convenient services, savings made and efficiency improved."

Companies can learn from this example, to create strategic alliance with similar and contemporary industries to increase operational efficiencies and to enhance market share.

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