

Considerations When Aviation Travel is a Necessity

Although the idea of aircraft travel may currently be the last thing on many people's minds, for some people, access to aviation travel for business or personal reasons may be necessary even during these difficult times. Moreover, access to business jet travel in lieu of commercial flights will become even more in demand, as commercial airlines reduce the number of available flights, curtail routes, or shut down operations altogether. Also, with social distancing, some individuals may prefer a smaller cabin aircraft to a large cabin commercial aircraft and to avoid large airport terminals in favor of private jet fixed base facilities that, without security lines, allow passengers to arrive only minutes before a flight.

Charter operators and brokers are currently feeling the pinch from reduced air travel requests. With plenty of supply and little demand, at least for the moment, charter rates should be relatively reasonable and, in some cases, negotiable. With the substantial reduction in the cost of oil, fuel costs are also lower for many charter operators compared to commercial carriers, many of which bought futures contracts in an attempt to hedge against what many thought would be increasing fuel prices in an expanding economy.

Once demand begins to pick up as customers defer to charter aviation rather than commercial aviation, charter rates could begin to climb to meet market demand. For those customers who regularly travel for essential business or for personal reasons and who remain concerned about access to, or availability of, commercial flights in light of the pandemic and its after effects, it might be time to consider obtaining a jet card from a charter operator or management company.

Most jet cards lock in rates for a period of time, for example 12 months, which allows customers to hedge against increasing charter rates as demand begins to outstrip supply. Unlike on-demand charter, jet card programs typically build into the hourly fee the cost of ferry flights, deicing fees, standard catering, and the like, rather than having to account for them separately in evaluating the actual cost of on-demand charter. Unlike purchasing a fractional interest in an aircraft, which requires a substantial upfront capital payment without any assurance of a return on investment when the interest is sold, a jet card allows the customer to have access to an aircraft for a substantially lesser up-front payment and without the obligation to pay a long term monthly management fee for what may be only a short term need. Another benefit of a jet card compared to on-demand-charter is that most card issuers closely monitor the quality of the available fleet in terms of maintenance and flight crew standards, such as requiring their aircraft to meet Argus Gold or Platinum standards.

Not all jet card programs are the same, so consideration, for example, of the frequency of your travel and travel locations, how hours are calculated, whether federal excise tax is included, and the like will be important.

Without knowing the magnitude the impact that COVID-19 will have on the economy and, in particular, on the commercial aviation industry, as well as how long social distancing and other efforts to contain the pandemic will be in place, there are alternatives for those for whom aviation travel is a necessity, and access to private aircraft through a jet card may be one answer.



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The aviation attorneys at Cozen O'Connor are well versed in jet card programs and can assist in evaluating them to help ensure the best fit between the customer and the provider.