



Aviation Predictions 2024

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1. Sustainable aviation fuel will help deliver Jet Zero

With the aviation sector's carbon footprint estimated at 1.8bn tonnes of carbon dioxide by 2050 if left unchecked, sustainable aviation fuel (SAF) as an alternative fuel has been promulgated worldwide. The International Air Transport Association expects a significant acceleration in its production in the 2030s and estimates that SAF could contribute 65% of the reduction in emissions needed by aviation to reach net zero by 2050. The UK government has likewise published a SAF mandate that may be effective as early as 1 January 2025 requiring SAF to account for 10% of all aviation jet fuel. The mandate also sets parameters on what constitutes SAF (i.e. SAF must have 40% less carbon intensity than fossil fuel-derived kerosene etc). Airlines will have to carefully consider the contents of its chosen SAF to avoid greenwashing claims. As the UK government continues to invest its resources in boosting SAF (e.g. the £165mn Advanced Fuels Fund), we expect further regulation, policies and investments to emerge.

2. Greener skies ahead: electric air taxis offer a sustainable future

Hyundai's Supernal is set to unveil a prototype of its electric flying taxi at the Consumer Electronic Show in 2024, signalling a transformative year for urban mobility. The electric vertical take-off and landing aircraft aims for a test flight in December 2024, marking a new era in efficient, sustainable transportation. Supernal's development suggests a future where clean flight becomes commonplace, offering a swift and environmentally conscious solution to modern transportation challenges. As investments pour into this futuristic venture, companies can redefine the skies and drive us into a greener future. However, in order to make this a reality, regulatory frameworks and infrastructure must also develop in tandem.

3. Operational resilience will help deliver sustainable airports

Record-breaking temperatures, intense flooding and social awareness around sustainability will all increase pressure to deliver significant airport redesign. As the risks associated with extreme weather events continue to affect airports, many are already considering redesign or are in the assessment phase of performing infrastructure upgrades to mitigate the impacts of these climate stressors. This may include relocating vulnerable electrical equipment to rooftops to protect it from flooding; prioritising energy efficiency; reassessing stormwater infrastructure; implementing permeable pavements to help with drainage; and upgrading runways to handle extreme temperature variations. Operational resilience goes hand in hand with long-term sustainability.

4. Blockchain will take off in the aviation industry

In 2024 the aviation industry will see growing adoption of blockchain technologies. We expect blockchain to streamline various aspects of aviation, from supply chain management to ticketing and maintenance. The global aviation blockchain market is projected to be worth US\$ 5.7bn by 2032. Blockchain is capable of creating immutable records of aircraft maintenance, ensuring compliance with safety standards and minimising the risk of counterfeit components entering the system. Smart contracts powered by blockchain can automate and authenticate transactions, reducing the risk of fraud and errors, while increasing transparency. Passengers may also experience a smoother travel experience with blockchain securing personal data and simplifying the ticketing process. Stakeholders in the industry have an opportunity to leverage this technology to promote safety and efficiency within the sector.



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5. Space debris will impact satellite insurers

In 2024 we expect more regulations around space debris, and increased risk for satellite operators. Insurers will likely need to re-evaluate policies and premiums to account for the heightened risks associated with space debris. The fine imposed by the US government on Dish Network for failing to remove a satellite from orbit is pivotal for the industry, highlighting the growing concern over space debris. This development suggests a shift towards greater accountability for satellite operators if they fail to safely retire satellites or defunct equipment from orbit. In addition, more satellites and space equipment are being launched into space, adding to the risk of collisions. Expect a push for regulations and increased scrutiny to ensure responsible space exploration.

6. Increased focus on drone risk exposures in the UK

The UK government Risk Register 2023 highlighted the risks associated with a malicious drone incident as being limited but with a moderate impact. This translates into the prospect of such an incident being between 0.2% and 1% (compared to, for example, less than 0.2% chance of an aviation collision over UK skies). The government report highlights the significant increase in drone use, for business and pleasure, in recent years. In 2018, the PwC report "Skies Without Limits" predicted 76,000 drones being in use in the UK by 2030. The second edition of the report, published in 2023, has revised that number to more than 900,000. Increased use and numbers does not automatically mean an increased prospect of accidents, but from a risk analysis perspective, it does potentially speak to greater access to hardware which could be used to malicious ends. It will be interesting to see how the UK government continues to assess and mitigate risk in this arena, against what we predict will be the development of European Union Aviation Safety Agency/EU rules (or as a minimum, guidelines) on counter-drone steps.

7. Package holidays: all change?

The UK Department for Business and Trade has launched a 'call for evidence' into the Package Travel Regulations 2018 (PTRs), with a more detailed consultation scheduled for early 2024. We foresee that the experiences of the failure of Thomas Cook and, crucially, the COVID-19 pandemic will have a significant influence on any changes. Key proposals include a possible removal of the concept of Linked Travel Arrangements; exempting packages that involve domestic only activities or no travel element; an exemption for lower priced packages; flexibility in the provision of insolvency protection; and simplifying the meaning of "other tourism services". One issue that is sure to be raised is the disconnect between the obligations of Organisers to refund customers in full, and the difficulties faced in recovering those costs from suppliers, including airlines.



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