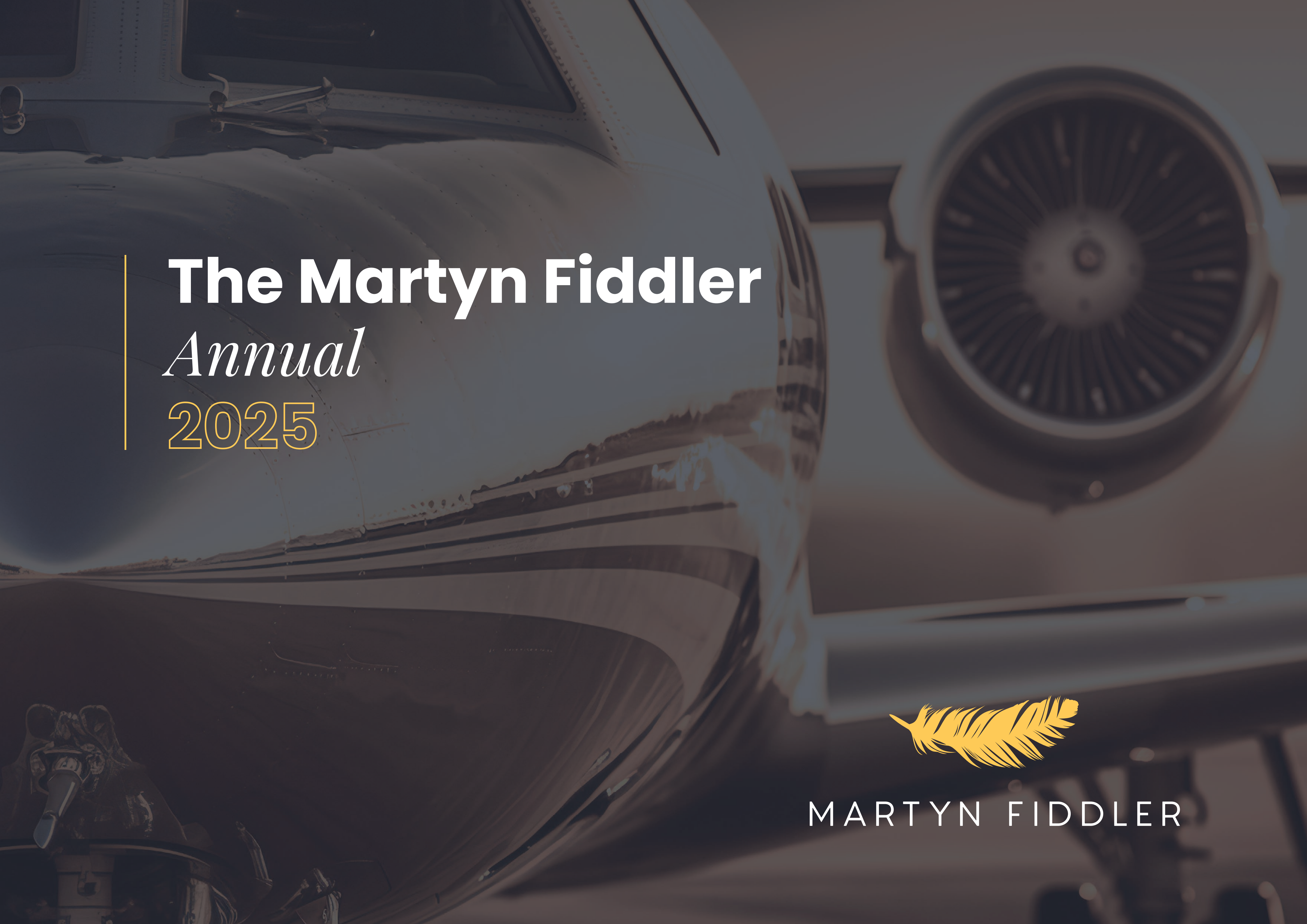


The Martyn Fiddler *Annual* 2025

MARTYN FIDDLER

INTRODUCTION

A Little Less Bias, *A Little More Action*

At this time of year, the team at Martyn Fiddler likes to look back at all the major issues affecting business aviation. Our goal is to help our clients, partners, and industry colleagues reflect on the year gone by and determine if there is anything we can learn—or perhaps, learn to forget!

After three years of post-pandemic distortion, 2025 was supposed to be the year business aviation stepped back onto stable ground. Of course, 'stable' is relative in an industry juggling tariff gyrations, climate change debates, and ongoing supply chain headaches.

Healthy debate and alternative views are always welcome at Martyn Fiddler. Our newsletter and social content always generate great reactions. So this year, for the first time, we are including opinions and reflections from voices outside of Martyn Fiddler in our reflection series.

Why do we include ideas and opinions from outside Martyn Fiddler? Because we believe that we all need to be aware of our own biases. There are many biases that are common to the human condition, but two, in particular, stand out to us:

- Cognitive Bias: The tendency to focus on information that confirms our existing worldview (seeing reflections of a truth we have already assumed).
- The Availability Heuristic: A mental shortcut where we judge truth based on how easily examples come to mind, rather than actual data.

We think these two biases contribute a lot to the challenges in the world today, and, the team here is not immune to these biases. So, it always good to be challenged, and that is the true role of the Martyn Fiddler 2025 Annual.

Our wish for 2026 can be described as 'a little less bias, a little more action'! With that in mind, let's look at the themes that matter in 2025 and see what we can learn from them

Mark Byrne
Martyn Fiddler

Trump Tariff *Troubles*

Let's look at our first theme to reflect on. Yes, it is another word that begins with the letter 'T'!

Tariffs have gone from 'the ruination of the world as we know it' to 'another day, another tariff, no big deal.'

Like the humorous politician who exhorts the public to 'vote early, vote often,' President Trump appeared to take the idea on board to have tariffs 'early and often.' And then change them the following week. And the week after that.

There were more twists in the road than the Isle of Man TT circuit! And just like a bike racer on the Mountain Course, it was hard to keep up.

The Timeline of Volatility

We started the year with zero tariffs for aircraft and aircraft parts, adhering to the 1979 Civil Aircraft Agreement. However, this changed rapidly:

Week of 28 July:
European Commission President Ursula von der Leyen and US President Donald Trump reached a deal reshaping policy, proposing a general 15% tariff on most EU imports.

1 August: In a reprieve for our industry, aircraft and parts were afforded special treatment, returning the rate to zero.

Of course, this exemption did not extend to the yacht sector, and naturally, the agreement remains a 'non-binding framework.'

Things did not stop there. A subsequent White House Executive Order imposed an additional 40% tariff on Brazilian imports, on top of the existing 10% duty. Fortunately, aircraft and related components (such as those manufactured by Embraer) were exempted from the surge, retaining the original 10% tariff.

Struggling to keep up? So were we.

The Martyn Fiddler Take: Adopt an Adaptive Strategy

How do we cope with the 'Trump Tariff Troubles'? Martyn Fiddler proposes adopting an **Adaptive Strategy**.

Traditional business thinking often mistakenly assumes that a single 'correct' strategy can neutralise a changing environment.

We disagree.

> ***Adaptive strategy recognises that the only sustainable competitive advantage in a complex world is the ability to shift gears instantly.***

This doesn't mean reinventing your business every Tuesday. Instead, it is about rapidly building on existing methods to create results that surpass original capabilities. When proven methods aren't available, adaptive strategy means rapidly discovering or developing new approaches rather than waiting for the dust to settle.

Adapt what is useful, reject what is useless, and add what is specifically your own.

BRUCE LEE

Reading the Entrails *(Planning in an AI World)*

One of our major themes in 2025 is a question of navigation: How can we plan in a topsy-turvy world defined by uncertainty? Should we use chicken entrails, or just change the flight plan?

Events, policy decisions, and political choices are occurring so quickly that accurately predicting future conditions often feels like consulting Tarot cards. Chicken entrails were used by ancient oracles to predict the future; as you can imagine, they were somewhat unreliable.

We prefer evidence-based approaches. However, as author Rishad Tobaccowala writes, “The future does not fit in the containers of the past.”

The Scale of the Shift

2025 has been a defining period for Artificial Intelligence, marking the transition from experimental ‘hype’ to massive-scale industrialisation. As of late November, global AI investment has surged, driven by infrastructure buildouts (data centres and chips) and historic ‘mega-rounds’ of funding for companies like OpenAI.

Analyst firms like Gartner project worldwide spending on AI to reach approximately $1.48 trillion by the end of 2025.

To put that staggering figure into perspective: If you took $1.48 trillion in $1 bills and stacked them, the pile would reach over 100,000 miles into space. That is:

- Tall enough to wrap around the Earth’s equator 4 times.
- Nearly halfway to the Moon.
- Far beyond the orbit of the International Space Station.

The Martyn Fiddler Take: The Flexible Flight Plan

What does this mean for business aviation? Martyn Fiddler proposes maintaining a Flexible Flight Plan.

These numbers matter. Not because jets will suddenly become ‘AI-powered spaceships,’ but because investment on this scale will inevitably reshape supply chains, operational planning, and customer behaviour. The real question for operators, OEMs, and brokers isn’t what AI can do today, but which parts of tomorrow’s industry it will rewire.

2025 proved that we can no longer navigate by historical instruments alone. New tools, new models, and new assumptions are required. The flight plan has changed.

Make Energy *Great Again*

Guest Contributor: Patrick Edmond, Future Energy Global

Healthy debate and alternative views are welcome here at Martyn Fiddler. Our newsletter and social content always generate a great reaction—so, this year, for the first time, we are including opinions and reflections from voices outside the firm.

With this in mind, we welcome Patrick Edmond from Future Energy Global to dive deeper into the 'Make Energy Great Again' chapter. Patrick brings a fresh perspective and consistently challenges us to think differently about sustainability.

There Is No 'Again' in Making Energy Great

Literally everything we do has always involved energy, and humanity's energy use is growing ever faster.

We all know that climate change has shone a global spotlight on the emissions associated with this growth—specifically the CO2 released by burning fossil fuels. There is nothing 'unrealistic' about taking that into account when thinking about how we want our children's and grandchildren's world to look.

If I ran an oil company today, I would be having Kodak, Nokia, and Blackberry nightmares. How do you go bankrupt? Slowly at first, then all at once. While the decline of the oil industry will happen over a longer timescale than flip-phones, the trajectory is clear.

The Peril of Bad Predictions

Jan Rosenow, the Professor of Energy and Climate Policy at Oxford, tells a story about a group of German utility companies in 1993. They placed full-page adverts stating: 'Renewables such as sun, water and wind can cover no more than 4% of our electricity needs in the long term.'

How did that work out for them? By 2023, renewables were providing over 50% of German electricity.

If we want to talk about 'realism,' let's look at the numbers. Over 90% of new generation capacity being added to power grids worldwide is wind or solar—not gas, oil, or coal. Why? Because wind and solar are cheaper.

The shift is happening on the ground, too. One in every five cars sold worldwide is electric (rising to one in two in China). That change isn't going away.

What This Means for Aviation

As renewables continue to get cheaper and play a bigger role, more energy will be in the form of electricity. For those of us in the aviation world, this shift will manifest in several ways:

- Electric Aircraft: Initially small regional planes, but growing fast. Elysian Aircraft in the Netherlands is already developing a 90-seater electric aircraft targeting service entry in 2033.

- e-SAF: Power-to-liquid fuels will become increasingly vital.

- Hydrogen: Obtained by electrolysing water, this may eventually become a primary fuel source.

I know that the aviation industry will continue to be at the forefront of innovation in this new energy world. I also hope that we'll be able to let the fossils—whether fuels, CEOs, or baseball cap-wearing 'stable geniuses'—rest in peace.

Ultimately, the future of energy, and aviation's role within it, will be shaped not by slogans, but by open-minded collaboration, innovation, and a willingness to evolve. While perspectives may differ, the shared goal of building a more sustainable, resilient energy landscape is something we can all rally behind.

The Era of *'Tax the Rich'*

The dominant theme this year has undoubtedly been the widening gap between rich and poor, accompanied by intensifying calls for equality. NGOs, the media, and academics are united in their discussion of wealth and luxury taxes. A group of 30 MPs recently claimed a wealth tax could raise £24bn annually in the UK. Tax Justice went further, claiming $2.1trn could be raised globally.

The rhetoric is sharp. As stated in Oxfam's October 2024 report, Carbon Inequality Kills:

> **"The super-rich must foot the bill for their carbon footprint, not ordinary Europeans. This means more taxes on the super-rich, like weath taxes on superyachts and private jets."**

CARBON INEQUALITY KILLS
OXFAM REPORT 29 OCTOBER 2024

The Legislation Bites

In 2025, governments took the bait. The UK Government's budget revealed significant increases in Air Passenger Duty (APD). While commercial flyers face a 13% increase starting April 2025, those flying on business jets face a massive 50% hike. This translates to a tax of £84 to £673 per passenger departing the UK on a business aircraft, compared to just £14 to £224 for commercial flyers.

France followed suit with the 'Chirac tax' surcharge effective March 1, 2025. For business aviation, the tax jumped to €2,100 per passenger for long-haul flights, while commercial business class tickets saw a rise to just €200.

The Philosophy of Plucking the Goose

The logic of a luxury tax—a surcharge on non-essential goods accessible only to the wealthy—seems irresistible to voters. It promises to reverse inequality and reduce the burden on the needy. Unlike building hospitals, wealth tax proposals are free to create and can be as extravagant as politicians wish.

> The art of taxation consists in so plucking the goose as to obtain the largest possible number of feathers with the smallest possible amount of hissing.
>
> JEAN-BAPTISTE COLBERT

But do they work? Jean-Baptiste Colbert famously declared that the art of taxation consists of "plucking the goose as to obtain the largest possible number of feathers with the smallest possible amount of hissing."

The Risk of Capital Flight

The wealthy already shoulder a historically high proportion of the burden. The top 1% of UK earners contribute roughly 29% of all income tax. While incremental indirect taxes cause 'small pain,' there is a tipping point where the pain becomes sufficient to trigger an exit.

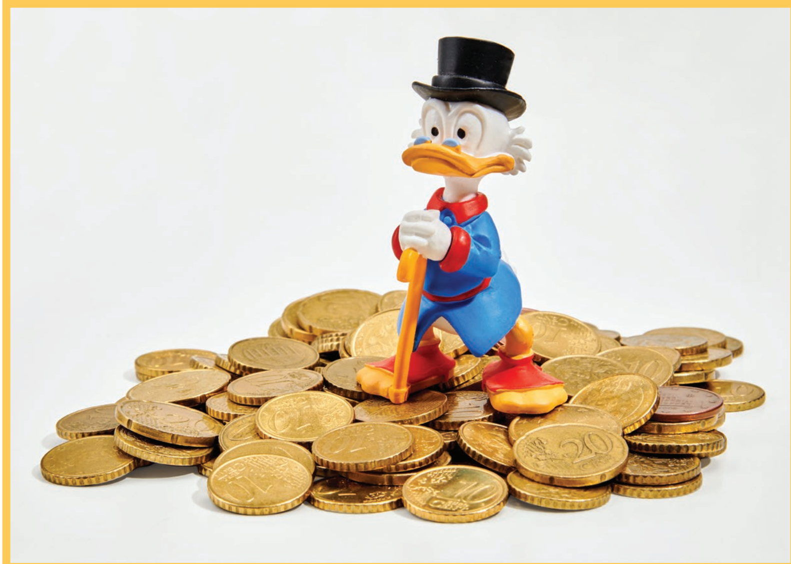
We are arguably seeing this now. Steel magnate Lakshmi Mittal (£15.4bn fortune) has left the UK after 30 years, citing the end of the non-dom regime. Nik Storonsky, founder of Revolut, has moved to the UAE. With a potential stake worth £14bn, Storonsky would have faced a Capital Gains Tax liability of up to £3.4bn in the UK. That single figure represents roughly a quarter of the UK's total annual CGT revenue.

They join nearly 1,000 HNWIs who have relocated from the UK to Dubai.

Complex, onerous tax regimes often achieve the opposite of their intent: driving away the very contributors who fund the state. However, the momentum is unlikely to slow down. The era of 'tax the rich' is here, and it does not look like it will be reversed anytime soon.

The Martyn Fiddler take on 'taxing the rich'

'Tax the rich' has moved from slogan to policy with steep aviation duty hikes in the UK and France. However, as the top 1% already fund 29% of UK income tax, onerous new regimes are triggering a tangible exodus of HNWIs. As high-profile departures accelerate, the cost of 'taxing the rich' may be the tax base itself.



A Reply to The Era of *'Tax the Rich'*

The theme of this year's reflections is 'biases' and recognising our biases, so the team at Martyn Fiddler were delighted when Benjamin Ribouleau from Boutsen Aviation took the time to share his valuable perspective on the topic of 'tax the rich'.

His insights enrich the conversation and offer an insider's view of Europe's current landscape.

"As someone based in France and working across the European market, I want to share a few thoughts as a small counterbalance from 'this side of the Channel'.

Regarding taxation and the 'punish the rich' narrative: yes, I get where you're coming from.

It's frustrating when policies seem more symbolic than efficient. But in Europe, and especially in France, these measures often come from genuine public pressure. Our social model – with state-funded healthcare, education, and public services – is something people here deeply care about.

While some taxes may look politically motivated, they also reflect a collective idea of fairness, even if it sometimes hits our sector harder than we'd like.

About Europe being a 'difficult child': no argument, it's a complex place to operate. But that complexity has also shaped a highly compliant, safety-driven and quality-oriented industry. And let's be honest, EASA is now a global reference for safety. So yes, we make things a bit more bureaucratic at times, but it's not just for the sake of it.

As for the image of business aviation, you're spot on.

In Europe, it's still perceived too often as a luxury toy instead of a business tool. But I don't think this is only due to political culture. It's also up to us, as an industry, to communicate better. To show the real value we bring: access, flexibility, connectivity, beyond just lifestyle and convenience."

Conclusion

Business aviation is having to adapt quicker than ever before. Politics is a double-edged sword which can bring the promise of a bright future while also dividing communities.

Pressures to reduce environmental impact, become attractive to investors, navigate AI and still remain in the competition will lead to stories of triumph and woe over the next few years.

There is unlikely any chance for aviation to catch its breath before the next challenge arrives.

The conclusion from the team here at Martyn Fiddler is that we must prepare for uncertainty and have a bias for action.

With a plan and a bias for action, we must enter the competition and aim to win.

See you in 2026!

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