

WAR, CONNECTIVITY, AND CONFIDENCE: THE POTENTIAL ECONOMIC CONSEQUENCES OF A U.S - IRAN CONFLICT ON TOURISM AND HOSPITALITY IN THE MIDDLE EAST THROUGH A RAPID ASSESSMENT USING A MIXED-METHOD APPROACH

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DOI: <https://doi.org/10.5281/zenodo.21976491>

Received
25 January 2026

Accepted
10 March 2026

Published
24 March 2026

ABSTRACT

The goal of this study is to examine the economic impact of the 2026 U.S.-Iran war on tourism and hospitality in the Middle East and to highlight the reasons for the varying economic losses experienced by the different tourism and hospitality destinations. A sequential explanatory mixed-methods rapid-assessment design (secondary quantitative indicators and qualitative documentary analysis) is used. The statistics are quantitative and include international arrivals, the exposure of visitor spending, airline passenger demand and capacity, hotel-market performance and selected national tourism receipts and arrivals from January 2025 to July 2026. The qualitative corpus consists of official travel warnings, conflict zone notices issued by aviation authorities, macroeconomic assessments of the situation from a multilateral perspective and analyses of the situation by the tourism industry. The evidence is showcased in a joint-display approach that focuses on accessibility, risk perception, operating costs, composition of demand and crisis governance. A solid regional recovery was disrupted by the conflict. UN Tourism revealed that tourist arrivals in the Middle East fell 14% year-on-year in the first quarter of 2026, and IATA reported that March, April and May saw year-on-year demand drops of 60.8%, 48.1% and 28.8% for Middle Eastern carriers, respectively. International tourism spending was being impacted by a minimum of US\$600 million a day during the acute phase, estimated WTTC. The impact was uneven as the Gulf hubs exposed to international travel saw the highest level of disruption in both aviation and hotel sectors as well as Jordanian tourism receipts dropping 5.3% in the first half of 2026, while Saudi domestic and religious tourism helped to buffer hotel demand. Practical implications. Single aviation resilience system should be established for aviation continuity, clear and effective communication of security, flexible booking policies, workforce retention, SME liquidity and market diversification by governments and firms. Originality/value, the article offers a first attempt to integrate an assessment of the conflict in a transparent approach to the data cut-off and clearly distinguishes observations from industry forecasts and calculations of scenarios.

Keywords: Tourism policy, Tourism crisis, Tourism development, Traveler spending, Hospitality, U.S.-Iran conflict, Middle east, Geopolitical risk, Aviation, Destination resilience.

1. Introduction

Tourism is one of the more internationally exposed service sectors as its essence is the temporary transfer of consumers into a tourist destination. Thus, armed conflict has an impact on tourism not only on the physical level, but also on the perceived level, with travel warnings, restrictions of airspace, increasing insurance and fuel costs, events being cancelled and destinations being quickly replaced by safer alternatives. In the Middle East, aviation hubs as well as religious pilgrimages, luxury hotels, cultural tourism and tourism investment on a large scale have become a key element to a thriving economic diversification.

The beginning of the region was excellent. In 2025, international tourist numbers rose and exceeded pre-pandemic levels and stayed high, and the World Travel & Tourism Council (WTTC) estimated that travel and tourism accounted for 7.1 million jobs and US\$385.8 billion of the GDP in the region (UN Tourism, 2026a; WTTC, 2026a). This momentum was halted by the conflict with the United States, Israel and Iran that started on 28 February 2026. The conflict impacted Iranian and neighboring airspace, posed a risk of drone and missile attacks to a number of Gulf nations, and led to travel warnings, airlines cancellations, flight redirections and the temporary closure of one of the hubs (EASA, 2026a; ICAO, 2026; U.S. Department of State, 2026a, 2026b, 2026c).

The tourism shock has three economic significance. 1st, the gateway cities of the Gulf region are not only gateway cities but also transfer nodes; 2nd, the operations of these gateway cities are not only confined to the area but also global. Disruption, however, eliminates stopover demand and lessens the impact on long-haul connectivity between Europe, Asia and Africa. Second, cities like Dubai, Abu Dhabi and Doha are very dependent on international leisure, corporate, meeting and incentive, conference and exhibition travel. Thirdly, there are heterogeneous tourism systems in the area. Saudi Arabia is a mix of international and domestic demand and has some religious demand, while Jordan has a significant reliance on foreign receipts and geographic and product

differentiation has been a benefit to Egypt even in the context of broader regional turmoil. The regional average can thus mask large national and city differences.

This article poses four questions: (1) How large was the early shock to tourism and aviation, and where did it go? (2) How did conflict impact on tourism and hospitality via economic means? What are the factors that are likely to explain the differences in outcomes at selected Middle East destinations? (3) What are policy and managerial implications that would be most likely to minimize losses and speed up recovery? (4) The conflict is still ongoing at the data cutoff date of 2 August 2026, which means that the study will not be a final causal analysis, but rather a rapid assessment.

The article has been making its contribution by incorporating official high frequency indicators from the different sectors and a qualitative analysis of the security and policy documents. It also distinguishes between indicators observed and indicators forecasted, or indicators arithmetic, which is one of the problems in crisis reporting where things early on are reported as losses. The analysis reveals that the initial collapse is speeded up by connectivity, and the pace and distribution of recovery by confidence and demand composition.

2. Literature review

2.1 Political violence, geopolitical risk and tourism demand

The strength of the regional tourism sector is closely related to the confidence of tourists and regional stability as well as sustainable tourism destination management (Alam et al., 2024). The earlier studies on sustainable rural tourism have shown that in addition to natural and cultural resources, social stability, infrastructure and good tourism planning are the main factors leading to the rise of the hospitality industry (Alam et al., 2024). The potential of a U.S.-Iran conflict can pose issues with destination image, tourists' confidence and international connectivity for various tourism destinations in the Middle East; Tourism experiences have a tight linkage with tourists' satisfaction and psychological perceptions, and the geopolitical uncertainty can

have an impact on the tourists' willingness to travel and interact with tourism destinations (Faraz et al., 2024). In the event of a conflict, tourism mobility can be reduced due to the effects on transportation systems, regional access and safety concerns to the international tourists and visitors (Faraz et al., 2024). The idea of tourism happiness and visitor experience highlights the emotional reactions and sense of safety as factors that shape tourist behavior and choice (Alam et al., 2024). Understanding of political violence and geopolitical risk and tourism demand. The demand for tourism is very risk sensitive because tourism is discretionary, there is substitutability, and consumers buy before they experience the product. Using dynamic cross-national estimation, Neumayer (2004) concluded that the negative effects of conflict and politically motivated violence on international tourists arrivals and negative spillovers from the conflict to other regions in the world. Later studies demonstrate that geopolitical risk is related to inbound arrivals and tourism receipts, and that the impacts of geopolitical risk vary over space and time for destinations (Lee et al., 2021). Security shocks can thus impact the country that has been hit directly as well as neighboring countries in a generalized way through a "regional-risk image". When analyzing the effect of terrorism-related casualty alone and along with travel advices, Buigut, et al., (2017) found that the effect is larger when considering the effect of the combination of casualties and travel advices, but this depends on the income and resilience of the destination. Precisely this institutional signal was offered in the 2026 conflict in the form of Level 3 "reconsider travel" advisories for the United Arab Emirates, Qatar, Saudi Arabia and Jordan (U.S. Department of State, 2026a, 2026b, 2026c, and 2026d).

2.2 War, persistence and the tourism economy

War is not like isolated terrorism in that it can lead to ongoing access issues, ongoing security incidents, and infrastructure risk and increased operating expenses. Wars with their overall impact cause higher and more enduring demand for tourism than terrorism (Omer & Yeşiltaş,

2020), as observed in Iraq in the Kurdistan Region. Hamadeh and Bassil (2017) differentiate between the effects of terrorism (temporary) and the impacts of the Syrian civil war (long-term effects) in Lebanon. The fact that these parameters are also found to be important suggests that the duration, recurrence and geographic distribution are all as significant as the initial event.

There is more that goes into the economic impact than just visitors. Direct, indirect, induced and spatial spillovers of tourism services, tourism jobs, tourism costs of leisure and gross domestic product (GDP) are conceptualized by (Akamavi et al., 2023). From an applied point of view, a decrease in arrivals decreases the number of rooms needed, the demand for food and beverages, the demand for retail goods and services, the demand for attractions, the demand for transportation, and the revenue for events; a decrease in business activities consequently impacts wages, purchases from suppliers, taxes, investment, and foreign income.

2.3 Aviation as a transmission mechanism

Aviation is the principle mode of transport for numerous Middle Eastern tourism systems. Airspace closures and conflict zone restrictions take out capacity at a stroke and rerouting increases flight times, fuel and crew costs, insurance and the cost of aircraft utilization. Lower capacity increases hotel and attraction rates, and can lead to a reduction in demand even if they're open. The effects of the Gulf hub model are amplified, due to the fact that a significant amount of passengers are a transit from one country to another, rather than stopping in the hub country. Loss of transfer traffic can result in loss of airline load factors, loss of stopover traffic, loss of airport retail and loss of hotel occupancy at the same time. The extent to which tourists perceive the risk, their image of the destination and the recovery are another focus of the analysis.

2.4 Risk perception, destination image, and recovery

A sense of risk, not a sense of place, is often what leads tourists to respond to an area. Sönmez, et

al., (1999) state that destinations that are subject to political violence should be dealt with by an integrated crisis-management and image-restoration approach. However, flights do not automatically begin to recover, and consumers, travel intermediaries, insurers, employers and event organizers might still be reluctant to resume business in a particular destination. Recent data from the Basque Country suggests that once the violence has stopped, significant increases in both domestic and international visitor numbers and value added compared to a scenario in which the violence continued can be achieved (Boto-García & Baños-Pino, 2025). This helps to make a distinction between operational and confidence recovery.

2.5 The demand for the product is split into two components

There is exposure variation in destinations based on source markets and purpose of the tourism.

The aviation sector, and through it, international leisure travel, corporate travel and MICE activity, are very sensitive towards aviation and risk signals. Household income and security concerns have an impact on domestic tourism, but less so than on international flights. Religious travel is fairly robust, as there is high motivation, travel may be facilitated through well-known channels and the demand is related to specific sacred site(s). Substitution gains can also arise from geographic location not directly affected by the conflict, product specialization, and product price and product-source-market diversity.

Figure 1 is a summary of the conceptual model. There are three pathway impacts of conflict on tourism: access pathway, perception pathway and cost pathway. The economic impact is tempered by domestic demand, diversification of the source markets, quality of crisis management and religious tourism.

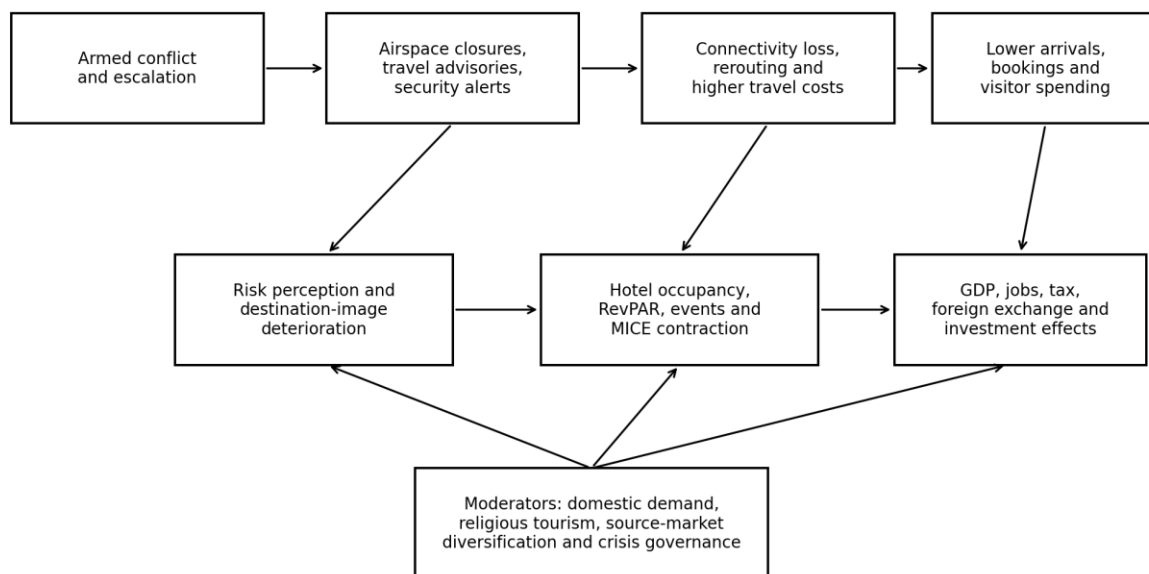


Figure 1. Conflict-to-tourism economic transmission framework

2.6 Analytical propositions

P1: Aviation-dependent destinations suffer a greater and more immediate shock to tourism than destinations with greater demand from land, domestic or religious tourism.

P2: Official travel warnings, and ongoing security breaches, extend the demand weakness as flight capacity starts to grow.

P3: The conflict is passed on to tourism via fares, operating margins and reduced capacity, due to

higher fuel costs, insurance costs and rerouting costs.

P4: Effects of domestic tourism, religious tourism, and diversified source markets are lessening the impact of the shock.

P5: Agile commercial policies and coordinated communication between State and private sector speed up the recovery of confidence.

3. Methodology

3.1 Research design

The study is based on a sequential explanatory mixed-methods rapid-assessment design where quantitative indicators show the size and distribution of the shock, and qualitative documentary analysis provides an explanation of the mechanisms. The design is suitable for a situation of ongoing crisis as high-frequency data from administration or industry are available prior to the annual national accounts or primary

survey data. The interpretive weight of the quantitative and qualitative strands is about equal. Integration is done at the case-selection stage, when the themes are interpreted and in a joint display, which connects the indicators observed with the mechanisms which explain them and the policy implications.

3.2 Geography and history

The regional focus is the Middle East, and there is in-depth comparison with the aviation and hospitality system in the Gulf, and three national resilience cases—Saudi Arabia, Jordan and Egypt. The observation period is predominantly from January 2025 to July 2026. Where the source indicates a period, comparisons are made with an equivalent 2025 period. The conflict period starts from the 28th February 2026 and the evidence closing date is the 2nd August 2026.

3.3 Quantitative data

Table 1. Quantitative evidence base.

Source	Indicator	Period	Analytical use
UN Tourism	Regional international arrivals	2025 and Q1 2026	Baseline growth and regional demand shock
WTTC	GDP, jobs, visitor-spending exposure	2025–2026	Economic scale and early loss estimate
IATA	RPK, ASK, passenger load factor	March–May 2026	Aviation demand, capacity, and recovery trajectory
Central Bank of Jordan / Petra	Tourism receipts by source market	Jan–Jun 2026	Small open economy and foreign-exchange effects
Egyptian government / State Information Service	International arrivals	Jan–Apr 2026	Resilience and destination substitution
HVS / STR-CoStar / Cirium / FlightAware	Capacity and hotel-market observations	Mar–Apr 2026 plus forecast	Hospitality and market divergence
IMF	Regional and country macroeconomic assessments	Apr–Jul 2026	Inflation, current account, growth, and spillovers

Using descriptive analysis, percentage changes, percentage-point changes and contrasts among cases are reported. The possible presence of contemporaneous shocks (Red Sea disruption, energy-price changes, pre-existing conflicts) and the short post-conflict time series of several indicators make it premature to estimate any causal coefficient.

3.4 Qualitative documentary corpus

Qualitative data sources consist of U.S. travel advisories for UAE, Qatar, Saudi Arabia and Jordan, EASA conflict-zone information bulletins and information notes, ICAO statements on civil-aviation risk, IMF global assessments and assessments for Jordan, WTTC and HVS sector assessments as well as official releases from the tourism authorities of Jordan and Egypt. Documents were chosen if they had an explicit publication date, had been published by an authoritative institution, and referred to one of the five issues of tourism, aviation, security, visitor spending or macroeconomic transmission. Deductive and inductive coding was used to code the documents. Deductive codes were based on the conceptual framework: (a) accessibility and connectivity; (b) perceived risk and official warnings; (c) cost and price transmission; (d) demand for hospitality in the region; (e) composition of the demand and (f) policy response. Emergent themes were captured by inductive coding, such as the separation of flight recovery and hotel recovery and international/religious-tourism cities.

3.5 Quality Control and Integration

For triangulation, a key finding had to be backed-up by more than one type of source wherever possible. For instance, the aviation contraction is considered by the data of IATA and EASA notices and the hotel-market divergence is considered by means of HVS analysis and the national tourism indicators. Without explicit labelling, no forecasts were combined with observed data. The US\$600 million per day estimate by WTTC and the 23–38 million loss of visitors as estimated by the industry analysts are considered as exposure estimates and not audited realized losses.

Reliability was enhanced by use of a documented data cut-off, use of original institutional data releases, retention of indicator definitions, and separation of data for each area (region, airline, hotel and country). This study was based on public aggregate data, thus no human subject approval was needed.

4. Results

4.1 Pre-conflict tourism baseline

Prior to the war, Middle Eastern tourism was beating its pre-pandemic reference. According to UN Tourism (2026a), the arrivals in the region have increased and are on average 39-40% higher than in 2019, in 2025. In 2025, international visitor spending was projected to be 2.1% higher than the global average, and the regional GDP contribution to be \$385.8 billion and 7.1 million supported jobs (WTTC, 2026a). So, the sector ended 2025 in a good light and with minimal economic risk.

WTTC had earlier predicted that international visitors' spending in the region in 2026 would be US\$207 billion before the conflict. In the acute phase, WTTC estimated that international visitor spending of at least US\$600 million a day was being impacted, due to disruptions in air travel and connectivity, as well as newfound insecurity. The organization also pointed out that the hub-based tourism ecosystem normally supports around 526,000 passengers a day, with Dubai, Abu Dhabi, Doha and Bahrain being the usual destination countries for these passengers (WTTC, 2026b).

4.2 Regional arrival shock

According to UN Tourism, the international arrivals to the Middle East declined by 14% during the first quarter of 2026. This is a definite turnaround from the area's growth in 2025. The figure for the quarter will probably be an understatement of the severity of the March shock as a significant amount of pre-war traveling took place in January and February and the conflict started at the end of February.

4.3.1 Aviation industry demand and capacity and partial normalization

The first numerical evidence of the crisis is provided by the statistics of IATA. Middle East airlines saw their passenger traffic demand decrease by 60.8% year on year in March when many of the airspaces in the region were closed or seriously restricted. Capacity reduced by 56.9% and the load factor on passengers also decreased in the face of significant cutbacks in the schedule (IATA, 2026a). International demand in the Middle East continued to slow down in April, down 48.1% compared to the same period a year ago, capacity dropped 38.4%, and the load factor was 70.1%, 13.1 percentage points lower than

April 2025 (IATA, 2026b). In May, IATA reported that demand was 28.8% down and capacity was 24.3% down from the previous month, but both the demand and capacity reductions were comparatively small.

From March to May, the demand gap (compared with a year ago) narrowed 32.0 percentage points. This is a step towards a normal operation and not a full recovery. However, IATA also reported some positive signs of direct Europe-Asia traffic as passengers were not using the Gulf hubs to go anywhere else, suggesting that at least some of the loss was offset by re-routed traffic and not a loss in long-haul travel.

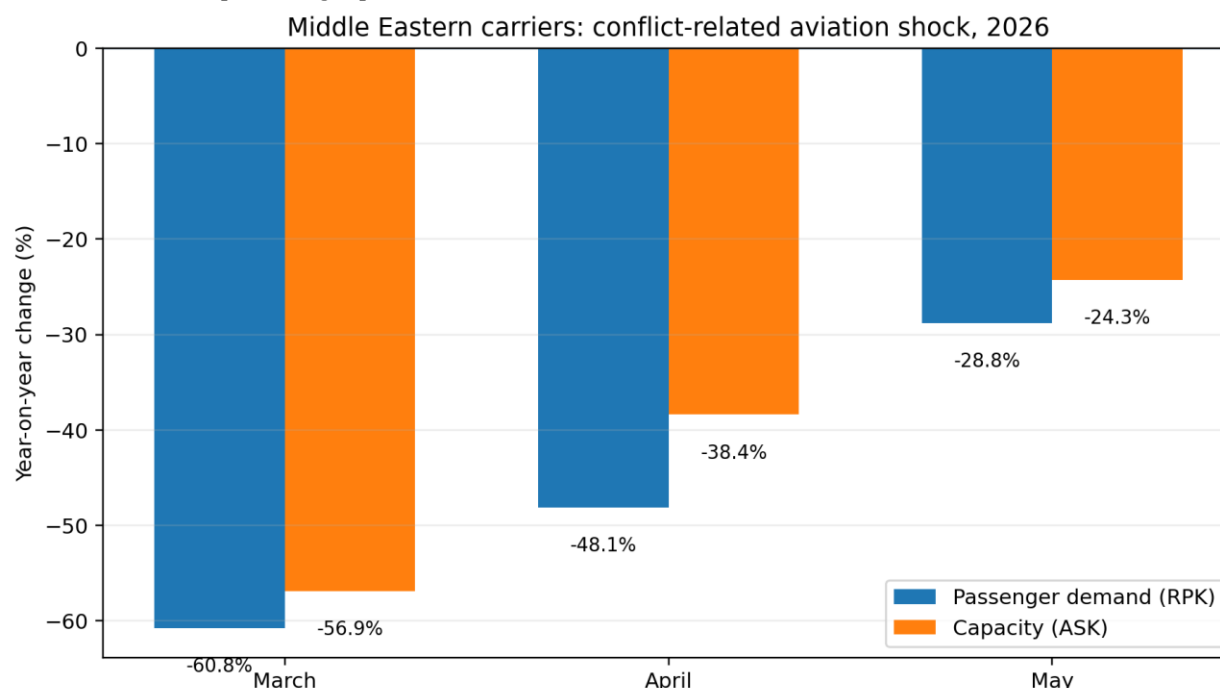


Figure 2. Year-on-year passenger demand and capacity changes for Middle Eastern carriers. Sources: IATA (2026a, 2026b, 2026c).

4.4 Hospitality-market effects

The battle was "one of the latest and sharpest non-pandemic disruptions to GCC hospitality", according to HVS. At the height, capacity in Middle Eastern aviation was at around 55-60% below the scheduled capacity and some of the hub airports were reaching a point of imminent closure. The internationally exposed markets such as Dubai, Abu Dhabi and Doha were hit hard by the reduction in hotel occupancy. HVS noted that flight movements started to bounce

back before hotel demand, meaning that while access was key, it was not enough; corporate mobility, activity and events remained subdued (HVS, 2026). While Food security is dependent on the intricate relationship of the environment and human activities from food production to food consumption (Rahman et al., 2025).

Structural imbalance of the hotel effect. Dubai, Abu Dhabi, Doha, Ras Al Khaimah, Muscat and Manama were vulnerable, via arrivals and transit demand. However, Makkah and Madinah were

relatively robust as religious demand is place-specific and domestic travel in Saudi Arabia

played a complementary role. This is a pattern to support P1 and P4.

4.5 Cross-country divergence

Table 2. Cross-case divergence in tourism outcomes.

Case	Main exposure	Observed pattern	Resilience mechanism
Gulf hubs: UAE/Qatar	Severe airspace and hub disruption; official reconsider-travel warnings; international and MICE exposure	Sharp aviation and occupancy decline; slower confidence recovery	Global brand, government capacity, schedule rebuilding
Saudi Arabia	Drone/missile risk, higher costs, and regional sentiment	International exposure, but hotel outcomes cushioned in religious cities	Domestic tourism and pilgrimage demand
Jordan	Regional-risk image, flight disruption, weaker Western demand, higher freight and energy costs	H1 tourism receipts down 5.3%; U.S. receipts down 25.6% and European receipts down 28.2%	Arab-market receipts up 6.5%; June receipts returned to growth
Egypt	Regional uncertainty and higher transport costs, but lower direct Gulf exposure for major resort markets	Arrivals increased 7% in Jan–Apr 2026 to 6.1 million	Value positioning, Red Sea resorts, diversified source markets and substitution

Jordan is an example of the foreign-exchange and source-market channel. In the first half of 2026, tourism revenue totaled US\$3.5 billion, which is 5.3% less than in the first half of 2025. The receipts of American visitors dropped 25.6%, the receipts of visitors from Europe dropped 28.2%, and the receipts of visitors from the Arab countries increased 6.5%. June revenue rose by 7.0% YoY pointing to an early, albeit incomplete, recovery (Central Bank of Jordan, 2026). The IMF forecast a smaller tourism revenue and the current-account deficit to be larger, while the energy, freight, and insurance prices were higher (IMF, 2026b).

Egypt is an example of regional crises that can result in substitution as well as contraction. In the first four months of 2026, the country received 6.1 million visitors, which is 7% higher than the same period of 2025 (Egypt State Information Service, 2026). Don't read too much into Egypt: there are still risks of airfares, source market confidence and regional escalation. However, the study demonstrates how geographic diversification, low prices, resort products and diversified European demand can help to shift tourists from more directly impacted destinations.

4.6 Visitor-spending exposure and scenarios

Table 3. Visitor-spending exposure: observed estimate, arithmetic illustrations, and external forecast.

Estimate	Value	Interpretation
Observed WTTC acute-phase rate	US\$0.6 billion per day	Industry estimate of international visitor spending affected; not an audited realized loss

Estimate	Value	Interpretation
14-day constant-rate illustration	US\$8.4 billion	Arithmetic exposure if the acute rate persisted unchanged for two weeks
30-day constant-rate illustration	US\$18.0 billion	Arithmetic exposure if the acute rate persisted unchanged for one month
60-day constant-rate illustration	US\$36.0 billion	Arithmetic exposure if the acute rate persisted unchanged for two months
External 2026 forecast range	US\$34–56 billion	Industry forecast associated with 23–38 million fewer international arrivals; outcome depends on conflict duration and recovery

Sensitivity illustrations are a constant rate calculation and are not a forecast. They illustrate the magnitude of losses that can occur even during brief periods of interruption during busy travel seasons. There will be less or more realized impact depending on the duration, the partial reopening, rebooking, change of destination in the region or if a postponed travel is made up later.

4.7 Qualitative themes

Theme 1: The first shock amplifier

The airspace of Iran, Iraq and Lebanon and various airspaces in the Gulf and neighboring regions were covered by EASA conflict-zone advisories at various times. Airlines were forced to cancel flights with only a few hours' notice, military operations were conducted and there was an increase in risk for misidentification. The documents outline the truly high speed at which the capacity collapse has taken place: If a safe route cannot be guaranteed even when the destination infrastructure is in place, airline schedules must be maintained.

Theme 2: Official warnings institutionalized perceived risk

Several big travel destinations were bumped up to Level 3 and travel evacuations of non-emergency personnel were ordered or authorized. This activity has an impact on the leisure traveler, corporate travel manager, insurer, tour operator and event organizer. Demand effect is not limited to nationalities of the advisory government as the

news is disseminated worldwide and feed into commercial duty of care schemes.

Theme 3: A demand shock was reinforced by cost inflation

IATA reported significant increases in jet-fuel costs during the acute phase and energy, freight and insurance costs are all considered important spillover channels by the IMF. These costs lead to profit margin reductions, increased fares, and decreased disposable income in energy importing markets and increased hotel procurement and utility costs. Thus, there is a double whammy to tourism: a demand and cost shock.

Theme 4: Trust after connectivity

HVS said demands for the flights were observed to be resuming first, followed by hotel demands. A big time gap in the crisis. While it is possible to wait for capacity to be restored, there needs to be evidence of sustained stability for travelers and event organizers. The booking window will never return to normal as long as there is a continued escalation or Airspace warnings of residues or uncertainty of what attacks may occur.

Theme 5: Rise to the concept of “resilience”

A strong domestic demand and religious market in Saudi Arabia lowered the reliance on long haul discretionary travel. Egypt was lucky to have diversified markets from which to buy in Europe and the separation of products from the hubs of the Gulf. But Jordan experienced sharp decreases in traffic from the USA and Europe. Evidence

was identified to indicate that resilience cannot be simply understood as a function of the number of tourists but also who they are, why

they are travelling, how they are coming and how easy it is for them to find an alternative destination.

4.8 Mixed-methods joint display

Table 4. Mixed-methods joint display.

Quantitative result	Qualitative explanation	Integrated inference	Policy implication
Regional arrivals down 14% in Q1	Travel warnings and regional-risk framing	Demand shock spread beyond directly targeted locations	Use geographically precise communication and source-market reassurance
RPK down 60.8%, 48.1%, and 28.8% in Mar–May	Airspace risk, rerouting, cancellations, and high fuel costs	Aviation was the primary immediate transmission channel	Coordinate safe corridors, slots, waivers, and passenger protection
Gulf hotel demand lagged flight recovery	Persistent risk perception and weak corporate/MICE confidence	Operational reopening did not equal commercial recovery	Flexible cancellation, event guarantees, and transparent safety reporting
Jordan H1 receipts down 5.3%	Western-source contraction and macro cost pressures	Tourism weakness affected foreign exchange and current account	Targeted marketing, SME liquidity, and regional-market development
Egypt arrivals up 7% in Jan–Apr	Destination substitution and diversified demand	The crisis redistributed tourism as well as reducing it	Capture redirected demand without overexpansion or price instability

5. Discussion

The results corroborate the main argument that the 2026 war had an impact on tourism as a tri-fold accessibility - confidence - cost shock. The size of the aviation contraction is consistent with the literature that shows that political violence causes a decline in tourism and has spatial spillover effects (Neumayer, 2004; Lee et al., 2021). The present crisis, however, brings a unique network element, a disruption to Gulf hubs impacts both the demand for destinations as well as the transfer traffic for the globe. There were more Europe–Asia direct services, as individuals decided not to travel through the region, as would have been the case had they not been able to connect to other destinations more easily (substitution effect in global aviation network).

The evidence also makes the difference between war and the individual security incidents. The risk from drone(s) and missile(s) is always present

and can impact bookings in the short-term, but the multiple threats coupled with airspace and the uncertainty about ceasefire terms keep risk 'salient'. This is why demand for the hotel is lagging flights' return. The result is consistent with the study by Hamadeh & Bassil (2017) and the study by Omer & Yeşiltaş (2020) which shows that the effects of wars last longer than the effects of single acts of terrorism.

The calculation of averages for a region hides the fact that there are differences in the nature of the economies of tourism. The UAE and Qatar have a strong dependency on long haul air connectivity, MICE and Corporate travel in particular. Saudi Arabia is a blend of international exposure and increased demand from within and religiously. Although combat is rather limited, western source markets and perceptions in the region affect Jordan's receipts. This early growth reveals that as long as the price, product and air access are still attractive to

visitors they make a distinction between the sub regions in Egypt. This thus validates the notion of the negative spillover and cross destination substitution.

The US\$600M per day estimate of exposure is not to be taken lightly. It provides a good indication of the size of the regional visitor economy and is not simply extrapolatable across the entire war (without taking into account partial recovery, rebooking, seasonality and substitution). The arithmetic situations of the study can be seen as examples. The definitive Ex-Post estimate will be done based on monthly numbers of arrivals and receipts at country level, hotel occupancy and RevPAR, airline origin-destination data and an econometric counterfactual.

The results suggest a two-stage recovery model from a theoretical point of view. Stage one involves reopening airport, resuming airline schedules and opening attractions. Stage 2 is the confidence normalization stage which involves reduced advisories, return to normal insurance levels, re-commitment from event planners, extended booking lead times and normal hotel rates. Policy only acting at stage one is likely to result in a weak rebound in the hospitality industry.

6. Policy and Managerial Implications

6.1 Services and policy are provided at regional and national level by governments

Set-up a permanent tourism-aviation crisis cell including civil aviation ministries, tourism ministries, airports, airlines, hotels, security agencies and foreign missions.

Share context specific and regular security and operations information. Any reassurance without detail, is not reassuring.

Engage airlines to adopt coordinated airspace, slot and passenger protection solutions to allow them to reschedule their flights without losing valuable airport slots.

Provide liquidity support, tax deferrals, support for utilities and credit for tourism SMEs experiencing loss of revenue.

Support tourism employees by providing wage support, reduced hours, retraining and no permanent exit from the labor force.

Utilize domestic and regional tourism as a stepping stone demand, whilst international tourism confidence grows.

Expand markets of origin, gateways and tourism products to reduce exposure to the few international gateways and segments.

6.2 Airlines and airports

Allow re-bookings and refunds at times of changes in airspace.

If operationally feasible, give realistic information about the schedule avoid too many cancellations at the last minute.

Pre-plan contingency routings, fuel plans, crew arrangements and interline agreements.

Hub recovery and hotel recovery are interdependent when schedules settle down, coordination of stopover and destination-marketing programs.

6.3 Tourism sector hotels and enterprises

Shift Away from One Size Fits All Discounts to Regionally Targeted Discounts for Residents, Regional Travelers, Extended Stays and Key Business Travel.

In order to foster the recovery of MICE demand, offer guarantees for event postponements, flexibility with room blocks and security measures.

Don't sacrifice quality of a service and key personnel because drastic reductions in the work force may lead to a decreased recovery capacity of the destination.

Create a cash-flow planning with scenarios, related to occupancy, air capacity, advisories and booking lead time.

Strengthen direct booking and communication with customers to allow firms to react fast without having to depend completely on intermediaries.

6.4 A phased recovery framework

Table 5. Phased tourism and hospitality recovery framework.

Phase	Primary objective	Recommended indicators
Acute disruption	Safety, repatriation, liquidity, accurate information	Flight completion rate; stranded passengers; cash runway; cancellations
Operational reopening	Capacity restoration, flexible booking, domestic demand	ASK/RPK; route count; occupancy; booking lead time
Confidence recovery	Advisory reduction, event guarantees, targeted marketing	Search demand; forward bookings; group pipeline; insurance availability
Structural resilience	Diversification, workforce retention, crisis investment	Source-market concentration; domestic share; SME survival; tourism productivity

7. Limitations and Future Research

There are six limitations of this study. First of all, it's based on a never-ending conflict and a short post event period. Second, the accuracy of some of the data series are preliminary. Third, the indicators are not fully comparable - airline RPK, tourist arrivals, hotel occupancy and tourism receipts are measures of different components of the tourism system. Fourth, one cannot rule out the possible connection between the U.S.-Iran conflict and the Gaza war, the security of the Red Sea, the changes in the prices of energy, seasonal factors, and changes in the national policy. Finally, hotel data is based on industry analysis and forecasts and on partial public microdata. Sixth, documentary evidence is utilized instead of interviews with tourists, workers, hotel managers and policymakers in the qualitative strand.

In future research, a synthetic control, difference-in-differences, interrupted time series or dynamic panel model should be employed to estimate causal effects, once longer monthly series are available. Analysis should be conducted at the city level and cities of Dubai, Abu Dhabi, Doha, Riyadh, Jeddah, Makkah, Madinah, Amman, Aqaba, Cairo, Sharm el-Sheikh and Hurgghada should be compared. Four dimensions of perceived safety, trip cancellation, destination substitution and willingness to return should be included in primary surveys. The research should be conducted on firm level, related to employment, wage adjustment, room pricing, and small-business survival and investments delays.

Finally, tourism satellite accounts and input-output models shall try to measure direct, indirect and induced value added and employment losses.

8. Conclusion

A major, sudden, and unevenly distributed tourism crisis wracked the Middle East in 2026 due to the conflict between the U.S. and Iran. It has coincided with the area's recovery from a slowdown and a low-grade exposure of the vulnerability of Gulf tourism to safe airspace, global airport facilities, international trust and business travel. Demand in the Middle East declined by over 50 per cent in March, and was still significantly lower than in May last year. Regional arrivals suffered and major hotel markets internationally exposed were put at serious risk due to spending.

But no one regional story is borne out by the evidence. The domestic and religious demand helped soften the blow of a substantial decline in receipts, primarily from western markets, on Jordan, and Egypt managed to maintain levels of arrivals in the early years of conflict. These differences show how the mode of access, travel purpose, source-market diversity, destination image and crisis-management capacity impact tourism resilience.

The clear policy takeaway is that reopening airspace is a pre-condition but by itself is insufficient. Connectivity is a necessary but not sufficient condition to draw tourists; the

confidence will determine return of tourists, business and events. This, therefore, requires coordinated aviation policy, credible security communication, flexible commercial practices, targeted financial support, retention of work force and long-term diversification for effective recovery. The conflict was still dynamic at the data cut-off, so the article should be updated prior to journal submission if the official data changes materially the results.

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