

## EXECUTIVE SUMMARY

**Risk Level: HIGH but with potential de-escalation signal.** On June 11, President Trump cancelled a third day of planned strikes on Iran and declaring a peace deal "nearly complete," with a potential MoU signing in Europe as early as this weekend.<sup>1</sup> However, Iran has pushed back, stating that no final agreement has been reached and key issues remain under review — while also intercepting a tanker in the Strait of Hormuz on June 12 for violating coordination rules.<sup>2</sup> **The next 72 hours are the most consequential for the travel industry since the conflict began on February 28** — a signed deal would trigger a phased recovery across aviation and hospitality; a collapse of talks would risk renewed escalation and deeper demand destruction.

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## 1. GEOPOLITICAL RISK: DEAL OR NO DEAL?

### What Happened in the Last 48 Hours

Date	Event
June 11 (AM)	Trump warned Iran would be "hit very hard" and threatened action against Kharg Island and key oil facilities. <sup>1</sup>
June 11 (PM)	Trump reversed course, calling off strikes and announcing a deal could be signed "as early as this weekend." VP Vance reportedly heading to Geneva for a potential signing ceremony. <sup>1</sup>
June 12	Iran reiterated no final decision has been reached. The proposed MoU would extend the ceasefire for 60 days, reopen the Strait of Hormuz without tolls, and tie sanctions relief to compliance. <sup>2</sup>
June 12	Iran's IRGC claimed attacks on US military assets in Bahrain, Kuwait, and Jordan. US forces shot down two Iranian drones targeting commercial ships in the Strait. <sup>1</sup>
June 12	An Israeli drone struck the town of Jebchit in southern Lebanon despite the early-June ceasefire. <sup>1</sup>

### Business Implication

The situation remains **binary**: a signed MoU would be the most bullish catalyst for travel recovery since the war began. Failure would almost certainly trigger renewed military strikes.

**Revenue planning should maintain dual scenarios through end-June.**

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## 2. HOSPITALITY & DEMAND

### Middle East — Current State (as of June 12)

- Weekend occupancy at properties like Sofitel Dubai The Palm and Sofitel Dubai Jumeirah Beach Resort is running between 50% and 80%, driven by regional guests from Abu Dhabi, Sharjah, Saudi Arabia, and Jordan arriving by road.<sup>4</sup>
- Business travel is soft. Conference and exhibition bookings have not recovered. Midweek occupancy at business-facing properties in DIFC and Downtown tells a different story from waterfront leisure properties.<sup>4</sup>
- Several Dubai hotels have closed for renovation, removing around 2,000 rooms from the market.
- [Shangri-La Hotel, Dubai sells for \\$300 million](#) in the first prominent hotel deal in UAE since the latest war in Iran began

### Dubai Hotels Closed for Renovation in 2026

Property	Status	Expected Reopening
<b>Burj Al Arab</b>	Closed 15 April — 18-month full restoration	Late 2027
<b>Armani Hotel Dubai</b>	Closed 1 April — full transformation	Q4 2026 (bookings show Jan 2027)
<b>Park Hyatt Dubai</b>	Closing May 2026 — final renovation phase	November 2026
<b>St. Regis Dubai, The Palm</b>	Partially closed 12 April	1 September 2026
<b>Radisson Blu, Media City</b>	Closing 30 April — acquired by Select Group	2027 under new operator
<b>Anantara World Islands</b>	<b>Permanently closed</b> 10 April	N/A
<b>JW Marriott Marquis</b>	Phased renovation — remains open	Ongoing

### Global Ripple Effects

- Europe is the biggest beneficiary. Spain welcomed over 10.7 million international visitors in the first two months of 2026 (+2% YoY), with tourism revenue surging to €7.6 billion in February alone. Greece saw Athens airport arrivals up 11.7%. Spain and Italy have seen over 20% more bookings compared to last year.[6](#)
- India is positioning itself as a long-haul alternative, attracting increased interest from US, UK, and Australian travellers. Southeast Asian destinations — Thailand, Malaysia, Singapore — are benefiting from intra-Asian travel no longer routing through Gulf hubs.[6](#)
- In Africa, Nairobi is emerging as a key refuelling and connection point for rerouted long-haul flights.[6](#)

### Summary Heat Map — Global Travel Demand Shifts

Region	Impact Level	Direction	Key Driver
<b>Gulf/MENA</b>	● Severe	↔	Airspace disruption, insurance, sentiment
<b>Western Europe</b>	● Positive	↑↑	Diversion demand, "safe" destination shift
<b>South/SE Asia</b>	● Mixed	↔	Gains from diversion offset by fuel cost hikes
<b>East Africa</b>	● Moderate Positive	↑	Rerouting hub benefits
<b>USA/Canada</b>	● Mixed	↔	FIFA 2026 boost offset by fuel/FX headwinds
<b>LATAM</b>	● Mild Negative	↓	Currency pressure, higher airfares

### 3. AVIATION & CONNECTIVITY

#### Airspace & Hub Status (as of June 12)

UAE airspace is open with partial restrictions (NOTAM A1722/26) — commercial traffic restricted to narrow security corridors. Emirates is serving 137 destinations (96% of pre-disruption network). Qatar Airways is serving 120+ destinations and targeting 150+ from June 16. Jordan maintains nightly airspace closure (6PM–9AM).<sup>7</sup>

#### Key European Carrier Suspensions Still in Effect:

Airline	Suspended Routes	Through
<b>Lufthansa Group</b>	8 ME routes (Abu Dhabi, Amman, Beirut, Dammam, Riyadh, Erbil, Muscat, Tehran)	24 October; Dubai through 13 September
<b>British Airways</b>	Dubai, Tel Aviv, Bahrain, Amman	25 October; Doha resumes 1 August
<b>Singapore Airlines</b>	Dubai	2 August
<b>Wizz Air</b>	All ME routes	Mid-September
<b>American Airlines</b>	JFK-Tel Aviv	6 January 2027

#### Jet Fuel / ATF Pricing

- Pre-war (late February): jet fuel was ~\$85–90/barrel. Prices surged to ~\$195/barrel globally — more than doubling within weeks.<sup>8</sup>
- Brent crude on June 12 hovering around \$89.05/barrel — a significant pull-back from the \$118 peak, reflecting deal hopes.<sup>1</sup> On a weekly basis, Brent was **4.2% lower**.
- Korean Air reported jet fuel costs rising from ~\$2.20/gallon to nearly \$4.50/gallon. Airlines globally have imposed fuel surcharges — Cathay Pacific long-haul surcharges increased from HK\$569 to HK\$1,560; Air France-KLM added ~US\$57 on long-haul; IndiGo added ₹425–₹2,300 per ticket.<sup>8</sup>
- Average long-haul fares between Europe and Asia have risen 18–25% since January. Approximately 1,150 flights are rerouted daily, adding 206,000 km of extra flight distance. War-risk insurance premiums jumped 50–500%.<sup>6</sup>

#### Impact on Regions Served via ME Hubs

EUROCONTROL reports a 59% reduction in daily flights between Europe and the Middle East, from ~2,000 to ~800. Over 46,000 flights were cancelled in the first two weeks of conflict alone.<sup>6</sup> Connectivity to **South Asia, East Africa, Southeast Asia, and Australasia** — markets heavily dependent on Gulf hub connections — remains severely impaired.

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### 4. CURRENCY & MACROECONOMIC IMPACT

- The US Dollar (DXY) has strengthened into the upper 90s, approaching the 100 handle, as capital flows to perceived safety. EUR/USD trading near 1.15–1.16 support. USD/INR at ~95, reflecting India's import-shock vulnerability. The Japanese Yen has weakened (USD/JPY mid-to-high 150s) due to heavy oil import dependence.<sup>9</sup>
  - Petro-currencies (Canadian Dollar, Norwegian Krone) have strengthened. Energy-importing emerging markets face rising trade deficits and stagflationary pressures.<sup>9</sup>
  - **Travel cost implication:** A stronger USD makes outbound US travel cheaper but makes the US more expensive for inbound visitors. A weaker EUR and INR make European and Indian destinations more attractive on a relative value basis.
  - The World Bank warns the conflict could drag global growth to 2.5% in 2026 (from 2.9% in 2025) or as low as 1.3% if energy disruptions prove more severe.<sup>1</sup>
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## 5. TRAVEL ADVISORIES (Active as of June 12, 2026)

Country	US Advisory Level	URL
Iran, Iraq, Lebanon, Syria, Gaza, Yemen	Level 4 — Do Not Travel	<a href="https://travel.state.gov">travel.state.gov</a>
Bahrain, Israel, Jordan, Kuwait, Oman, Qatar, Saudi Arabia, UAE	Level 3 — Reconsider Travel	<a href="https://travel.state.gov">travel.state.gov</a>
Canada	Avoid travel to Bahrain, Iran, Iraq, Israel, Palestine, Kuwait, Lebanon, Qatar, Syria, UAE, Yemen	<a href="https://travel.gc.ca">travel.gc.ca</a>
UK FCDO	No travel to Iran, Iraq, Lebanon, Syria; advise against all but essential travel to wider region	<a href="https://gov.uk/foreign-travel-advice">gov.uk/foreign-travel-advice</a>

**Airline Rebooking Policies:** Emirates offers free rebooking and full refunds for affected passengers. Etihad has active waiver CW005-2026 with no-change fee fares through 31 March 2027.<sup>13</sup>

On 11<sup>th</sup> June, [Etihad and Emirates airlines announced insurance offers](#) to international passengers flying into UAE.

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