TOURISM ECONOMICS
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TOURISE

Resilience in a World that Doesn't Reset

Redesigning Tourism for an Era of Permanent Disruption

August 2026

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FOREWORD

TOURISE

Travel & Tourism has entered an era in which disruption is no longer the exception. Geopolitical tensions, economic uncertainty, climate-related events, technological disruption, and rapidly shifting traveler behavior are becoming enduring features of the environment in which the sector operates.

Yet despite these challenges, global tourism continues to demonstrate remarkable resilience. International travel has recovered from the most severe disruption in its modern history, while destinations and businesses across the world continue to adapt to an increasingly complex and interconnected risk landscape. The question facing tourism leaders today is therefore no longer whether disruption will occur, but how effectively the sector can prepare for it, respond to it, and sustain confidence through it.

Recent events in the Middle East have demonstrated how quickly localized instability can generate consequences beyond the immediate geography of a crisis, affecting aviation networks, energy markets, traveler confidence, investment decisions, and global travel flows. They have also reinforced a broader reality: in an interconnected world, resilience can no longer be viewed solely through the lens of recovery.

The destinations and businesses that recover fastest are consistently those that invest in preparedness before disruption occurs. Diversified demand, operational agility, trusted communication, strong partnerships, and the ability to maintain confidence during periods of uncertainty are increasingly determining not only the pace of recovery, but also the strength of long-term performance.

This represents an important shift for the sector. In a world that no longer resets between crises, resilience is evolving from a risk management function into a strategic capability. It influences investment attractiveness, destination competitiveness, traveler trust, and the ability to sustain growth through periods of volatility.

The conversations convened through TOURISE continue to reinforce the importance of collaboration across governments, industry, technology and investment communities. Building a more resilient Travel & Tourism sector requires stronger preparedness, greater coordination, and more effective knowledge sharing across the global ecosystem.

The insights in this report challenge tourism leaders to rethink how resilience is designed, measured, and embedded across the sector. The future of tourism will not be determined solely by the disruptions we face, but by how effectively we anticipate change, adapt to uncertainty, and protect the confidence on which travel depends.

The destinations and organizations that succeed in the years ahead will be those that view resilience not as a response to crisis, but as the foundation for long-term competitiveness, sustainable growth, and trust.

H.E. Ahmed Al-Khateeb
Minister of Tourism and Chairman of TOURISE

Tourism Economics

Global tourism reached a record 1.52 billion international arrivals in 2025, surpassing pre-pandemic highs despite a decade defined by pandemics, wars, climate shocks, and growing geopolitical fragmentation. That headline figure is remarkable. But the more important story is how the sector got here, and what it reveals about the nature of tourism in an era of permanent disruption.

Our analysis of 85 major tourism crises reveals that average recovery periods have fallen from approximately 24 months in the early 2000s to just 10–12 months today. When disruption strikes, the evidence increasingly shows reallocation rather than collapse, including shorter booking windows, greater value-seeking, and destination substitution. Even under a renewed conflict escalation scenario in the Middle East, our modeling projects only around a 1% decline in global travel, reflecting tourism's extraordinary ability to absorb shocks. The sector is resilient; the challenge is to position destinations accordingly.

The current crisis in the Middle East brings these dynamics into sharp focus. Approximately 14% of global transit traffic passes through Gulf hub airports, and around one-fifth of Europe-Asia travel normally connects through the region, meaning that localized instability rapidly generates consequences for aviation networks, energy markets, and traveler confidence far beyond the geography of the conflict. Meanwhile, the speed at which misinformation travels has created a new category of risk: in 2025, viral earthquake rumors contributed to booking declines of up to 50% from some East Asian source markets despite no scientific basis for the claims. Sentiment moves faster than people. Managing perception has become as operationally critical as managing the disruption itself.

What separates destinations that recover fastest is preparation. Diversified demand, operational agility, trusted communication, and the capacity to maintain confidence during uncertainty are the defining characteristics of high-performing tourism economies. The share of global travel generated by the ten largest source markets has already fallen from 54% in 2001 to 45% in 2025, while the number of markets accounting for 50% of international travel has grown from 8 to 14. The global tourism economy is structurally more resilient than it was. The imperative now is for destinations and businesses to match that structural shift with deliberate investment in preparedness. This report offers a rigorous evidence base for that work. We hope it serves as a practical resource for tourism leaders navigating a world that no longer resets between crises.

Adam Sacks
President, Tourism Economics

HIGHLIGHTS

Record Tourism Amid Volatility

International tourist arrivals reached 1.52 billion in 2025, surpassing pre-pandemic levels despite a decade marked by pandemics, wars, climate shocks, cyber incidents, and growing geopolitical fragmentation.

Recovery is No Longer the Challenge, the Speed of Recovery Is

Analysis of 85 major tourism crises reveals that average recovery periods have fallen from approximately 24 months in the early 2000s to just 10-12 months today, fundamentally changing the economics of tourism disruption.

Regional Stability Matters for Global Tourism

Approximately 14% of global transit traffic passes through Gulf hub airports and around one-fifth of Europe-Asia travel normally connects through the region, demonstrating the strategic importance of Middle East stability to global tourism.

Tourism Remains Surprisingly Resilient Even Under Renewed Conflict

Under the escalation scenario, international travel is projected to decline by only around 1% globally, highlighting tourism's growing ability to absorb shocks through destination substitution and adaptive traveller behaviour. economics of tourism disruption.

The Real Economic Threat is Affordability

A renewed conflict scenario could push global inflation toward 8%, creating a dual squeeze on tourism through higher travel costs and weaker household purchasing power.

Confidence Now Travels Faster than People

In 2025, viral earthquake rumours contributed to booking declines of up to 50% from some East Asian source markets despite no scientific basis for the claims, illustrating how misinformation can now disrupt tourism demand before any physical disruption occurs.

Summer 2026 is Likely to Bring Reallocation, Not Collapse

The most likely outcome for the Summer of 2026 is not fewer trips, but different trips, as travellers shift toward regional travel, shorter booking windows, and greater value-seeking behaviour rather than cancelling travel altogether.

Airfares are Expected to Be the First Casualty of Prolonged Instability

Under the ceasefire scenario, global airfares are expected to remain approximately 5-10% above pre-crisis expectations through much of 2026, reflecting higher fuel costs, longer routings, and reduced operational efficiency.

Diversification is Becoming Tourism's Best Insurance Policy

The share of global travel generated by the world's ten largest source markets fell from 54% in 2001 to 45% in 2025, while the number of markets accounting for 50% of international travel increased from 8 to 14, reflecting a significant shift toward a more diversified and resilient global tourism economy.

Resilience is Becoming a Competitive Advantage

Historical evidence shows that destinations that preserve capacity, diversify demand, maintain trust, and invest continuously in preparedness consistently recover faster than those that do not, suggesting resilience is increasingly becoming a source of competitive advantage rather than simply a mechanism for recovery.

1 INTRODUCTION

The world has fundamentally changed over the past decade. The assumption that globalization would steadily deliver greater stability, predictability, and connectivity has been replaced by a more complex reality shaped by geopolitical fragmentation, economic uncertainty, technological disruption, climate volatility, and social polarization. What were once perceived as isolated crises are now increasingly interconnected, with developments in one region rapidly generating economic, operational, and reputational implications across the globe.

Few sectors reflect this interconnectedness more than Travel & Tourism. Built on openness, mobility and confidence, the sector is a powerful driver of economic growth and global connectivity. According to the World Travel & Tourism Council (WTTC), Travel & Tourism contributed US$11.6 trillion to the global economy in 2025,[1] representing close to 10% of GDP and supporting one in every nine jobs worldwide. International travel has also recovered strongly following the pandemic, surpassing prior record levels to reach 1.52 billion in 2025,[2] according to UN Tourism.

Recent regional geopolitical disruptions illustrate the extent to which geopolitical developments can have significant impacts on tourism activity beyond the immediate geography of the conflict, including via aviation and trading routes, energy markets, supply chains and costs, traveler sentiment, investment confidence, and destination perceptions. In an increasingly connected global economy, localized instability can rapidly produce global tourism implications.

Recent disruptions have exposed structural vulnerabilities across the Travel & Tourism ecosystem. Many destinations and operators remain highly dependent on concentrated source markets, critical aviation corridors, seasonal demand patterns, and fragmented crisis coordination mechanisms. The acceleration of digital information flows has also amplified reputational risks, with perceptions and misinformation often spreading faster than verified information. Meanwhile, travelers increasingly expect transparency, real-time communication, and visible preparedness from destinations and tourism operators alike.

Against this backdrop, crisis readiness is no longer solely an operational function; it is now a strategic imperative tied directly to destination competitiveness, investor confidence, traveler trust, and long-term resilience. The sector's challenge today is not simply how to respond to crises as they emerge, but to strengthen its ability to anticipate disruption, adapt rapidly, and maintain confidence.

What were once perceived as isolated crises are now increasingly interconnected, with developments in one region rapidly generating economic, operational, and reputational implications across the globe.

The same forces reshaping global risk are also accelerating innovation and adaptation across the sector. Advances in technology, AI, predictive analytics, mobility systems, and crisis coordination are enabling tourism stakeholders to respond more collaboratively, dynamically, and effectively than ever before. Indeed, the sector's ability to adapt will increasingly be shaped by three forces:

- Established industry leaders focused on operational continuity and traveler confidence;
- Technology, mobility, and AI disruptors developing new tools for resilience and responsiveness;
- And a new generation of policymakers and researchers redefining trust, destination competitiveness, and the long-term direction of global tourism.

As the Travel & Tourism sector adapts to a more complex and interconnected risk environment, there is an increasing need to better understand both the implications of disruption and the actions required to strengthen long-term resilience. Using the current crisis in the Middle East as an important contextual lens, this report examines the broader impact of shocks across the tourism ecosystem, assesses potential scenarios linked to the ongoing disruption, highlights the structural vulnerabilities exposed, and identifies practical strategies and best practices that can strengthen preparedness, enhance resilience, and support the sector's long-term competitiveness.

Ultimately, the future resilience of Travel & Tourism will depend not only on how effectively the sector manages disruption, but on how successfully it transforms preparedness into a long-term strategic advantage. In a world where geopolitical, economic, technological, and societal risks are increasingly interconnected, the destinations, businesses, and leaders that adapt fastest, collaborate most effectively, and build lasting trust will be best positioned to shape the next era of global tourism.

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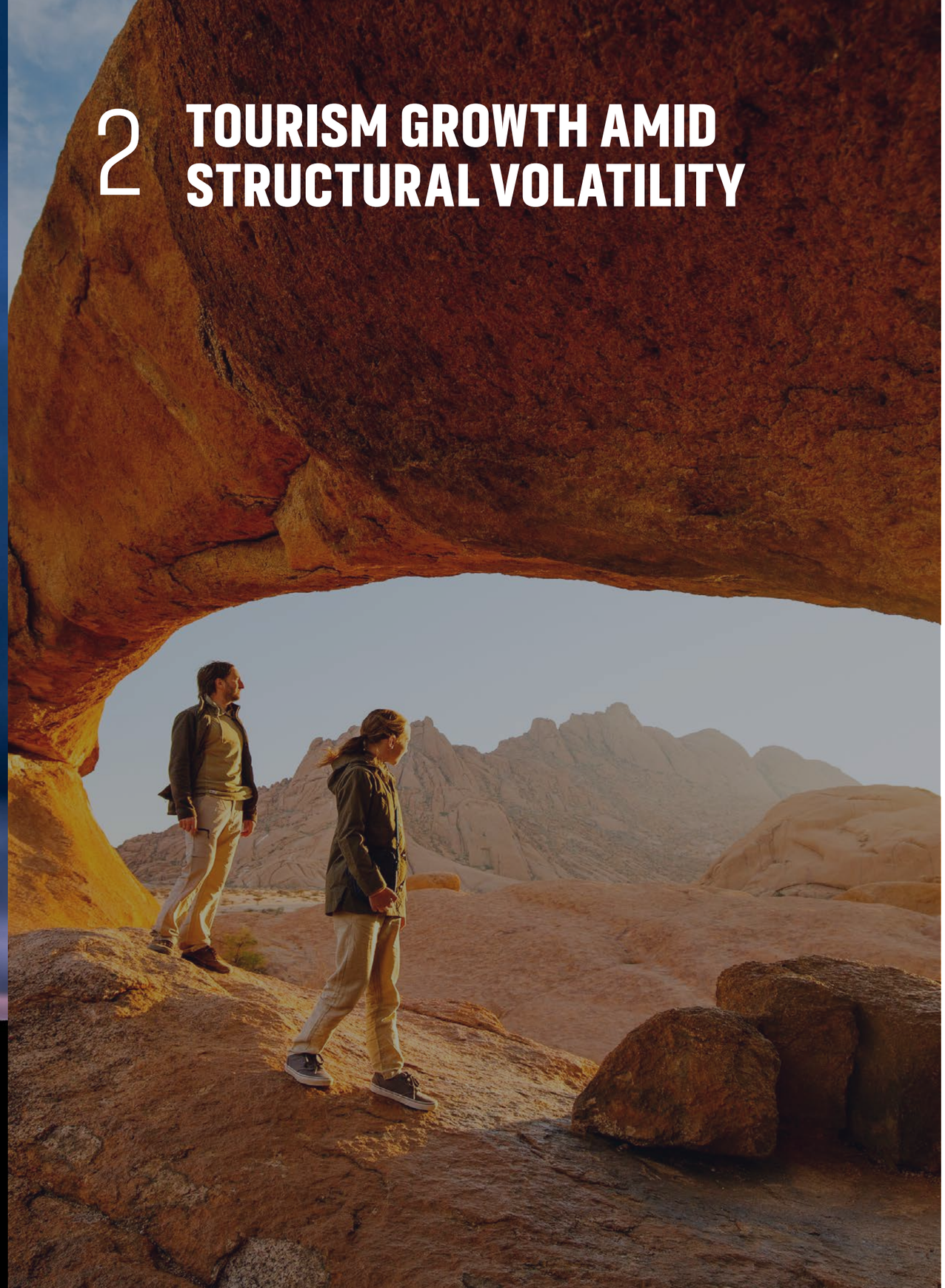

2 TOURISM GROWTH AMID STRUCTURAL VOLATILITY

In 2019, Travel & Tourism appeared to be entering a new phase of sustained expansion that many viewed as a "golden age of travel." International tourist arrivals reached 1.5 billion,[3] while global aviation activity outpaced visitor arrivals growth, as the sector benefited from an operating environment shaped by expanding connectivity, relatively stable mobility systems, and strong consumer confidence.

For many destinations and tourism businesses, growth strategies were built around assumptions of continued globalization, and uninterrupted and predictable international travel demand.

Six years later, the sector has only just recovered from the pandemic and surpassed 2019 benchmarks, reaching 1.52 billion arrivals in 2025 according to UN Tourism. While the relative lack of growth between these two points may appear unimpressive without adequate context, the recovery achieved by the industry in fact demonstrated extraordinary elasticity. Despite experiencing the most severe disruption in modern tourism history, international travel rebounded faster than many forecasts initially anticipated, underscoring the enduring resilience of global travel demand even amid elevated geopolitical and economic uncertainty.

Indeed, this recovery occurred within a markedly different operating environment than the one that existed in the late 2010s. The pandemic exposed the structural vulnerability of global tourism to disruptions affecting mobility, consumer confidence, supply chains, labor markets, and international coordination. The years that followed showcased that the pandemic was not an isolated shock, but part of a broader shift toward a more fragmented and structurally volatile operating environment. Geopolitical tensions, inflationary pressures, energy market volatility, airspace disruptions, cybersecurity risks, and supply chain instability have increasingly overlapped, creating a more complex risk landscape for destinations and tourism businesses worldwide.

The past 25 years of tourism and economic growth have been characterized by regular crises which the sector has proven capable of absorbing and recovering from. However, the sector's resilience is increasingly being tested by the scale, frequency, and interconnected nature of systemic disruptions. Analysis by Tourism Economics shows that average

> Nevertheless, the recovery of global tourism occurred within a markedly different operating environment than the one that existed prior to the pandemic.

recovery periods declined sharply over the past two decades but have recently begun to stabilize, and in some cases lengthen slightly, amid the growing prevalence of global and regional shocks.

In 2023, the International Monetary Fund (IMF) warned that rising geoeconomic fragmentation could reduce global economic output by up to 7% in the long term,[4] with significantly higher losses possible for more exposed economies under more severely separatist trade and technology scenarios. At the same time, the World Bank cautioned that the 2020s are on track to become the weakest decade for global economic growth since the 1960s.[5] These projections reinforce that tourism's recovery is taking place against the most challenging macroeconomic backdrop in decades.

These developments carry particularly significant implications for Travel & Tourism due to the sector's dependence on, and sensitivity to changes in the continuous cross-border movement of people, functioning aviation networks, international coordination and perceptions of safety and stability across multiple markets. As a result, geopolitical and economic instability can have a rapid and lasting influence on tourism flows, airline operations, destination sentiment, investment confidence, and operational continuity across multiple regions.

The aviation sector illustrates this growing operational complexity. The escalation of conflict

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across the Middle East in early 2026 significantly disrupted international aviation networks, highlighting how rapidly this regional instability can affect global connectivity.[6] Aviation analytics firm Cirium Ascend estimated that more than 46,000 flights[7] into and out of the Middle East were cancelled between late February and March 11, while major regional transit hubs including Dubai, Abu Dhabi, and Doha experienced widespread operational disruption, rerouting, and airspace restrictions.[8] Numerous airlines across Europe, Asia, and the Gulf suspended or redirected services across key international corridors, contributing to longer flight times, scheduling disruptions, route inefficiencies, and wider operational impacts across value chains.

The effects of the crisis also extended beyond immediate operational disruption. Cirium Ascend data shows that the number of flights operated by Middle Eastern carriers fell approximately 50% year-on-year in March 2026, while forward bookings through major Gulf hubs for the second and third quarters declined more than 40%.[9] Data from IATA show that capacity, measured in terms of Available Seat Kilometers (AKSs), on international flights to and from Middle East countries were nearly 40% lower in April than in the same month a year earlier. The capacity drop was surpassed by a larger fall in demand as Revenue Passenger Kilometers (RPKs) were down by almost 50% during the month with a drop in load factors and operating margins.

At the same time, the crisis reinforced the aviation sector's significant exposure to energy market disruption. IATA warned that the conflict had disrupted global energy flows and raised concerns around jet fuel supply security,[10] alongside a sharp rise in jet fuel prices. Willie Walsh, Director General of IATA, also cautioned that prolonged instability could increase fuel costs, reduce airline capacity, and place further upward pressure on airfares globally in 2026 and beyond.[11] Globally, ASKs dropped 1.6% in March and 2.9% in April, reflecting some slower growth and capacity cuts outside of the Middle East. Over 12,000 flight cancellations were recorded globally in May 2026, representing around 2 million seats. This only represents less than 2% of global capacity and will still allow for demand growth, but it includes notable cuts by Lufthansa, Turkish Airlines and Air China and illustrates the risks and more fragile operating environment."

These operational disruptions increasingly shape traveler confidence and booking behavior. Allianz Partners' 2025 European Summer Vacation Confidence Index found that 47% of travelers expressed concern about the global geopolitical situation, while 45% identified safety and security risks linked to crime, terrorism, or local unrest as important travel concerns.[12] At the same time, industry research indicates that flexibility, refundability, and access to real-time information are becoming increasingly important considerations in travel decision-making, particularly during periods of heightened uncertainty.[13]

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2025 European Summer Vacation Confidence Index

(percent of traveller respondents)

47%

Expressed concern about the global geopolitical situation

45%

Identified safety and security risks linked to crime, terrorism, or local unrest as important travel concerns

Source: Allianz Partners

The speed at which perceptions of risk spread across digital and social media has also heightened reputational sensitivity for destinations, particularly in regions geographically associated with instability – regardless of the countries' direct proximity to the conflict. Together, these dynamics have reinforced demand for transparent and efficient communication, flexible booking policies, and visible preparedness measures across the tourism ecosystem.

Collectively, these developments illustrate a broader structural shift in the tourism operating environment. The sector has entered a period in which strong demand and heightened volatility are no longer contradictory forces, but simultaneous realities. Travel continues to grow, yet the conditions supporting that growth are becoming more complex, fragmented, and exposed to rapid disruption. Geopolitical and economic volatility are increasingly becoming structural features of the global tourism landscape rather than temporary shocks, reshaping the operating conditions under which destinations, businesses, and investors allocate capital, manage risk, and pursue growth. In this environment, resilience and crisis preparedness are becoming less about recovery from isolated events and more about the ability to sustain connectivity, maintain traveler confidence, protect investment attractiveness, and preserve destination competitiveness amid persistent uncertainty.

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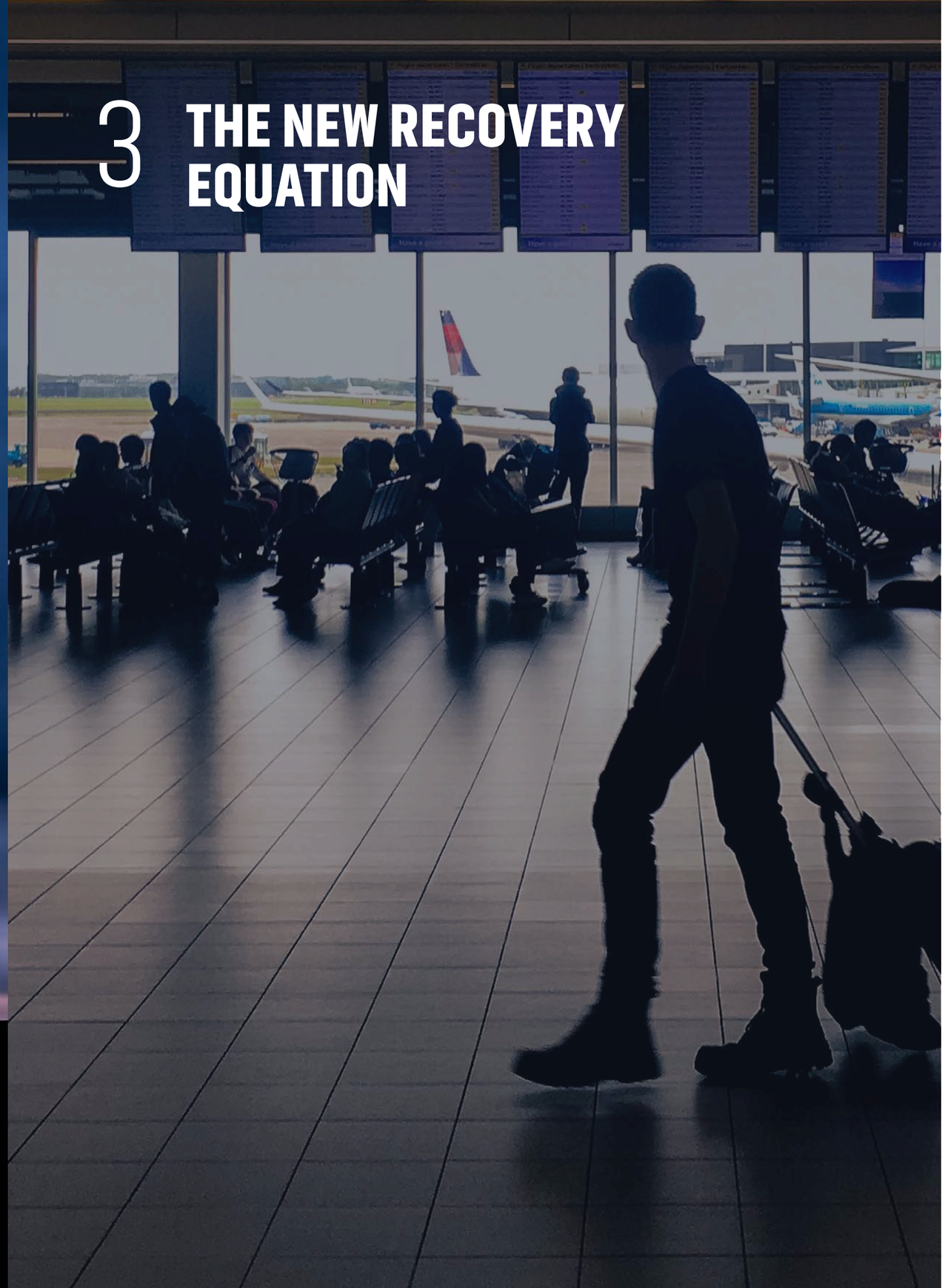


3 THE NEW RECOVERY EQUATION

Travel & Tourism has demonstrated a remarkable capacity to recover from disruption. Analysis of 85 major crises over the past 25 years reveals that while shocks have become a recurring feature of the operating environment, recovery has generally become faster and more effective.

3.1 Tourism's Recovery Advantage

Yet this resilience is not uniform. The nature, scale, and geographic reach of a crisis continue to play a decisive role in determining both the severity of impact and the speed of recovery. The response to the crisis is also critical to the recovery, especially as complex, systemic crises are becoming more prevalent.

Five key findings emerge from the analysis:

1. **Travel & Tourism always recovers**.
   In all the examples analyzed over this period, activity has recovered once any constraints on capacity or connectivity have been lifted.
2. **Recovery periods have more than halved over the past two decades**.
   Average recovery times fell from approximately 24 months in the early 2000s to around 10-12 months during the 2010s, reflecting improvements in crisis management, destination preparedness, connectivity restoration, and traveler confidence.
3. **More complex crises pose greater challenges**.
   A cluster of larger crises involving longer impact periods and spanning more countries means that the trend of shorter recovery periods has begun to level off into the 2020s.
4. **Response shapes recovery.**
   Destinations that restore capacity quickly, communicate effectively, and demonstrate safety typically recover 1.5 times faster than average. The quality of response often matters as much as the nature of the crisis itself.
5. **Systemic crises remain the ultimate resilience test.**
   In contrast to standalone crises, recovery periods have lengthened somewhat in recent years due to the growing prevalence of multi-country and global disruptions, most notably the COVID-19 pandemic, which affect multiple channels simultaneously, including mobility, affordability, consumer confidence, and economic growth.

Travel & Tourism always recovers, but increased complexity poses greater challenges.

Recent events in the Gulf reinforce these broader trends. Despite significant short-term disruption caused by airspace closures and traveler uncertainty, recovery following the 2025 Israel-Iran Twelve-Day War and associated regional incidents was rapid once operations resumed. While impacts were significant during the disruption itself, demand normalized quickly as connectivity was restored, with clear communication that other regional destinations were unaffected which supported traveler confidence.

There were expectations of a relatively swift recovery, but the ongoing Iran War has evolved into a more complex, multi-country disruption than initially hoped. Impacts on airspace, oil markets, supply chains, airline operations, and travel affordability have broadened the effects beyond the immediate region. Oil prices have spiked to well over $100 per barrel since the start of the war, pushing up air fares as well as the prices of other goods and services meaning that inflation (measured by the CPI index) will also reach 4% on average in 2026 up from the pre-war expectation of 3%. This is eroding household earnings and spending power, meaning the travel industry has been forced to respond to both changing demand and higher costs. As a result, recovery is likely to be more prolonged than for many recent crises. However, the recovery trajectory of affected destinations will ultimately depend on the effectiveness of their response.

Response shapes recovery.

For the purposes of this analysis, crisis impacts are measured across two phases, as part of an update and extension of prior Tourism Economics work published in the 2019 WTTC and Global Rescue report.[14] The first phase is the direct impact period, during which travel is physically constrained by factors such as infrastructure damage, airspace closures, border restrictions, or operational interruptions. The second is the recovery period, measured as the time required for visitor volumes to return to pre-crisis levels, after accounting for normal seasonality.

The duration of both phases of crisis impacts in the analysis has varied considerably across the 25-year period of analysis, depending on the nature of the event. Nevertheless, some trends are clear. The average recovery period shortened significantly, approximately halving from 24 months to 10-12 months, during the first two decades of the century. However, the average impact period remained broadly stable at around five months. The nature and frequency of crises did not fundamentally change during these two decades meaning that the impact period did not fundamentally change either. But the typical response by affected destinations improved, including greater coordination across affected

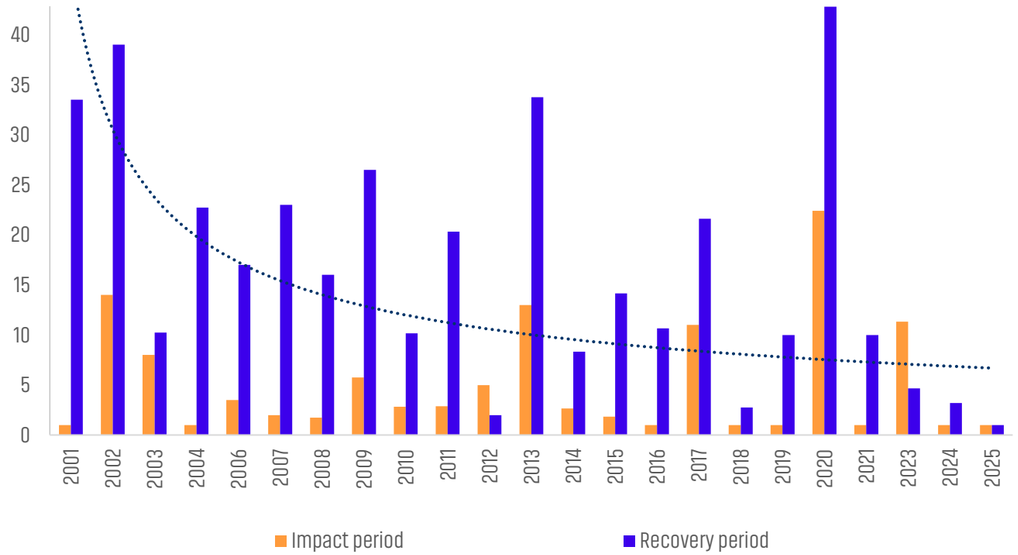
Increased challenges are being faced by the sector, reflecting the more complex challenges being faced today.

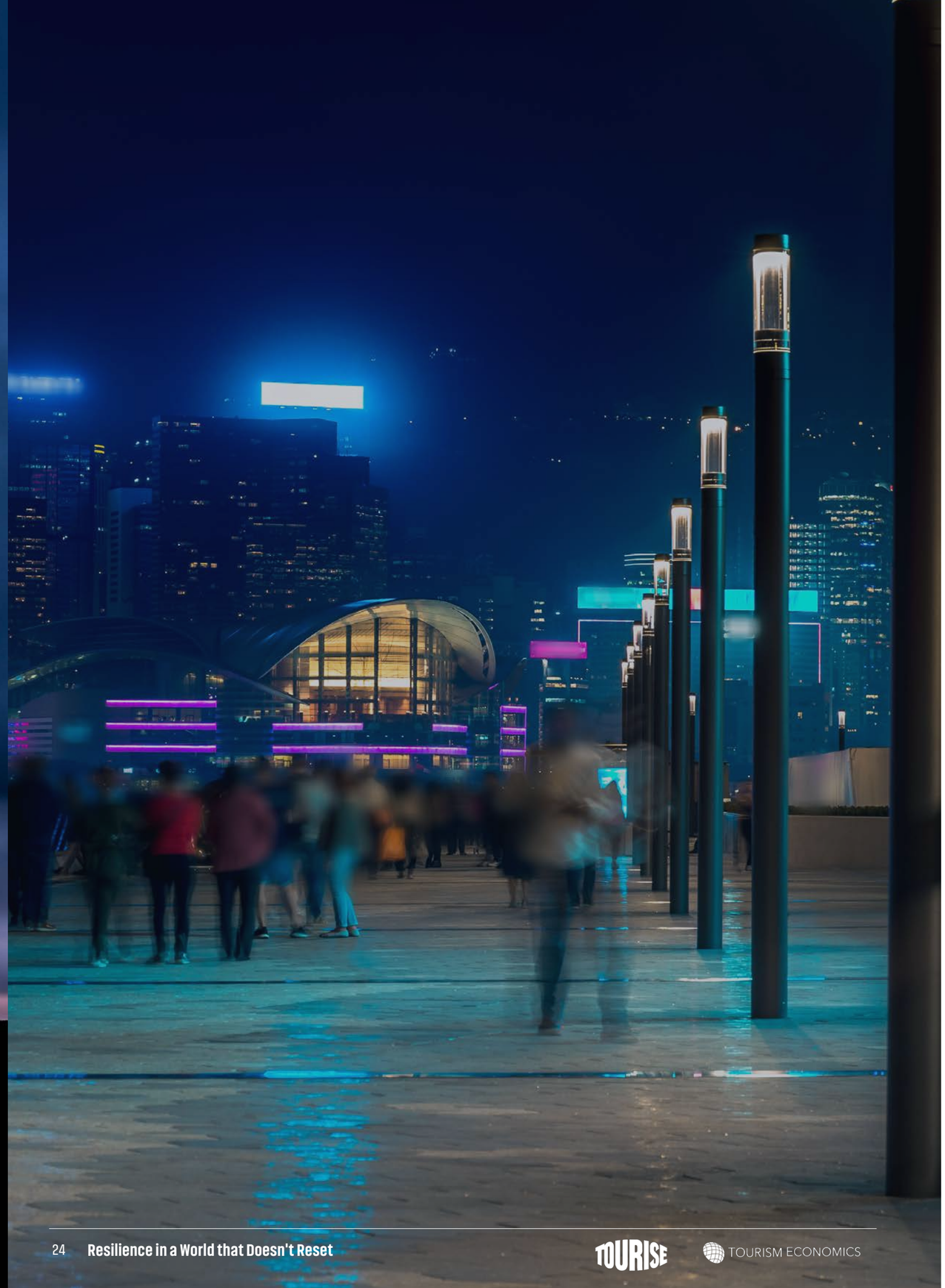
parties, which further influenced traveler confidence and resilience.

Improvement in the recovery period has now apparently slowed with the average remaining at 12 months for events during the past five years, including the rebound form the Covid-19 pandemic. It is important to consider the complexity of crises and the challenges they present to key industry authorities and stakeholders. Several major disruptions had impact periods exceeding the five-month average and well in excess of 12 months, including the West African Ebola outbreak, the Covid-19 pandemic, and the Israel-Hamas war. The latter two occurred within the past six years, and exemplify the increasingly complex operating environment facing the Travel & Tourism sector.

AVERAGE CRISIS IMPACT AND RECOVERY PERIOD OVER TIME

Average number of months across destinations, by year
(dashed line is trend line for recovery period)





3.2 The Limits of Resilience

While tourism has become more resilient overall, resilience does have limits. Some crises have impacts far beyond visitor flows, including by disrupting confidence, connectivity, and affordability (often simultaneously), and may in turn generate deeper and longer-lasting impacts. Historical evidence reveals that recovery outcomes are shaped by two factors above all others: the nature of the disruption itself and the geographic extent of its impact. Crises that affect multiple dimensions of tourism at once, or extend across multiple destinations, tend to generate deeper impacts and longer recovery periods. By contrast, localized disruptions are often contained more quickly once confidence, connectivity, and operational capacity are restored. The destination response therefore becomes even more important as crises become more complex.

3.2.1 Not All Disruptions are Created Equal

Different types of crises affect tourism through different channels and therefore generate distinct recovery dynamics.

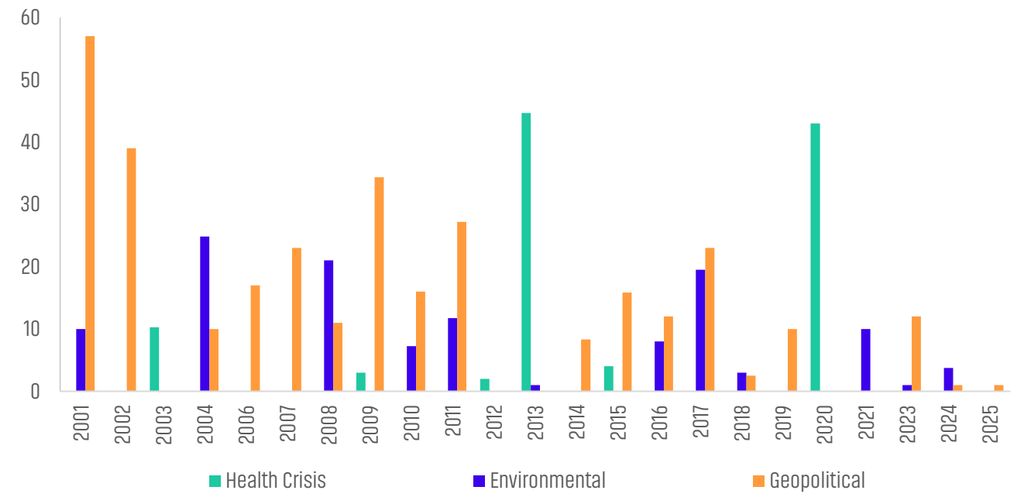
Health crises have historically produced the longest and most severe disruptions, reflecting their simultaneous impact on mobility, traveler confidence, and public policy. Although relatively rare, they

Historical evidence reveals that recovery outcomes are shaped by two factors above all others: the nature of the disruption itself and the geographic extent of its impact.

account for some of the longest recovery periods observed over the past 25 years. The COVID-19 pandemic remains the most significant example, with recovery periods ranging from 29 to 67 months across regions. Similarly, the 2013 Ebola outbreak generated prolonged disruption across affected West African destinations, with recovery periods extending well beyond two years in several cases. Health crises also tended to generate the largest tourism losses, reflecting both the duration of restrictions and the persistence of traveler concerns after the immediate threat has subsided. While health crises share common characteristics, their impacts and recovery trajectories vary significantly. This necessitates clear, prior planning for all possible eventualities, context-specific analysis of the situation and ultimately response strategies.

AVERAGE RECOVERY PERIOD OVER TIME, BY TYPE OF EVENT

Average number of months for destinations to recover from events



Environmental crises have generally recovered the fastest. Across 30 case studies, the median disruption period was only six months. While physical damage can be extensive, travelers typically regain confidence once infrastructure is restored and destinations are visibly operational. Unlike health or geopolitical crises, uncertainty tends to dissipate more quickly, resulting in shorter disruptions and lower immediate tourism losses. However, there are a wide range of recovery periods for comparable events such as Earthquakes or Hurricanes, and diverging growth trends beyond that recovery period. For example, the recovery from the 2010 Haiti earthquake was magnified by years of underinvestment and insufficient long-term planning, as well as weak infrastructure and governance. In contrast, travel to Puerto Rico rebounded quickly from Hurricane Maria through strong investment to modernize infrastructure and diversify tourism offerings.

Geopolitical crises continue to generate significant disruption, to an extent between that of health and environmental events, but recovery periods have shortened considerably over time. Their impacts are often driven less by physical damage and more by uncertainty, media coverage, and perceptions of risk. As travelers have become more accustomed to periodic disruption and destinations more effective at restoring confidence, recovery timelines have improved, and by more than for other event types. This suggests that resilience is being shaped not only by stronger crisis management capabilities, but also by evolving traveler attitudes toward risk and uncertainty. The terrorist attacks that affected Europe and North Africa in 2015 and 2016 illustrate this shift, with recovery periods notably shorter than those following comparable attacks in earlier decades. However, recent geopolitical crises have become increasingly complex and interconnected, with three of the five longest impact events falling into this category. This reinforces the growing importance of managing systemic rather than localized disruptions.

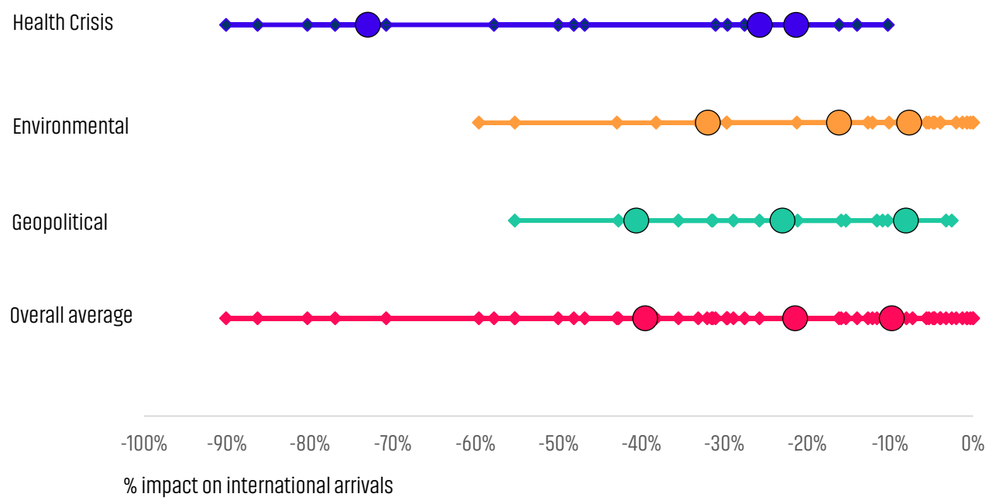
Localized disruptions are often contained more quickly once confidence, connectivity, and operational capacity are restored. The destination response therefore becomes even more important as crises become more complex.

AVERAGE RECOVERY PERIOD OVER TIME FOR GEOPOLITICAL EVENTS

Average number of months for destinations to recovery from events

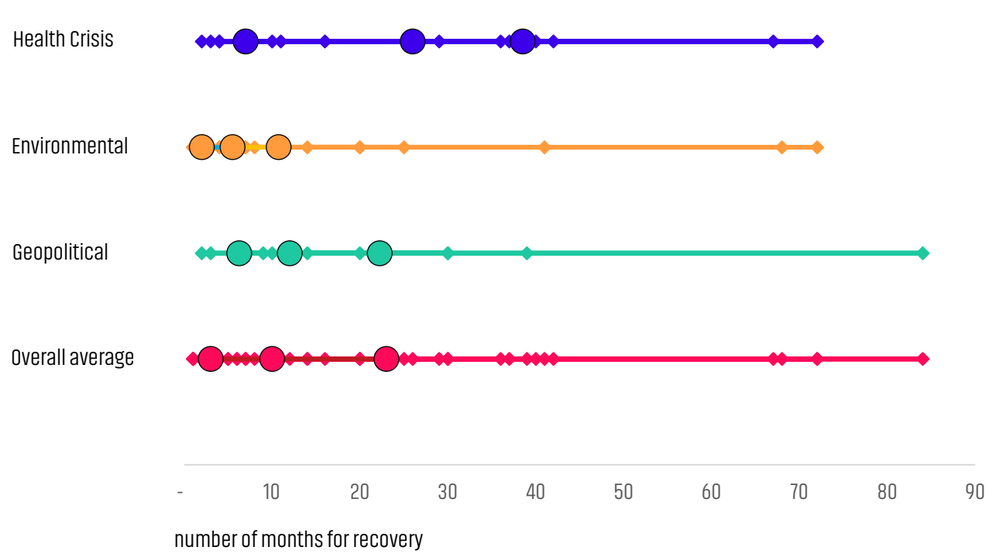
RANGE OF IMPACTS ON INTERNATIONAL ARRIVALS FOLLOWING CRISIS EVENTS

Dots show the range of impacts on international arrivals to affected destinations in the period following a crisis. This shows the minimum and maximum impacts for all of the 85 crisis events analyzed, as well as by broad type. Larger dots show the median impact and the interquartile range which excludes outliers and indicates the range that half of events fall within.



RANGE OF RECOVERY PERIODS FOR INTERNATIONAL TRAVEL FOLLOWING CRISIS

Dots show the range of recovery periods for international travel to affected destinations following a crisis. This is the minimum and maximum periods for all of the 85 crisis events analyzed, as well as by broad type. Larger dots show the median impact and the interquartile range which excludes outliers and indicates the range that half of events fall within.



The broader lesson is clear: the longest and most severe disruptions occur when crises extend beyond tourism itself, affecting mobility, confidence, and broader economic activity simultaneously. While crisis type influences both the scale of tourism losses and the speed of recovery, the quality of response often determines whether disruption becomes prolonged or contained.

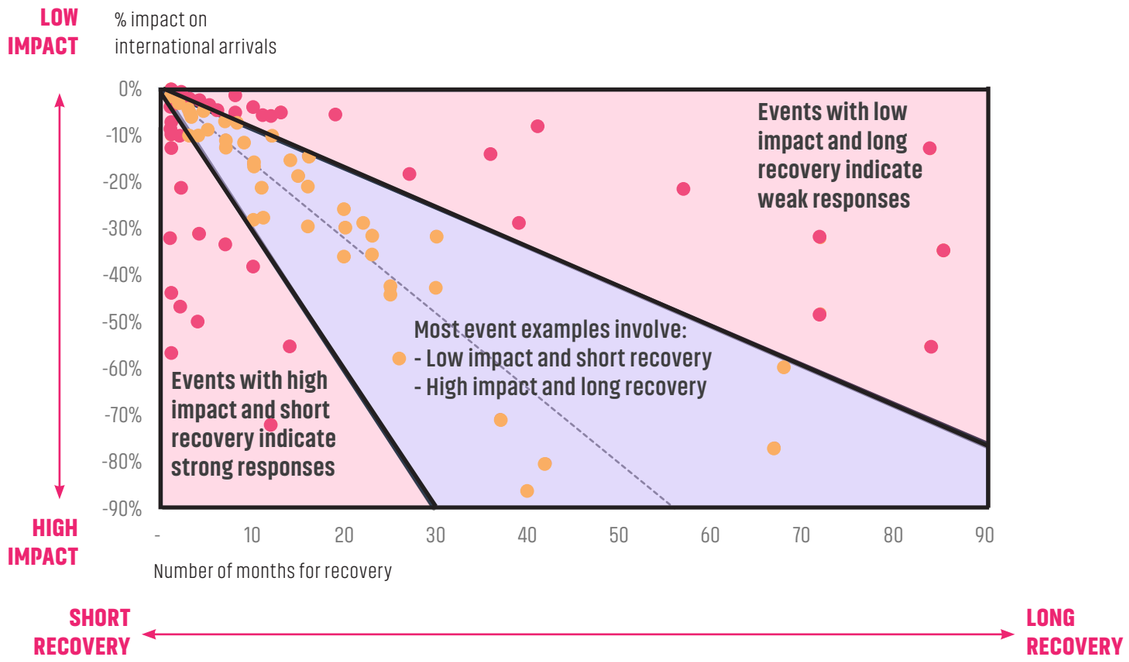
There is a clear positive relationship between impact severity and recovery duration. That is, larger shocks typically take longer to recover from and involve a greater loss of tourism activity. This is clear from plotting impact severity against recovery duration for all crises analyzed. Most events analyzed involve either small impacts and short recovery periods or large impacts and longer recovery periods; indicated by the events that fall in the upper-left and lower-right areas on the scatter plot. This blue shaded area is defined as being within one standard deviation of the average estimated trend; and can be characterized as the normal range of recovery periods for a given event size. For example, the evidence shows that an event which causes a 30% drop in arrivals would typically take between 10 and 35 months for recovery, partly

The quality of response often determines whether disruption becomes prolonged or contained.

depending on the nature of the event, with an average of around 18 months recovery period.

Outlier events, which fall in the lower left are characterized by a faster recovery than would otherwise be expected. Destinations include those affected by the SARS outbreak, as well as Puerto Rico and Anguilla in recovery from Hurricanes, plus some Middle East destinations rebounding from the limited conflicts in 2024 and 2025. These cases are characterized by positive responses, including clear communication and rapid restoration of connectivity once it was safe to do so, as well new investment in infrastructure and capacity. These case studies are described in more detail in later sections, but all show that positive actions accelerated the recovery period.

CRISIS IMPACT VS RECOVERY DURATION, BY EVENT



In contrast, the outliers in the upper-right involved lingering impacts for the relative scale of the impact. These instances are marked by a more limited pro-active response and include some of the earlier cases analyzed when travelers were less resilient and best practice was not as clear. These cases show the risks of inaction by destinations following events and the longer-tail recovery that can ensue. This points to the importance of policy and industry response to disruption, with recovery speed being increasingly determined by how effectively destinations restore confidence, reconnect capacity, and coordinated actions across key stakeholders.

A positive response can drive a recovery 1.5 times faster than average, according to these case studies. By comparing the recovery times across comparable crises in terms of event type and magnitude we can quantify the importance of the policy response by comparing the best practice cases against recovery periods that fall within the observed normal range. For example, both the Anguilla Hurricane case study and the SARS outbreak involved a roughly 30% impact on arrivals in affected countries, but the average recovery period for these events was just seven months. This is a shorter recovery period than the ten-month lower bound of the normal range; specifically a seven-month recovery is 1.4 times faster than a ten-month recovery. Making this comparison

A positive response can drive a recovery 1.5 times faster than average.

across all events with a strong response shows an average recovery time that is 1.5 times faster than could be expected within the normal range.

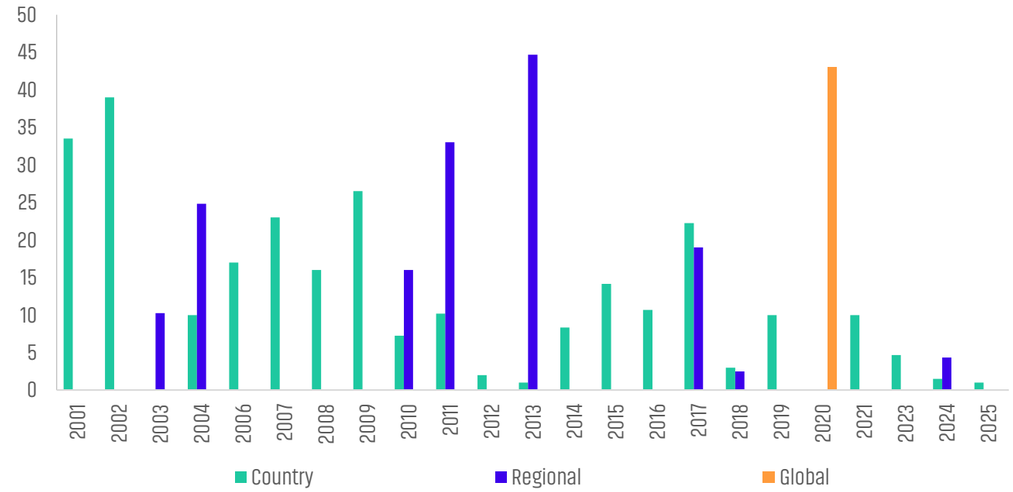
3.2.2 Geography Magnifies Impact

The geographic reach of a crisis often matters as much as the crisis itself. Events confined to a single destination typically recover more quickly because travelers are better able to distinguish between affected and unaffected locations. By contrast, regional and multi-country crises generate wider reputational spillovers, connectivity challenges, and economic disruption that can extend recovery timelines well beyond the period for a more localized event. These crises typically require coordinated responses across multiple stakeholders and jurisdictions to support recovery.

Overall, the evidence suggests that tourism is most resilient when disruptions remain localized and confidence can be restored quickly. Recovery periods associated with single-country crises have shortened

AVERAGE RECOVERY PERIOD OVER TIME, BY GEOGRAPHIC SCOPE

Average number of months for destinations to recover from geopolitical events



significantly over the past two decades. This reflects both increasing traveler resilience and the growing ability of destinations to restore confidence, rebuild connectivity, and regain market share following disruption.

The picture is less encouraging for regional and multi-country crises. These events often affect multiple tourism drivers simultaneously, including transportation networks, consumer confidence, affordability, and investment sentiment. Recovery becomes considerably more challenging under these circumstances, and restoring confidence alone is insufficient. Connectivity and affordability also become critical determinants of recovery outcomes.

The largest and longest-lasting tourism impacts observed over the past 25 years have involved crises affecting multiple countries. The COVID-19 pandemic is the most obvious example, but the 2003 SARS outbreak and the West African Ebola crisis also generated substantial regional spillover effects across multiple destinations. In each case, impacts were amplified by uncertainty, cross-border disruption, and concerns that extended beyond the countries directly affected.

However, while these multi-country health crises all involved significant event impact periods across multiple destinations, the recovery periods varied significantly. Travel to destinations affected by SARS normalized relatively quickly given the initial scale and complexity of the crisis, aided by a rapid recognition of the seriousness of the outbreak, and measures put in place to bring this under control, alongside a clear communication strategy. In contrast one of the worst affected destinations in terms of tourism activity during the Ebola outbreak was The Gambia, which had previously relied on Travel & Tourism for around 40% GDP. There were no recorded Ebola cases in the Gambia, but travelers stayed away due to concerns about safety due to the proximity to affected countries. In the post event evaluation by The World Health Organization multiple opportunities for improvement were noted, including a need for improved communication and that “for monitoring rumors and media…a formal system should be developed and implemented”.

These events often affect multiple tourism drivers simultaneously, including transportation networks, consumer confidence, affordability, and investment sentiment.

This rise in complexity and prevalence of multi-country events is particularly evident in geopolitical crises, as events such as the Arab Spring and Russia's invasion of Ukraine generated impacts that extended far beyond the immediate conflict zone. Airspace restrictions, higher transport costs, economic uncertainty, and concerns about regional stability affected tourism flows across a much wider geography than the two countries directly involved. Yet these events also demonstrated tourism's adaptability. While some destinations experienced significant losses, others successfully attracted redirected demand by restoring confidence quickly and repositioning themselves in emerging source markets.

In contrast, more geographically contained geopolitical events have generally recovered more quickly. The 2025 Israel-Iran Twelve-Day War caused significant disruption to aviation networks and traveler sentiment during the crisis itself, but the relatively limited duration of active hostilities constrained longer-term and wider-reaching impacts. Reduced physical damage, rapid de-escalation, and the restoration of connectivity helped support a faster recovery trajectory than would typically be expected from a prolonged regional conflict. The

The largest and longest-lasting tourism impacts observed over the past 25 years have involved crises affecting multiple countries.

physical and business networks put in place by major regional stakeholders, including marketing and communications infrastructure, ensured that the sector was prepared to rebound rapidly.

Importantly, the historical improvement in recovery times appears to be slowing as regional and global disruptions become more prevalent with disruption becoming a more structural feature of the operating environment. The evidence suggests that the hardest crises to recover from are no longer necessarily the most physically destructive, but those that simultaneously undermine confidence, connectivity, and affordability across multiple markets.

This distinction is particularly relevant to the current crisis in the Middle East. While the direct impacts are concentrated in a limited number of destinations, the effects extend well beyond the immediate geography of the conflict through aviation networks, energy markets, traveler sentiment, and affordability pressures. As a result, understanding the future trajectory of the crisis requires not only an assessment of events on the ground, but also an evaluation of how confidence, connectivity, and affordability evolve in the months ahead.

3.3 The Middle East Crisis: Three Recovery Pathways

The conflict in the Middle East has already generated significant disruption across the tourism ecosystem. Beyond the direct impacts for affected destinations, the crisis has disrupted aviation networks, constrained connectivity, increased fuel costs, weakened affordability, and heightened uncertainty across multiple travel markets. While the most severe effects have been concentrated within the region, the implications extend far beyond the immediate geography of the conflict.

Historical evidence suggests that although tourism demand is remarkably resilient, the critical question is how quickly confidence, connectivity, and affordability can be restored. These factors will ultimately determine the pace and scale of recovery from this year's crisis.

How long these effects persist will ultimately depend on the speed with which confidence, connectivity, and affordability can be restored. The range of potential outcomes are illustrated via the three recovery pathways constructed by Tourism Economics, with growth in international travel volumes considered relative to pre-war expectations.

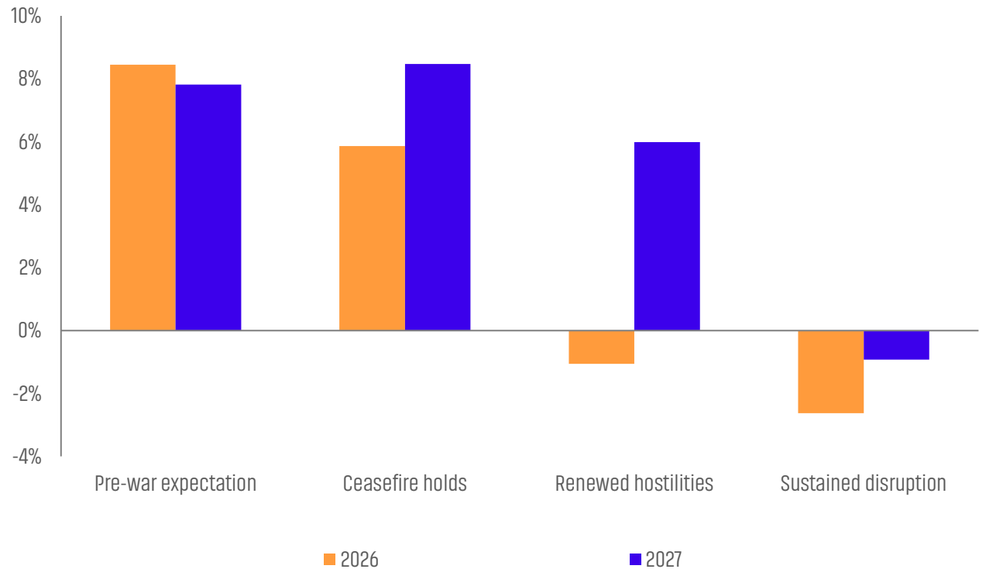
While the most severe effects have been concentrated within the Middle East, the implications extend far beyond the immediate geography of the conflict.

1. **Scenario 1: Ceasefire holds** assumes a lasting peace as a direct result of the initial deal reached in mid-June 2026, allowing normalization to begin and travel activity to return, including a reopening of airspace and a removal of travel advisories. Wider economic normalization is also assumed, including a resumption of traffic through the Strait of Hormuz.
2. **Scenario 2: Renewed hostilities** quantifies impacts if the ceasefire breaks down and active hostilities recommence during the second half of 2026 before resolution towards the end of the year allowing recovery to begin in 2027.
3. **Scenario 3: Sustained disruption** considers the impact if any renewed disruption continues beyond this year, with heightened tensions, periodic conflict, limited air connectivity and further blockades of marine traffic through the Strait of Hormuz.

The critical question is how quickly confidence, connectivity, and affordability can be restored.

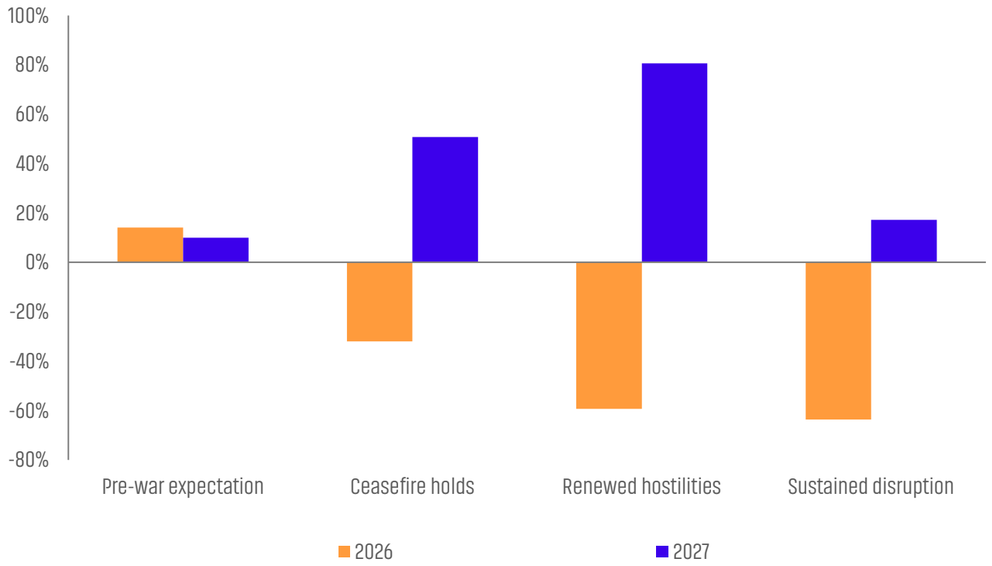
GLOBAL INBOUND ARRIVALS, BY SCENARIO

% growth in international travel volume



MIDDLE EAST INBOUND ARRIVALS, BY SCENARIO

% growth in international travel volume



The Middle East Conflict is Influencing Global Tourism Activity Through Four Interconnected Channels

1. CONFIDENCE → Drives recovery

2. CONNECTIVITY → Shapes demand

3. HIGHER COSTS → Mean fewer trips

4. AFFORDABILITY → Impacts behavior

To understand the speed and scale of potential recovery, it is necessary to analyze the channels through which the conflict has influenced global tourism activity.. Impacts are being felt across a wide range of destinations through four interconnected channels, requiring a coordinated response:

1. **Confidence drives recovery**.
The most direct impacts are being felt by destinations affected by the conflict itself, including destinations directly affected by conflict and neighbouring destinations exposed to spill over effects. Airline capacity cuts, evident in the 2.9% fall in global ASKs in April 2026, including 37.2% drop for Middle East carriers according to IATA data, are having an immediate impact while recovery will also depend heavily on the restoration of traveler confidence and perceptions of safety. Historical experience suggests that once a durable ceasefire is established, recovery trajectories are likely to fall within the range observed following previous geopolitical crises, although performance will vary considerably by destination.

2. **Connectivity shapes demand**.
The Middle East plays a critical role in global aviation. Approximately 14% of global transit traffic passes through Gulf hub airports, while around one-fifth of travel between Europe and Asia typically connects through the region. Airspace restrictions, airport disruptions, and route diversions have therefore generated impacts far beyond the Middle East itself. Longer routes to bypass the region, such as between Europe and Asia, increase both travel time and operating costs, while reduced airline capacity constrains connectivity and raises fares. These dynamics are likely to encourage greater regionalization of travel in Summer 2026, and potentially beyond if a resolution is not reached swiftly.

3. **Higher costs mean fewer trips**.
The disruption of energy exports through the Strait of Hormuz has placed significant upward pressure on oil and jet fuel prices. The latter have increased more sharply than crude oil prices due to record refining margins and concerns regarding

Beyond the direct impacts on affected destinations, the crisis has disrupted aviation networks, constrained connectivity, increased fuel costs, weakened affordability, and heightened uncertainty across multiple travel markets.

storage and supply capacity. Tourism Economics modelling suggests that global airfares could increase by between 5% and 10% more than pre-war expectations on average during 2026 even under a relatively positive resolution scenario. The extent of these impacts are difficult to determine because higher costs are typically only visible in final prices after several months, due to airline hedging strategies and the pre-booking of flights. Some airlines have also discounted fares for the summer to stimulate demand, assuming that resolution and lower costs will come. Overall, the expected higher air fares are expected to be more prevalent in late 2026 and with potential larger increases, of up to an additional 10%,in 2027 should disruption persist. While transportation costs are expected to experience the largest immediate increase, as fuel accounts for a higher proportion of costs, accommodation and cruise pricing will likely be affected more gradually. Higher fuel and energy costs will increase operating expenses, but most hotels and cruise operators are expected to absorb these increases in the short-term to maintain price competitiveness or rely on yield management strategies rather than implement immediate across-the-board price increases. These prices should remain broadly unchanged from pre-crisis expectations in the best case outlook.

4. **Affordability impacts behavior.**
Higher energy prices are also feeding through to broader inflation, with global consumer price inflation now expected to reach 4.0% in 2026 on average, up from earlier expectations of around 3.0%. Combined with slower income growth due to weaker economic activity, this is reducing household purchasing power and weakening discretionary spending. Global consumer spending is set to slow to just above 2% growth in 2026 from 2.9% in 2025. The result is a dual affordability squeeze for travelers: transport costs rise while disposable incomes come under pressure. Under such conditions, consumers rarely stop travelling altogether. Instead, they adapt by shortening booking windows, prioritizing value, substituting toward regional and domestic trips, and delaying discretionary long-haul travel. Chinese outbound travelers have been particularly sensitive to these dynamics in the past and have been exercising more caution since the Covid-19 pandemic. Chinese departures remained 17% lower than the pre-pandemic peak in 2025 and will not regain these prior peaks in 2026, while long-haul travel to destinations outside Asia-Pacific was 31% lower and will remain subdued. While premium and luxury segments are expected to remain relatively resilient, mass-market long-haul demand is likely to respond more quickly to rising travel costs and weaker affordability. This could reinforce the shift toward regional Asian destinations already evident during the post-pandemic recovery.

Taken together, these dynamics suggest that the most likely near-term outcome is not a collapse in travel demand, but a reallocation of demand. Higher airfares, longer routes, and ongoing uncertainty are expected to increase regional and domestic travel, shorten booking windows, and reinforce the search for value. Long-haul demand is likely to remain positive overall, although growth will be slower than anticipated before the crisis, particularly on routes dependent on Gulf hub connectivity.

Price-sensitive travelers are expected to postpone trips, substitute destinations, or reduce trip duration, while premium travelers are likely to remain comparatively resilient. Airlines and destinations offering flexibility, clear communication, and strong value propositions are expected to outperform.

Tourism Economics Travel Trends Survey (TTS) of consumer behavior highlights that 80% of travelers say that price has an impact on destination choice and trip duration. However, roughly half of travelers still say that luxury experiences are important. Destinations which can offer the right experiences

3.3.1 Scenario 1: Ceasfire Holds

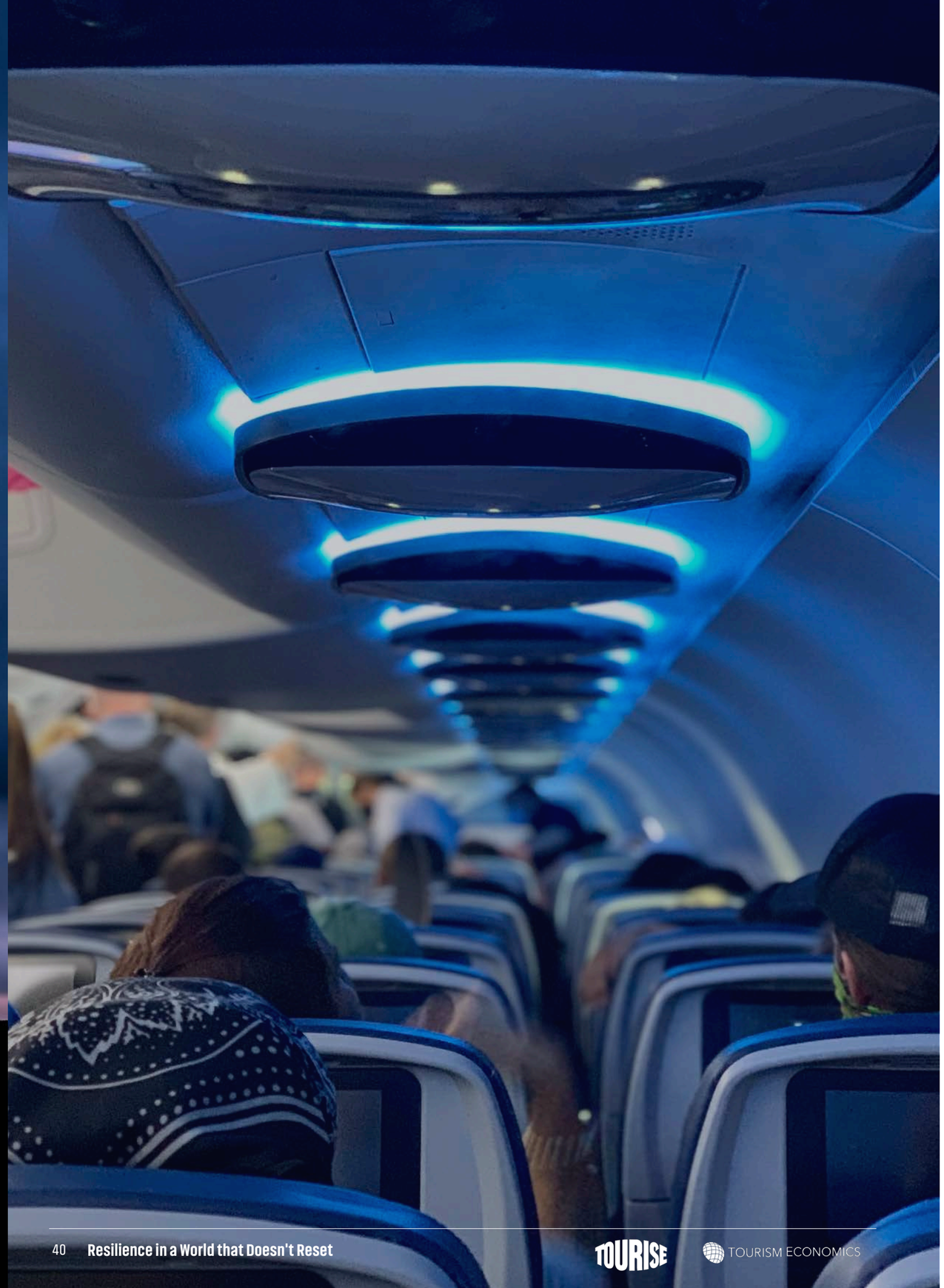
This scenario represents a start of recovery rather than an immediate return to normality in 2026. It is assumed that the deal reached in mid-June 2026 holds and that there is an end to military operations while a lasting political settlement begins to emerge during the second half of 2026, and energy exports progressively normalize. Airspace restrictions are lifted, travel advisories begin to ease, and confidence gradually returns to the market.

Direct travel to affected destinations will resume and recovery will follow a trajectory broadly consistent with prior geopolitical crises. For many destinations, a return to pre-crisis tourism trajectories within approximately 12 months would be achievable if connectivity is restored quickly and traveler confidence improves. Demand for the region's tourism offerings remains fundamentally intact, particularly among higher-value travelers attracted to luxury, retail, and leisure experiences. Historical evidence suggests that once safety concerns diminish, travelers are generally willing to return. Postponed and new large-scale events, including both MICE and leisure events, can be hosted during the second half of 2026, providing clear signals of normal operations and safety to rebuild confidence.

Connectivity and Confidence

Global aviation networks would progressively recover as airspace reopens, and airlines restore capacity. Gulf hub airports would regain transit traffic, although

Airlines and destinations offering flexibility, clear communication, and strong value propositions are expected to outperform.



competition is likely to intensify as some carriers from other regions seek to retain direct long-haul routes introduced during the disruption. Importantly, the approximately 12,000 flight cancellations recorded globally in May 2026 (representing around 2 million seats) amounted to less than 3% of worldwide airline capacity. More than two-thirds of these reductions came from just three carriers: Lufthansa, Turkish Airlines, and Air China. The concentration of these cuts suggests that airlines were responding as much to uncertainty and anticipated demand weakness as to operational constraints. Many reductions occurred on lower-yield routes with weaker load factors, indicating a precautionary effort to protect profitability rather than a wholesale withdrawal from international markets. This behavior points to airlines continuing to expect growth, albeit with a degree of caution and at a slower pace than anticipated before the conflict. This also points to the clear risks and Travel & Tourism vulnerabilities in Europe and Asia Pacific regions.

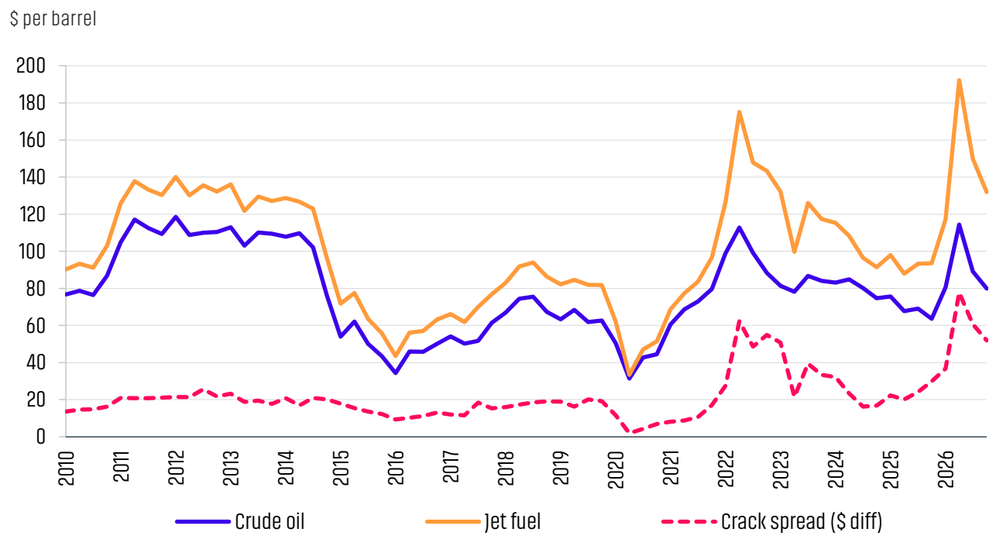
While connectivity progressively improves under this scenario, capacity restoration is unlikely to be immediate. Less profitable routes will remain infrequent and long-haul journeys that traverse the region will continue to involve longer routes until airline networks fully normalize.

Less profitable routes will remain infrequent and long-haul journeys that traverse the region will continue to involve longer routes until airline networks fully normalize.

Costs and Affordability

Oil prices and jet fuel costs would decline from current peaks, of $120 per barrel and $190 per barrel, but will remain elevated for several months as supply chains normalize and market uncertainty persists, with global airfares through much of 2026 set to rise approximately 5-10% above pre-crisis expectations.

CRUDE OIL PRICE AND JET FUEL PRICE TREND AND NEAR-TERM EXPECTATION



Travelers are expected to adapt rather than cancel, prioritizing value, adjusting trip duration, and selecting closer (and ultimately cheaper) destinations where appropriate.

By contrast, accommodation and cruise pricing are likely to face more limited upward pressure, with many operators expected to absorb a portion of higher operating costs. Due to schedules being set well in advance, cruise traffic is unlikely to return to the Gulf or Red Sea in any significant volume until 2027 at the earliest.

Consumer affordability would remain under pressure, but not to an extent that fundamentally alters global tourism demand. Travelers are expected to adapt rather than cancel, prioritizing value, adjusting trip duration, and selecting closer (and ultimately cheaper) destinations where appropriate. Chinese outbound travelers will remain among the most price-sensitive segments, with higher transportation costs potentially reinforcing the preference for regional Asian destinations already evident in the post-pandemic recovery.

Global Travel Outcome

For Summer 2026, the most likely outcome is not a contraction in travel demand but a shift in travel behavior. While Travel & Tourism remains on a growth trajectory under this scenario, recovery becomes more uneven, more regionalized, and more price sensitive than anticipated before the conflict.

The primary effect is expected to be slower growth rather than a material decline in travel activity. International tourism continues to grow globally, with 6% increase in international visits, rather than the 8% anticipated before the conflict. Tourism Economics models that approximately 90% of destinations worldwide would still record annual tourism growth. Higher airfares, longer routes, and lingering uncertainty are expected to encourage shorter booking windows, stronger demand for regional and domestic travel, and greater emphasis on value.

Changing consumer preferences mean travelers will increasingly favor regional and domestic travel; a temporary shift in where travelers go, their mode of travel, and how much they are willing to spend. The largest impact will be on long-haul travel which is anticipated to grow just 1% rather than the 10% rate expected pre-war, while short-haul travel is still set to continue to expand by 7%. Slowdown is particularly evident on routes dependent on Gulf hub connectivity. Globally, travel distances will be shorter, and expected Revenue Passenger Kilometer (RPK) growth will be 1% point slower than the anticipated growth in passenger volumes; a reversal of the trend in 2025 as longer trips were being taken. In Europe and Asia Pacific, regional demand will account for 80% and 90% of growth as travelers opt to stay at home in greater numbers than usual.

For Summer 2026, the most likely outcome is not a contraction in travel demand but a shift in travel behavior. The primary effect is expected to be slower growth rather than a material decline in travel activity.

3.3.2 Scenario 2: Renewed Hostilities

This scenario represents a shift from disruption-driven impacts to affordability-driven impacts. While safety concerns would continue to affect travel to the Middle East, the most significant tourism impacts would arise from reduced affordability driven by higher travel costs and weaker consumer spending power. The impacts would be much greater across the Middle East than under scenario 1, where tourism activity could decline by as much as 60% in 2026, with recovery being delayed and travel remaining constrained by ongoing uncertainty.

Under this scenario, the principal impact is a larger reallocation of demand toward shorter-haul, lower-cost, and higher-value travel options. Tourism remains fundamentally resilient, but the manifestation of that demand into activity shifts and becomes increasingly dependent on improvements in affordability, consumer confidence, and economic conditions. The defining feature of this scenario is a sustained squeeze on affordability that reshapes how, where, and how often people travel.

Costs and Affordability

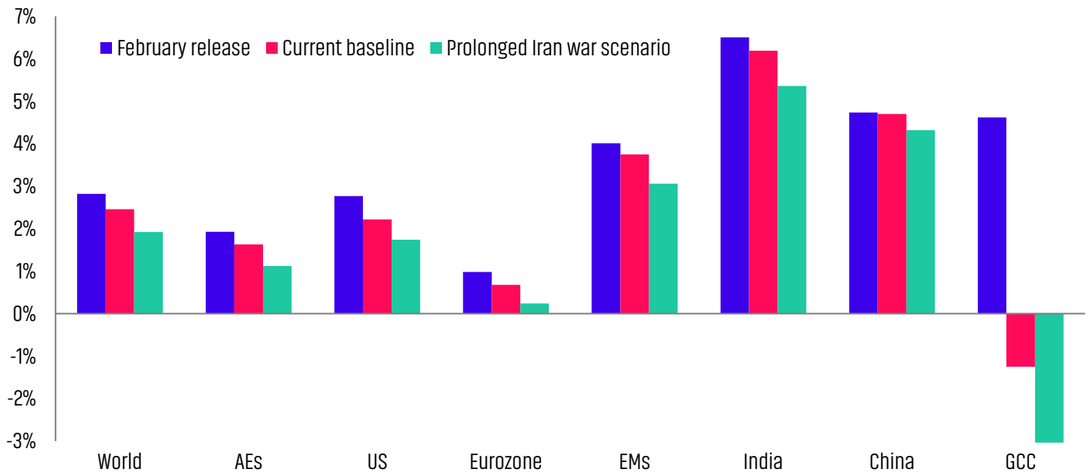
A breakdown of the ceasefire would prolong geopolitical uncertainty, delay the restoration of confidence and connectivity, and intensify volatility across energy markets. Under this scenario, oil prices could rise above US$150 per barrel and temporarily approach US$200 per barrel during periods of peak disruption. Jet fuel prices would increase even more sharply than under scenario 1, driven by both higher crude oil prices and widening refining margins. Fuel shortages would become more apparent across parts of the global aviation network, although weaker demand would partially offset some of these supply constraints.

A breakdown of the ceasefire would prolong geopolitical uncertainty, delay the restoration of confidence and connectivity, and intensify volatility across energy markets.

For travelers, the immediate effect would be felt through higher prices rather than widespread travel restrictions. Summer travel would continue in all regions beyond the Middle East, but demand would become increasingly price sensitive. Higher airfares, rising living costs, and persistent uncertainty would encourage travelers to shorten trips, delay bookings, substitute destinations, and prioritize domestic and regional travel over long-haul journeys. Travel would remain a priority for many households, but consumers would become considerably more selective in how and where they spend.

WORLD GDP FORECASTS FOR 2026

year-on-year % change



The combined effect of higher travel costs, elevated inflation, and weaker consumer confidence would reduce discretionary spending across major source markets.

The most significant impact would likely come through affordability. Global airfares could rise by an additional 10% relative to the ceasefire scenario, meaning prices would be up to 20% above pre-war expectations by late 2026, with impacts lingering into 2027. Higher energy costs would also feed through into broader inflationary pressures. Global consumer price inflation could approach 8%, comparable to levels recorded following the 2022 energy and food price shock. In response, central banks would tighten monetary policy more aggressively, which in turn would weaken economic growth, slow income gains, and further erode household spending power. Global consumer spending growth would slow to 1.5% in 2026 from 2.9% in 2025, with falls in consumer spending in the US and Eurozone towards the end of this year.

Connectivity and Confidence

Airlines would respond by becoming increasingly cautious with further cuts to capacity on lower yield routes likely and increased focus on regional activity. Capacity reductions would likely expand beyond the precautionary adjustments observed during the initial stages of the conflict, with carriers concentrating available capacity on stronger-performing and more profitable routes, with a focus on short-haul capacity and higher yield long-haul routes. The affordability impacts under this scenario would involve significant demand destruction, and airlines are likely to broadly match cuts to the falls in demand, but with some limited constraints likely on specific routes. While cancellations would increase relative to the ceasefire scenario, airlines would primarily manage risk through selective capacity reductions rather than wholesale network withdrawal. Network connectivity would remain available across most markets, but passengers would face fewer route options, higher fares, and longer journey times. Planned capacity expansion and fleet growth would also be delayed, slowing the pace at which global aviation networks recover.

Global Travel Outcome

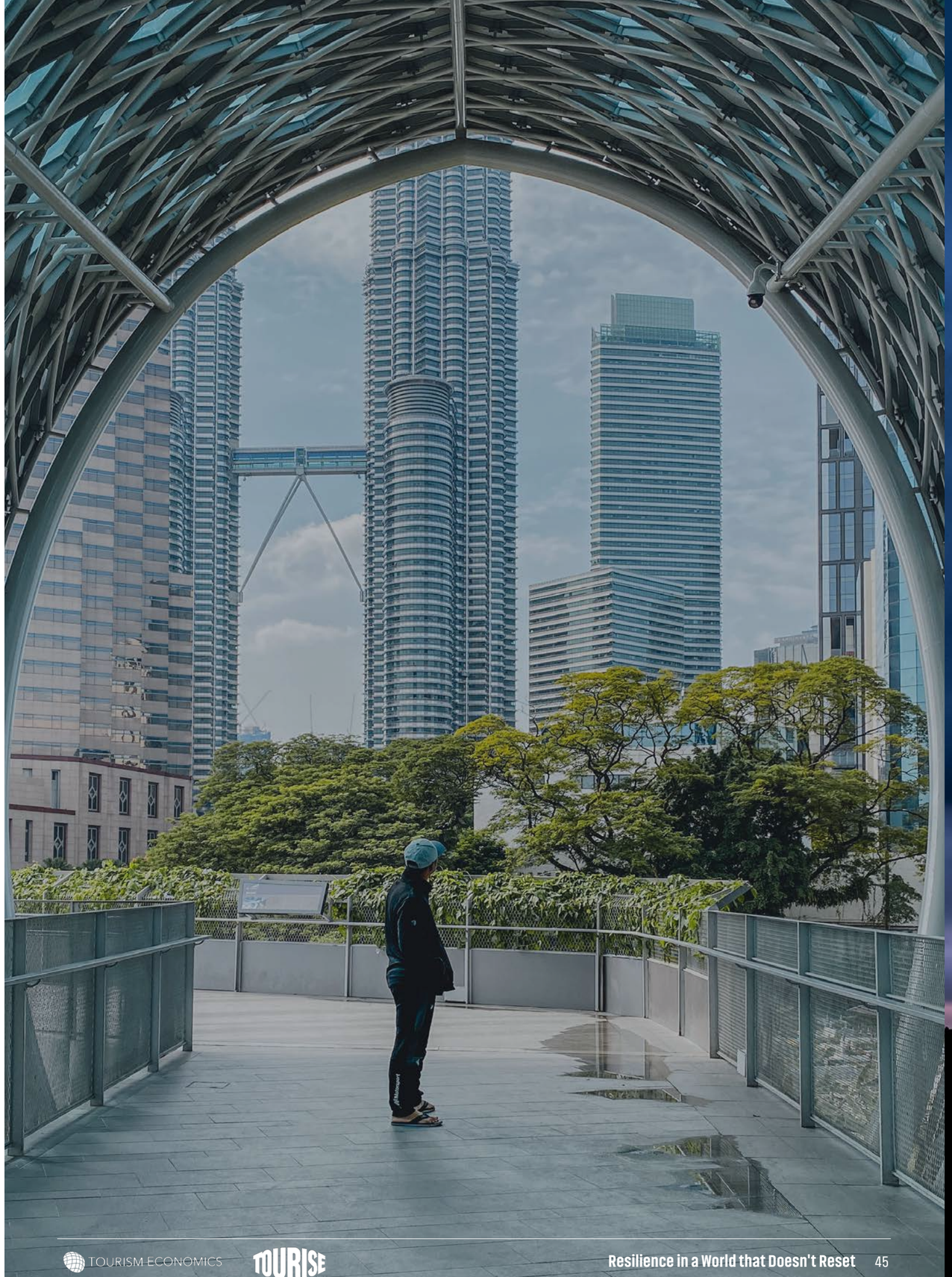
The combined effect of higher travel costs, elevated inflation, and weaker consumer confidence would reduce discretionary spending across major source markets. Under these conditions, international tourism demand would likely decline modestly at the global level, with Tourism Economics modelling a fall of approximately 1%, and a drop as a share of overall consumption.

Recovery would therefore be further delayed rather than derailed. Assuming a resolution to the conflict emerges during late 2026, some recovery would likely begin during 2027. However, heightened inflation, weaker consumer confidence, and lingering affordability pressures would extend recovery timelines and slow the pace of growth. The gap between travel activity in this scenario and the pre-war expectation will widen further in 2027 before starting to narrow in 2028 as recovery is able to take hold.

3.3.3 Scenario 3: Sustained Disruption

This scenario represents the most significant challenge for tourism. Unlike the other scenarios, this pathway assumes that the conflict remains unresolved beyond 2026, resulting in periodic escalation, persistent geopolitical uncertainty, and

The challenge shifts from managing a temporary shock to adapting to a prolonged period of instability. Under this scenario, tourism would face a structural rather than cyclical disruption.



prolonged disruption to energy markets and regional connectivity. The challenge shifts from managing a temporary shock to adapting to a prolonged period of instability.

Under this scenario, tourism would face a structural rather than cyclical disruption. Confidence, connectivity, and affordability would remain under sustained pressure, preventing the recovery dynamics typically observed following geopolitical crises. Rather than anticipating a return to normal conditions, destinations, businesses, and travelers would increasingly adapt their behavior to a new operating environment characterized by higher costs, reduced connectivity, and ongoing uncertainty.

Connectivity and Confidence

Airspace restrictions and travel advisories would likely persist across parts of the region, increasing journey times, reducing convenience, and limiting connectivity. Airlines would gradually adjust to these conditions by redesigning networks, reallocating capacity, and prioritizing routes with stronger demand and higher profitability. While connectivity would remain available, it would become less efficient, less frequent, and more expensive. The competitive position of Gulf hub airports could also come under pressure if alternative long-haul routes become permanently embedded within global aviation networks.

Oil and jet fuel prices would remain elevated for an extended period, resulting in sustained pressure on airline operating costs and ticket prices. Fuel shortages could emerge periodically until supply chains adjust or alternative export routes are developed, having a downward impact on air capacity for less profitable routes, further driving modal shift and regionalization. This would be a key factor behind the expected 3% drop in global travel, with sustained air capacity falls of around 5%.

Airfares would likely rise by around 20% and remain above historical norms for several years, but there would be some offset as there would be fewer expensive long-haul flights. Accommodation, cruise, and other tourism-related costs would also face continued upward pressure and total travel costs could rise more significantly than under

> Fuel shortages would become a clearer issue with lasting disruption to oil markets. Oil and jet fuel prices would remain elevated for an extended period, resulting in sustained pressure on airline operating costs and ticket prices.

other scenarios, consistent with wider inflation at around 6% for a three-year period. Higher airfares would reduce air demand, while continued airspace closures would affect capacity in the Middle East with airlines being unlikely to reinstate capacity to regional destinations. This in turn would cause further disruption to longer-haul routes, especially for those that directly utilize this airspace (such as between Europe and Asia).

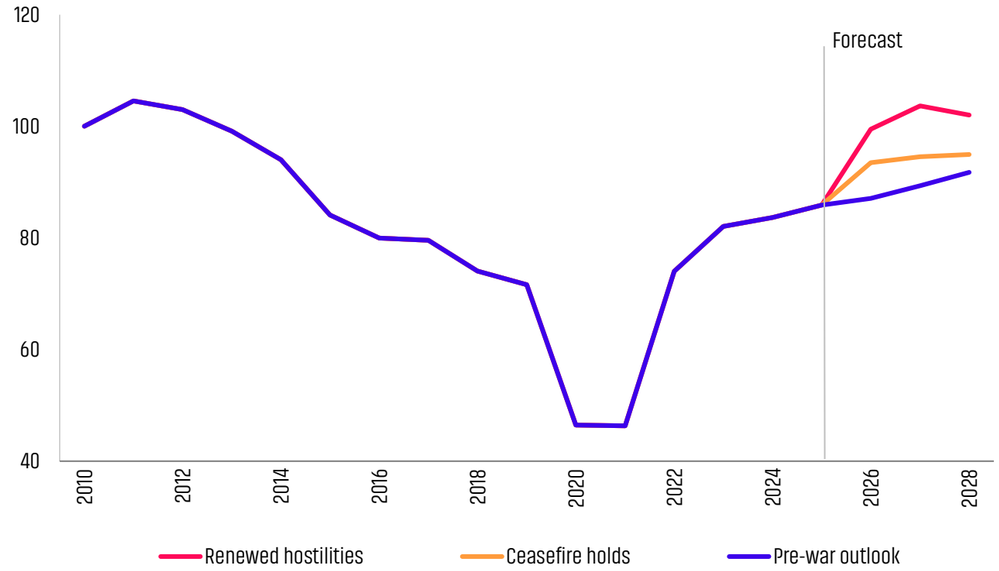
Costs and Affordability

For travelers, sustained disruption would reinforce longer-term behavioral shifts that have already been emerging across global tourism markets. Consumers would become increasingly price sensitive, favoring regional and domestic travel, booking later in their planning cycle, and placing greater emphasis on value. Long-haul travel demand would continue to grow, but at a much slower rate than historic trends. The impacts on household income and consumer

> Consumers would become increasingly price sensitive, favoring regional and domestic travel, booking later in their planning cycle, and placing greater emphasis on value.

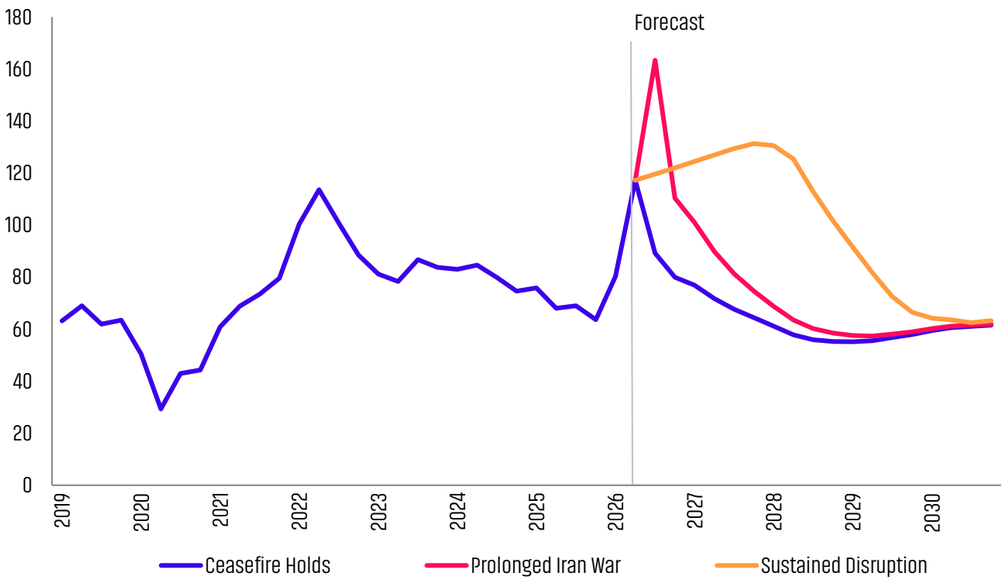
GLOBAL AIRFARE INDEX

2010=100



WORLD OIL PRICES

$ per barrel



spending in this scenario would be less intense in 2026 than envisaged under the renewed hostilities scenario because the spike in prices would be less severe.. However, the lingering tensions would imply that pressure on affordability will endure for a longer period, remaining a key factor into the medium term and potentially causing lasting damage, including a deep recession in major countries.

Global Travel Outcome

Unlike the ceasefire and renewed hostilities scenarios, the primary challenge under this pathway a prolonged period of weaker growth, rather than a short-term drop in demand International travel growth would continue, but the size of increases would remain consistently below pre-crisis expectations. Regional and domestic travel growth would outperform that of longer-haul trips which would drop by more than 10%. Destinations heavily dependent on long-haul connectivity will face increasing competitive pressure.

The Middle East would experience the most significant impacts of all regions. Prolonged connectivity constraints, ongoing travel advisories, and persistent concerns regarding regional stability would significantly constrain the pace of recovery. The challenge would shift beyond restoring demand and toward maintaining or regaining long-term competitiveness. Destinations would need to invest heavily in confidence-building measures, connectivity restoration, product diversification, and value creation simply to maintain market share.

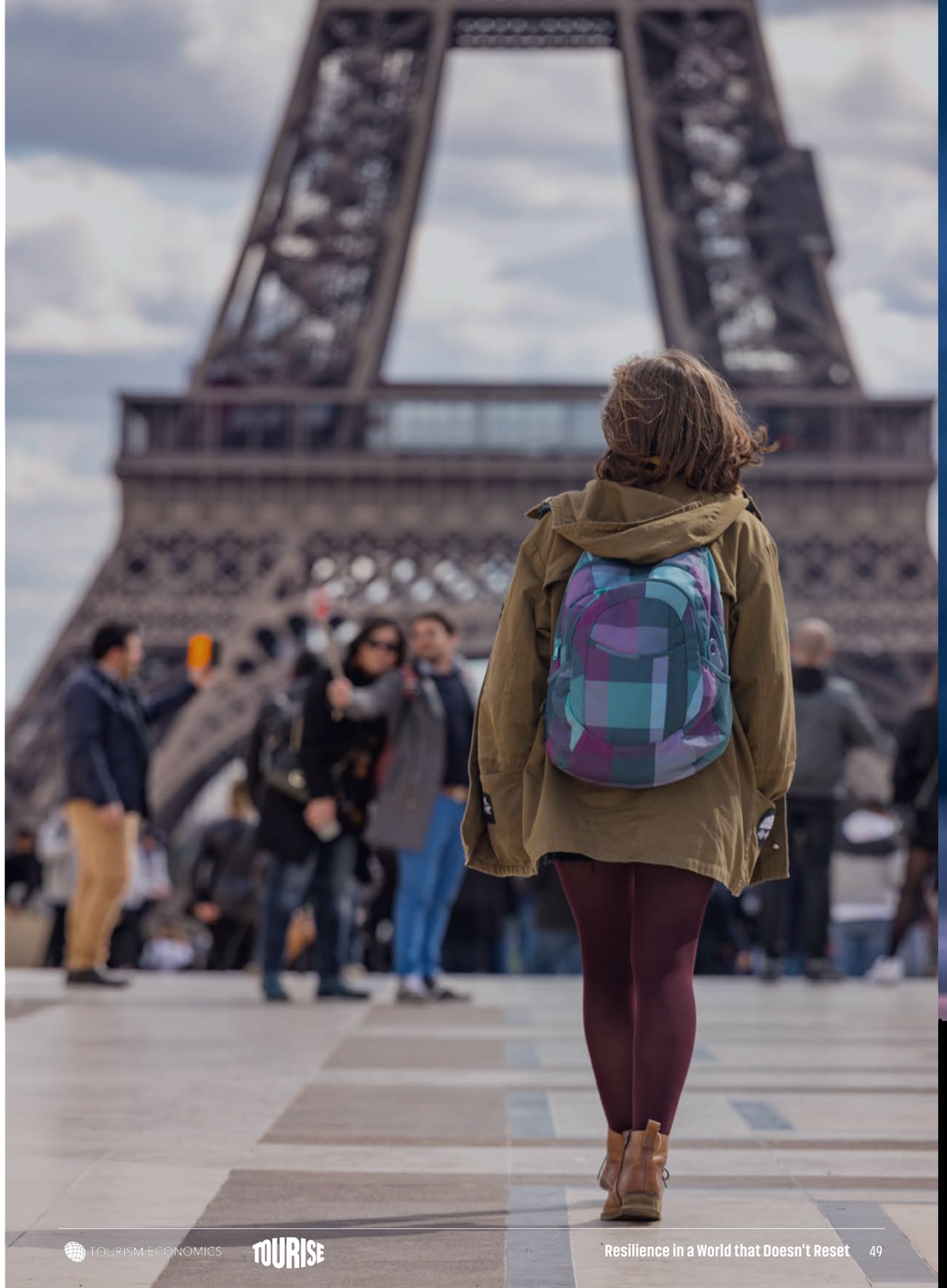
Across all three scenarios, the critical determinants of recovery remain confidence, connectivity, and affordability. The scenarios differ less in whether tourism recovers than in how recovery unfolds – including its pace, distribution, and cost.

Across all three scenarios, the critical determinants of recovery remain confidence, connectivity, and affordability. The scenarios differ less in whether tourism recovers than in how recovery unfolds: including its pace, distribution, and cost. Historical evidence suggests that travelers typically adapt before cancelling travel, making rising travel costs, reduced connectivity, and changing consumer behavior the most significant near-term risks. The implications of these dynamics expose a number of deeper structural vulnerabilities across the global tourism system.

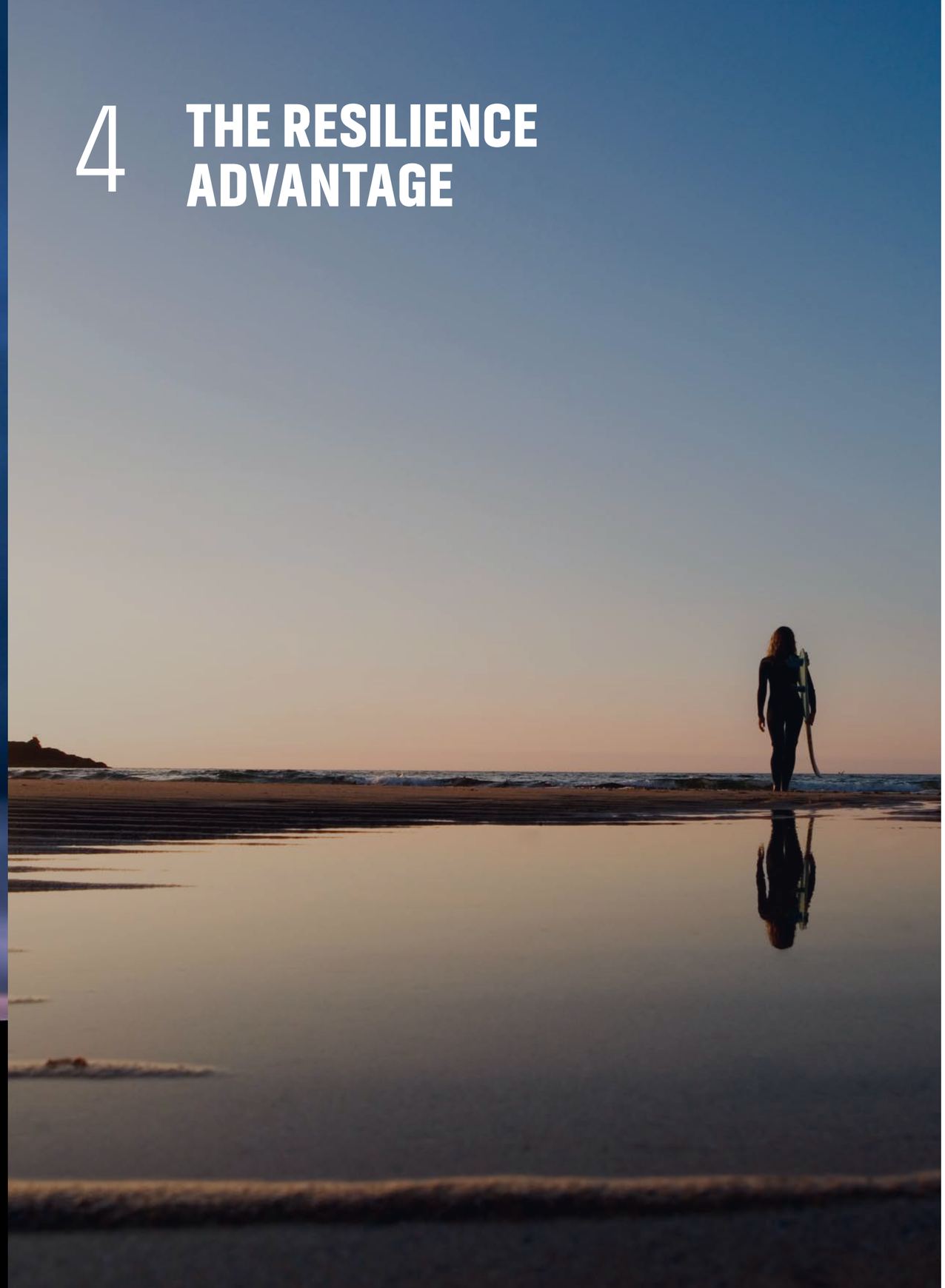
SUMMARY SCENARIO OUTCOMES

	Global Travel Growth		Middle East Travel Growth		Rest of World Travel Growth	
Scenario	2026	2027	2026	2027	2026	2027
Pre-war expectation	8%	8%	14%	10%	8%	8%
Ceasefire Holds	6%	8%	-32%	51%	8%	7%
Renewed Hostilities	-1%	6%	-59%	81%	3%	4%
Sustained Disruption	-3%	-1%	-64%	17%	2%	-2%

Source: Tourism Economics



4 THE RESILIENCE ADVANTAGE



Historical evidence suggests that tourism almost always recovers. The more important question is why some destinations recover faster, attract investment sooner, and emerge stronger than others.

Recent crises have demonstrated that recovery outcomes are shaped as much by the structure of tourism systems as by the nature of the shock itself. Destinations with diversified demand, resilient connectivity, strong institutional coordination, credible communication capabilities, and sustained investment in preparedness consistently outperform those that rely on narrower markets, fragmented governance structures, or reactive approaches to crisis management. In addition, as digital narratives increasingly influence traveler behavior, the ability to maintain confidence and counter misinformation has become an increasingly important component of tourism resilience.

The current Middle East crisis reinforces a broader reality: resilience is built long before a crisis occurs. While confidence, connectivity, and affordability increasingly determine the pace of recovery, a destination's ability to restore these conditions depends on the strength of the systems, institutions, and investments that underpin its tourism economy. Resilience is therefore most effective when embedded proactively into tourism systems rather than addressed reactively after disruption occurs.

Across recent crises, four interrelated factors have consistently distinguished stronger recovery performers from more vulnerable destinations:

1. The continuity of capacity and supply;
2. The degree of diversification in source market composition;
3. The speed and effectiveness of response and communication; and
4. Engagement in proactive planning and long-term investment.

Together, these factors influence not only the speed of recovery, but also whether destinations emerge from disruption stronger, more competitive, and better prepared for future shocks.

Recovery begins long before demand returns. Destinations can only benefit from recovering demand if aviation, accommodation, transport systems, and tourism businesses remain operational.

4.1 Capacity & Supply Continuity

Recovery begins long before demand returns. Destinations can only benefit from recovering demand if aviation, accommodation, transport systems, and tourism businesses remain operational. The ability to preserve and rapidly restore tourism capacity is therefore one of the strongest predictors of recovery performance.

Air connectivity remains the strategic backbone of tourism recovery.[15] Disruptions to aviation networks can significantly delay recovery even when demand rebounds, while accommodation infrastructure, transport systems, and tourism SMEs determine whether destinations can convert returning demand into actual visitor activity. SMEs are particularly important because they underpin accommodation, transport, attractions, and visitor experiences, yet are often the most vulnerable during prolonged downturns.

Resilience is most effective when embedded proactively into tourism systems rather than addressed reactively.

In an environment characterized by recurring disruption, continuity of supply is not simply an operational consideration. It is a strategic resilience advantage.

Capacity is increasingly digital as well as physical. Digital platforms now influence booking, discovery, and conversion across the travel journey. Tourism Economics research shows that 43% of travelers use social media when planning trips, while 83% consider it influential. AI-enabled marketing, recommendation systems, and digital distribution platforms increasingly help destinations direct demand toward available capacity, improve conversion rates, and adapt more dynamically to changing conditions.

The importance of maintaining capacity and supply is evident in destinations exposed to recurrent disruption.

Iceland demonstrated this during a series of volcanic eruptions between 2023 and 2025. Authorities combined large-scale evacuations, real-time traveler communications, and infrastructure protection measures to sustain aviation operations and limit wider disruption. Despite recurring seismic activity, Keflavík International Airport remained operational throughout the period and Iceland welcomed approximately 2.3 million international visitors in 2024,[16] up 2% from 2023 and close to record levels. The experience reinforced the importance of preparedness, coordination, and maintaining operational access during periods of uncertainty.[17]

Singapore adopted a similarly proactive approach during COVID-19 through its Tourism Recovery Action Task Force (TRAC), which coordinated reopening plans, aviation recovery, health protocols, and digital travel solutions across government and industry.[18] Many of these systems were retained after the pandemic, strengthening long-term preparedness. By 2025, international arrivals had recovered to 16.9 million visitors, approaching the country's pre-pandemic peak, while tourism receipts reached a record S$32.8 billion. Changi Airport handled nearly 70 million passenger movements in 2025,[19] reinforcing Singapore's position as one of the world's most operationally integrated tourism hubs.

The lesson is clear: destinations that preserve capacity and maintain operational readiness are better positioned to convert returning demand into recovery. In an environment characterized by recurring disruption, continuity of supply is not simply an operational consideration. It is a strategic resilience advantage.

4.2 Source Market Diversification & Dependence

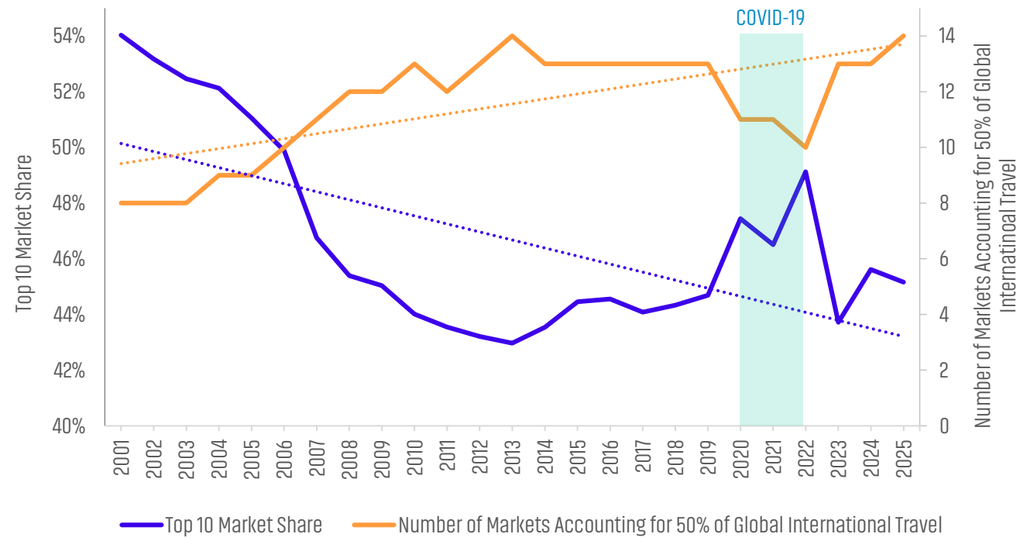
In a more fragmented and volatile world, concentration risk is becoming one of tourism's most significant structural vulnerabilities. While tourism demand typically recovers following crises, destinations that rely heavily on a small number of source markets, distribution channels, or visitor segments are considerably more exposed to geopolitical, economic, and reputational shocks. Diversification therefore acts as a critical resilience buffer, improving shock absorption and supporting more stable recovery trajectories.

This shift is increasingly visible in global travel patterns. The combined market share of the world's ten largest source markets declined from 54% in 2001 to 45% in 2025, while the number of source markets accounting for 50% of international travel increased from eight to fourteen.

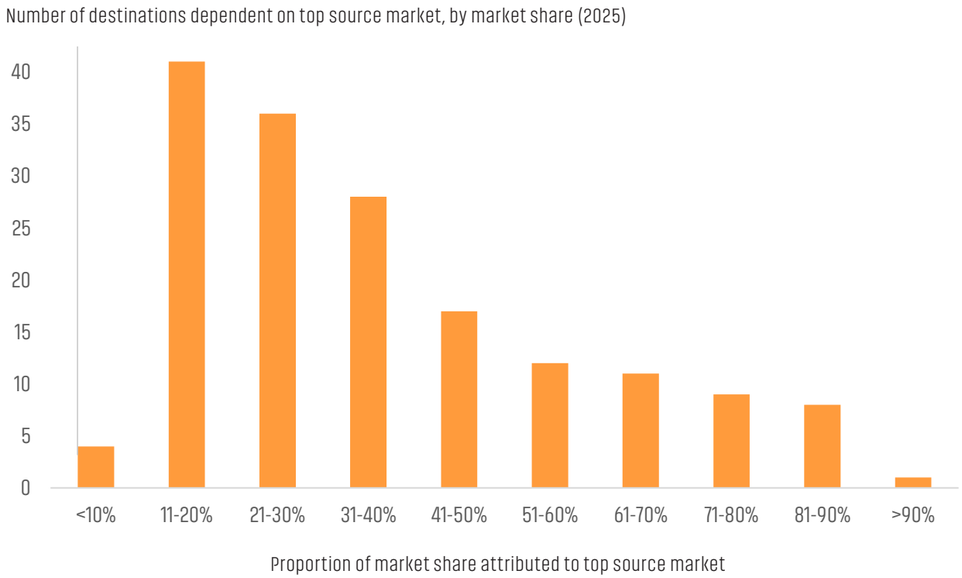
However, diversification remains highly uneven across destinations. In 2025, 41 destinations still relied on a single source market for more than 50% of arrivals. In some cases, dependence on a single source market exceeded 80%, including the Bahamas (86%) and Mexico (86%). Such concentration can

Destinations that rely heavily on a small number of source markets, distribution channels, or visitor segments are considerably more exposed.

GLOBAL DIVERSIFICATION OF SOURCE MARKETS



DEPENDENCY ON TOP SOURCE MARKET



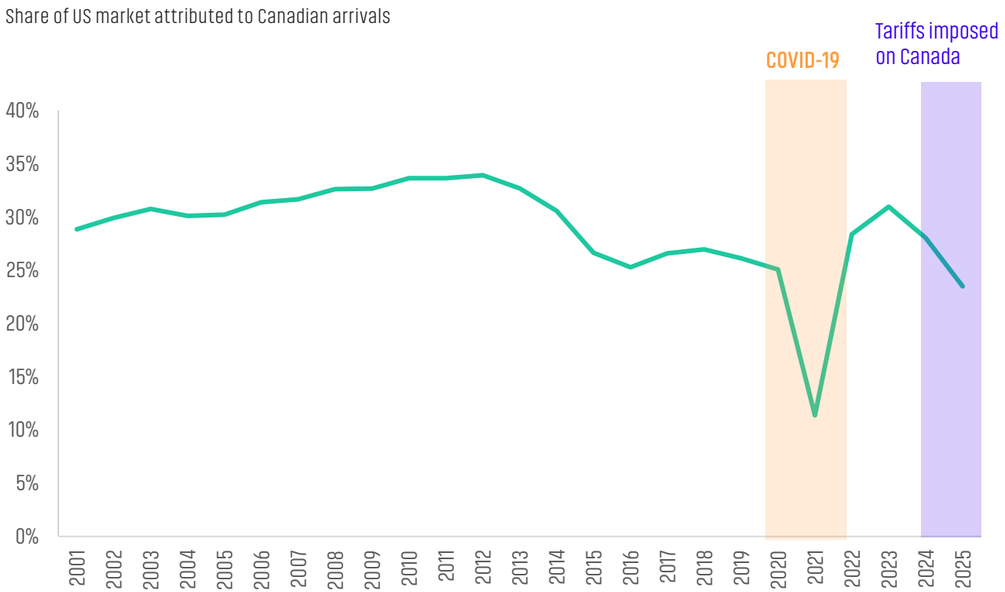
create significant exposure to external shocks, particularly when demand is closely tied to a single economy, political relationship, or travel corridor. At the other end of the spectrum, others display far more diversified demand structures, including Serbia (9%), Tanzania (11%) and Portugal (13%), often driven by strong regional visitation links (e.g., between Balkan states). Ideally, a resilient destination should rely on its top source market for less than 30% of its inbound arrivals; currently, around half (81) of all destinations satisfy this criteria.

The **United States** provides a recent example of these risks. Despite being one of the world's largest tourism destinations, strong reliance on Canadian and Mexican demand contributed to weaker performance during 2025. Canadian visitation declined sharply amid political tensions and tariff disputes,[20] with the Canadian share of US arrivals falling from 31% in 2023 to 23% in 2025. In 2025 alone, arrivals to the US declined 5%, with official reports indicate reductions of 25% in cross-border travel between Canada and the US[21] and up to 42% declines in Canadian visitation to

Concentrated demand structures can amplify external shocks as destinations with a high reliance on a limited set of source markets have experienced a slower and less balanced recovery.

US metropolitan areas.[22] As a result, the United States experienced a slower and less balanced recovery than many competing destinations, highlighting how concentrated demand structures can amplify external shocks.

US DEPENDENCE ON CANADIAN MARKET



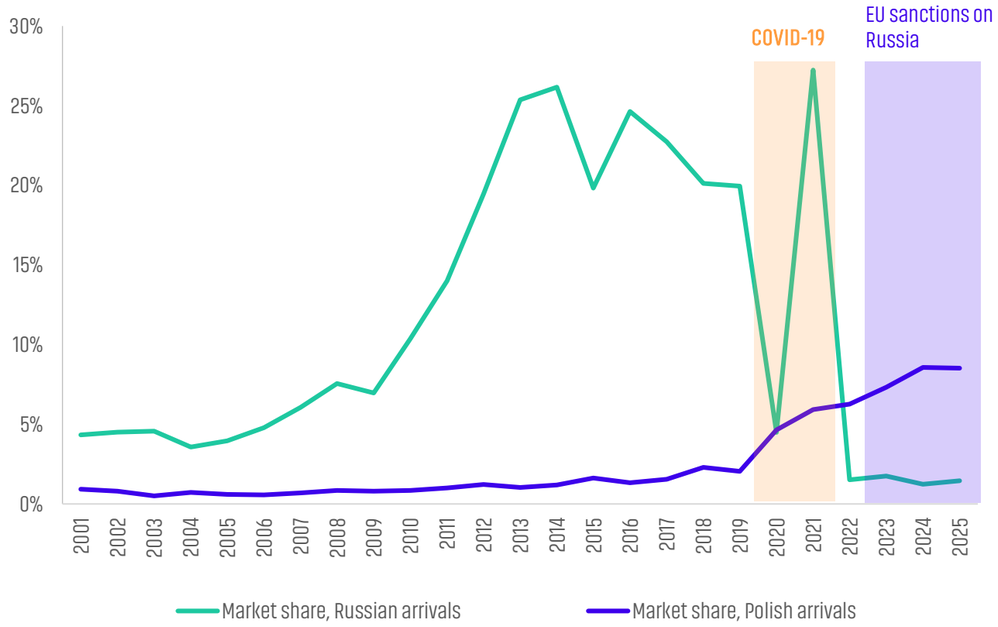
By contrast, **Cyprus** demonstrates how diversification can strengthen resilience under crisis conditions. Prior to 2022, Russia accounted for over 27% of inbound arrivals. Following the invasion of Ukraine and subsequent sanctions, Cyprus rapidly pivoted toward alternative European markets through targeted marketing and strengthened air connectivity. Whilst Russia's arrivals fell from 27% of the total to 1% in 2025, Poland's share of arrivals rose from 2% to 9% in the same period. In parallel, broader expansion into Central European and Nordic markets helped offset lost demand. The result was record visitor volumes in 2024 that surpassed pre-pandemic levels.

The lesson is increasingly clear: diversification is no longer simply a growth strategy. It is a resilience strategy. Destinations with broader source market portfolios, multiple demand channels, and stronger connectivity options are better positioned to absorb shocks, adapt to changing conditions, and sustain recovery when disruption occurs.

The lesson is increasingly clear: diversification is no longer simply a growth strategy. It is a resilience strategy.

CYPRUS DEPENDENCE ON RUSSIAN MARKET

Share of Cyprus market attributed to Russian arrivals



4.3 Trust, Communication & Response

As recovery periods have shortened, the quality of response has become an increasingly important differentiator between destinations. Well-developed crisis management systems, strong stakeholder coordination, and credible communication have contributed significantly to the reduction in average recovery periods from approximately 24 months in the early 2000s to around 10-12 months today.

Preparedness underpins response effectiveness. Destinations with clearly defined governance structures, rehearsed crisis plans, and established coordination mechanisms are better positioned to act decisively when disruption occurs. Continuous scenario testing creates institutional muscle memory, while close alignment between governments, tourism authorities, airlines, and industry stakeholders enables faster decision-making and more coherent responses under pressure.

Preparedness underpins response effectiveness . Recovery is increasingly shaped by perception as much as reality.

At the same time, recovery is increasingly shaped by perception as much as reality. Traveler decisions are heavily influenced by confidence, safety perceptions, and the information environment surrounding a crisis. In an era of digital amplification, misinformation can spread faster than official communications, distorting perceptions of risk and prolonging disruption even where operational impacts are limited. The ability to maintain trust, manage narratives, and communicate consistently has therefore become a core resilience capability.

Japan provides a compelling example. In 2025, viral social media rumors predicting a "megaquake"[23] contributed to significant booking declines across several East Asian source markets despite lacking scientific credibility. Some Hong Kong travel agencies reported booking declines of up to 50%. In response, the Japan Meteorological Agency, tourism authorities, airlines, and travel operators coordinated an extensive public information campaign to counter misinformation and reassure travelers. Despite the disruption, Japan welcomed a record 24.9 million international visitors during the first seven months of 2025[24] and remained on track for another record year, with forecasts estimating 42.7 million international arrivals. The episode demonstrated how institutional credibility, coordinated communication, and rapid response can help protect demand during digitally amplified crises.

In a digitally connected world, perceptions of risk can spread faster than the risks themselves, making communication, credibility, and coordination central pillars of tourism resilience.

Hawaii provides a complementary example of calibrated recovery messaging. Following the 2023 Maui wildfires which caused total damages estimated at US$5.5 billion, authorities implemented a phased reopening strategy that balanced community recovery with tourism demand management, including clear communication to all potential visitors as well as those already travelling. Visitor flows were redirected toward unaffected areas while heavily impacted zones remained protected. Despite intense global media attention, Hawaii welcomed approximately 9.6 million visitors in 2024[25] and generated more than US$20 billion in visitor spending.[26] The experience highlighted the importance of transparent communication, community legitimacy, and carefully sequenced recovery strategies.

The lesson is increasingly clear: effective crisis management depends as much on maintaining confidence and trust as restoring physical infrastructure. In a digitally connected world, perceptions of risk can spread faster than the risks themselves, making communication, credibility, and coordination central pillars of tourism resilience.

4.4 Planning & Investment

The most resilient destinations invest before crises occur and use recovery periods to modernize rather than simply rebuild. Long-term investment shapes both a destination's ability to withstand disruption and its capacity to adapt to future uncertainty. Investment in transport infrastructure, accommodation capacity, digital systems, policy frameworks, and institutional capability strengthens both competitiveness and resilience.

Digital investment is becoming increasingly important. Real-time data systems, predictive analytics, AI-enabled marketing, and digital engagement platforms improve situational awareness, strengthen decision-making, and enable destinations to respond more dynamically during periods of disruption. As tourism becomes more data-driven, these capabilities increasingly support both operational agility and traveler confidence.

Policy frameworks play a similarly important role. Efficient visa systems, streamlined border processes, and stable regulatory environments improve accessibility, support investment, and reinforce perceptions of security and openness. In an environment characterized by growing geopolitical uncertainty, such measures can help sustain demand and strengthen long-term competitiveness.

Argentina's Large Investment Incentive Regime (RIGI), introduced in 2024, demonstrates how policy certainty can support long-term resilience.[27] The program provides investors with up to 30 years of regulatory, tax, customs, and foreign-exchange stability, reducing uncertainty and encouraging large-scale investment. By 2025, proposals worth US$33.9 billion had been submitted under the scheme, with US$15.7 billion approved across eight projects and a further US$17.9 billion under review;[28] helping support major infrastructure projects and strengthening the country's long-term investment attractiveness.[29] The case illustrates how predictable policy environments can mobilize capital, accelerate development, and improve resilience to future shocks.

At the opposite end of the spectrum, **Haiti** demonstrates the costs of chronic underinvestment. The 2010 earthquake killed an estimated 220,000 people and caused economic losses of approximately

In an era of recurring shocks, resilience is increasingly determined by the quality of investments made before, during, and after disruption occurs.

US$7.8 billion, equivalent to around 120% of GDP.[30] Recovery was constrained by weak infrastructure, limited governance capacity, and insufficient long-term planning both before and after the disaster. International overnight arrivals fell by 34% between 2009 and 2010, while reconstruction was slowed by inadequate transport infrastructure, weak public services, and limited tourism investment. Visitor arrivals did not return to pre-earthquake levels until 2013, a considerably longer recovery period than observed following most comparable natural disasters. The experience highlights how structural weaknesses can magnify the impacts of a crisis and delay recovery long after the initial shock has passed.

Puerto Rico provides a contrasting example. Following Hurricane Maria and the COVID-19 pandemic, recovery efforts were used to modernize infrastructure, diversify tourism offerings, strengthen air connectivity, and reposition the destination around cultural identity and longer-stay demand through its "Live Boricua" strategy.[31] Recovery investment extended beyond rebuilding damaged assets to strengthening long-term competitiveness and resilience. By 2025, Luis Muñoz Marín International Airport recorded 6.8 million passenger arrivals, lodging demand exceeded 7.9 million room nights,[32] and the visitor economy generated more than US$15 billion in annual revenue.[33] The case demonstrates how recovery periods can be leveraged to create more diversified, distributed, and resilient tourism systems. The lesson extends beyond tourism recovery. Destinations that treat disruption as an opportunity for structural transformation are often better positioned than those focused solely on restoring pre-crisis conditions. In an era of recurring shocks, resilience is increasingly determined by the quality of investments made before, during, and after disruption occurs.

5 THE PARTIES RESHAPING TOURISM RESILIENCE

It is increasingly clear that global Travel & Tourism has entered a period in which disruption is becoming a structural feature of the operating environment rather than a temporary interruption to growth. Recent years have demonstrated how systemic shocks can rapidly generate operational, financial, and reputational consequences across an interconnected tourism economy.

Collectively, these disruptions have exposed structural vulnerabilities while reinforcing the need for more adaptive and resilient tourism systems. The challenge facing the sector is no longer only how to recover from disruption, but how to remain adaptive and trusted amid persistent uncertainty.

This raises an important question: who will help redesign a more resilient tourism system, and what capabilities will define success in an era of permanent uncertainty?

The answer cannot come solely from governments or traditional tourism stakeholders. In effect, tourism resilience is being shaped by a broader ecosystem of actors with interconnected roles in maintaining continuity, accelerating adaptation, and strengthening long-term trust across the sector. Three forces, in particular, are emerging as central to this transition.

First, **incumbents**, including airlines, hotel groups, cruise operators, airports, and destination authorities, remain critical to maintaining continuity during disruption. Their role spans route flexibility, crisis coordination, workforce continuity, traveler communication, and the ability to sustain confidence under volatile conditions. As disruption becomes more frequent and interconnected, operational trust itself is becoming a strategic differentiator.

Second, **disruptors**, including technology firms, AI developers, mobility innovators, cybersecurity providers, and digital platforms, are reshaping how resilience is operationalized across the sector. These actors are developing predictive risk intelligence systems, AI-powered traveler support tools, real-time mobility optimization capabilities, and data-driven decision-making models that enable tourism stakeholders to move beyond reactive crisis management to more anticipatory and adaptive approaches.

Third, **stewards**, including policymakers, civil society leaders and researchers will play a critical role in shaping tourism's long-term legitimacy and direction.

Who will help redesign a more resilient tourism system, and what capabilities will define success in an era of permanent uncertainty?

Beyond operational continuity, the sector's future resilience will increasingly depend on public trust, transparent governance, credible communication, international coordination, and the ability to align tourism growth with broader societal priorities.

The future resilience of global tourism will depend on stronger coordination between established industry actors, disruptive innovators, and the next generation of policy and thought leaders. No single stakeholder group can independently address the scale or complexity of the challenges reshaping the sector.

The defining challenge for global tourism is no longer simply how to recover from disruption, but how to build systems capable of adapting to continuous uncertainty. This section examines how incumbents, disruptors, and future leaders are already shaping that transition in practice, and what lessons and best practices can strengthen preparedness for the years ahead.

The future resilience of global tourism will depend on stronger coordination between established industry actors, disruptive innovators, and the next generation of policy and thought leaders.

5.1 The Incumbents: System Stabilizers

Incumbents across the Travel & Tourism sector remain the primary stabilizing force during periods of disruption. Airlines, hotel groups, cruise operators, airports, and destination authorities operate the networks, infrastructure, and coordination mechanisms that enable global travel to function amid geopolitical instability and operational volatility. In doing so, they play a central role in sustaining traveler confidence and limiting wider operational and economic disruption.

5.1.1 Best Practices Among Incumbents

The strongest performers are distinguished not only by their ability to respond to disruption, but by their capacity to adapt operations quickly, coordinate across stakeholders, and sustain traveler trust under volatile conditions. Among incumbents, best practices for promoting resilience emerge through:

- Planning for network flexibility and operational continuity
- Ensuring crisis coordination and traveler trust

Network Flexibility & Operational Continuity

Recent geopolitical crises have demonstrated the growing importance of **dynamic rerouting capabilities**, **diversified hub strategies**, and **real-time operational planning** across global transport and tourism networks. As airspace restrictions, regional instability, and rising fuel costs disrupted connectivity, operators with more flexible network structures and stronger contingency planning capabilities were better positioned to sustain operations and limit wider disruption.

For instance, **Turkish Airlines** demonstrated the strategic value of diversified network exposure and hub flexibility amid growing geopolitical fragmentation and regional airspace disruption. Leveraging Istanbul's position as a major intercontinental transit hub connecting Europe, Asia, Africa, and the Middle East, the airline continued sustaining connectivity across multiple regions despite evolving operational constraints. In Q1 2026, Turkish Airlines reported revenues of US$5.92 billion, up 21.1% year-on-year, and carried 21.3 million passengers, compared with 18.9 million in Q1 2025.[34] [35] Serving 305 international destinations across 132 countries,[36] the airline's performance underscored how geographically diversified route networks and flexible hub operations can strengthen resilience during periods of geopolitical uncertainty.

Cruise operators are also strengthening resilience through dynamic itinerary redesign, port diversification, and deployment flexibility strategies. The conflict between Russia and Ukraine demonstrated how quickly geopolitical instability, alongside evolving entry requirements and processing delays, can disrupt established cruise corridors and force rapid itinerary adjustments across the sector. In response, operators including **Royal Caribbean Group**, **Carnival Corporation**, and **MSC Cruises** redeployed vessels and expanded alternative itineraries across the Mediterranean and Northern Europe to sustain operational continuity. Despite ongoing geopolitical and fuel-related pressures, Royal Caribbean reported record revenues of US$16.5 billion in 2025,[37] reinforcing the importance of operational flexibility and diversified deployment strategies in sustaining resilience during periods of uncertainty.

Recent geopolitical crises have demonstrated the growing importance of dynamic rerouting capabilities, diversified hub strategies, and real-time operational planning.

Crisis Coordination & Traveler Trust

As disruptions become more visible and operationally complex, traveler trust is increasingly shaped by the speed and transparency of crisis response. Within hospitality, standardized health, safety, and traveler communication protocols have become increasingly important in restoring confidence and enabling coordinated reopening across global markets following the COVID-19 pandemic. For instance, **Accor's** ALLSAFE program established

Strategic Imperatives for **INCUMBENTS** to Strengthen Resilience and Sustain their Role as System Stabilizers

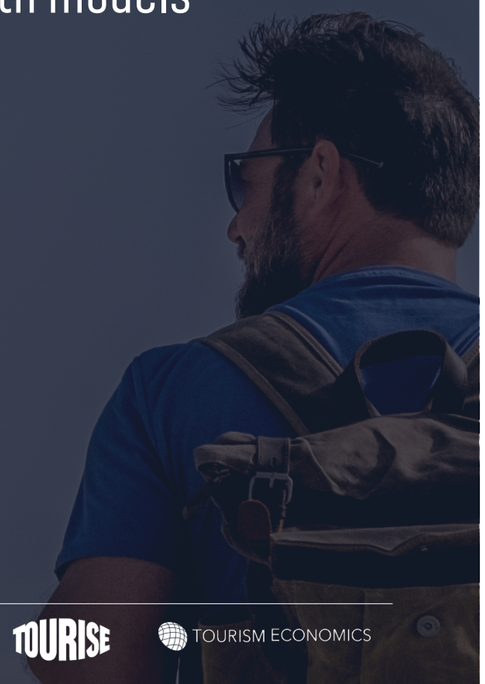
COMPETE on continuity & real time response

SHIFT from recovery to future proofing

TREAT trust as critical infrastructure

REDUCE concentration risk

EMBED resilience into future growth models



Security-related disruptions further underscore the importance of visible preparedness, rapid confidence stabilization, and continuity signaling.

common crisis-management and hygiene standards across thousands of properties worldwide,[38] while broader industry initiatives such as **WTTC's** Safe Travels protocols helped align health and safety measures across destinations and tourism businesses globally.[39] Together, these frameworks improved consistency, strengthened traveler reassurance, and supported more coordinated responses during disruption. Destinations which embraced these measures typically experienced faster recovery; and often implemented alongside the earlier restoration of capacity, clear messaging and other operational actions.

Security-related disruptions further underscore the importance of visible preparedness, rapid confidence stabilization, and continuity signaling. Following the 2025 terrorist attack in **New Orleans**, local authorities, tourism organizations, and business leaders implemented an accelerated recovery strategy combining reinforced security deployments, coordinated public communication, and rapid restoration of major cultural and tourism events. Security presence was expanded across key tourism corridors and event zones ahead of Mardi Gras and Super Bowl LIX, while tourism authorities intensified messaging around operational continuity and visitor safety. The economic stakes were significant: tourism supports more than 80,000 jobs in the New Orleans region,[40] while Super Bowl LIX alone generated an estimated economic impact exceeding US$500 million.[41] The city sustained these major event operations without prolonged disruption to visitor activity. The case reinforced how visible preparedness, coordinated communication, and rapid restoration of symbolic tourism activity can stabilize traveler confidence and maintain destination legitimacy following high-profile security shocks.

5.1.2 Strategic Imperatives for Incumbents

The strongest incumbents will be those capable of coordinating rapidly, adapting continuously, and sustaining traveler confidence amid growing operational and geopolitical uncertainty. To strengthen resilience and sustain their role as system stabilizers, incumbents should prioritize the following five operating imperatives:

1. **Compete on Continuity & Real Time Response**: Incumbents should strengthen adaptive routing, flexible deployment models, interoperable coordination systems, cybersecurity, operational redundancy, AI-enabled disruption management, and integrated traveler communication capabilities designed to sustain mobility and minimize disruption under rapidly changing conditions
2. **Shift from Recovery to Future Proofing:**: Continuous scenario planning, cross-sector simulation exercises, and integrated response mechanisms should become embedded components of day-to-day operations rather than reactive crisis measures.
3. **Treat Trust as Critical Infrastructure**: Institutional trust, credible communication, and visible leadership should be managed proactively as strategic assets capable of stabilizing demand, sustaining confidence, and accelerating recovery during periods of instability.
4. **Reduce Concentration Risk**: Destinations and operators should diversify connectivity networks, source markets, tourism offerings, and demand channels while strengthening domestic and regional tourism demand as stabilizing buffers during external shocks.
5. **Embed Resilience into Future Growth Models**: Infrastructure investment, tourism development, workforce planning, supply chain management, digital transformation, and destination governance frameworks should all be designed around long-term adaptability, redundancy, and systemic resilience.

5.2 The Disruptors: Resilience Accelerators

Disruptors across the Travel & Tourism sector are reshaping how resilience is designed and operationalized in an era of persistent disruption. Technology firms, AI developers, mobility innovators, cybersecurity providers, geospatial intelligence companies and digital platforms are becoming embedded within the operational architecture of global tourism systems, helping incumbents shift from reactive crisis response toward more anticipatory, data-driven resilience strategies. In doing so, they are playing a growing role in enhancing adaptive capacity across increasingly complex tourism ecosystems. Ultimately, the most resilient ecosystems will be shaped not only by operational scale, but by the ability to embed intelligence, interoperability, automation, and adaptive technologies directly into core tourism operating models.

5.2.1 Best Practices Among Disruptors

The strongest performers are distinguished not simply by technological innovation, but by their ability to operationalize data, scale actionable intelligence, and enhance the speed, precision, and adaptability of disruption response across tourism systems. Three key digital factors for resilience emerge:

- Predictive intelligence and real-time risk monitoring
- AI-enabled support and digital coordination
- Cyber resilience and digital continuity

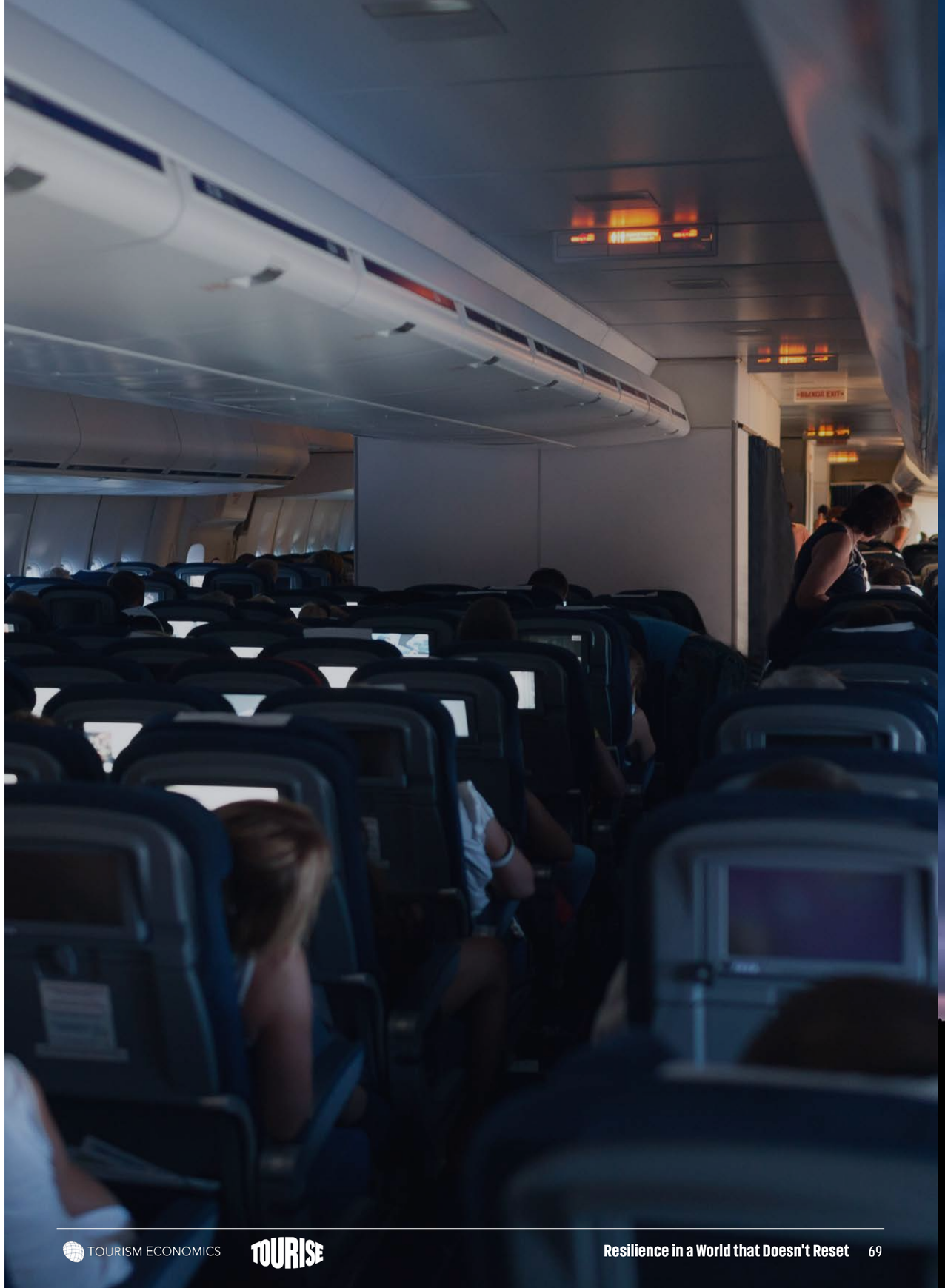
Predictive Intelligence & Real-Time Risk Monitoring

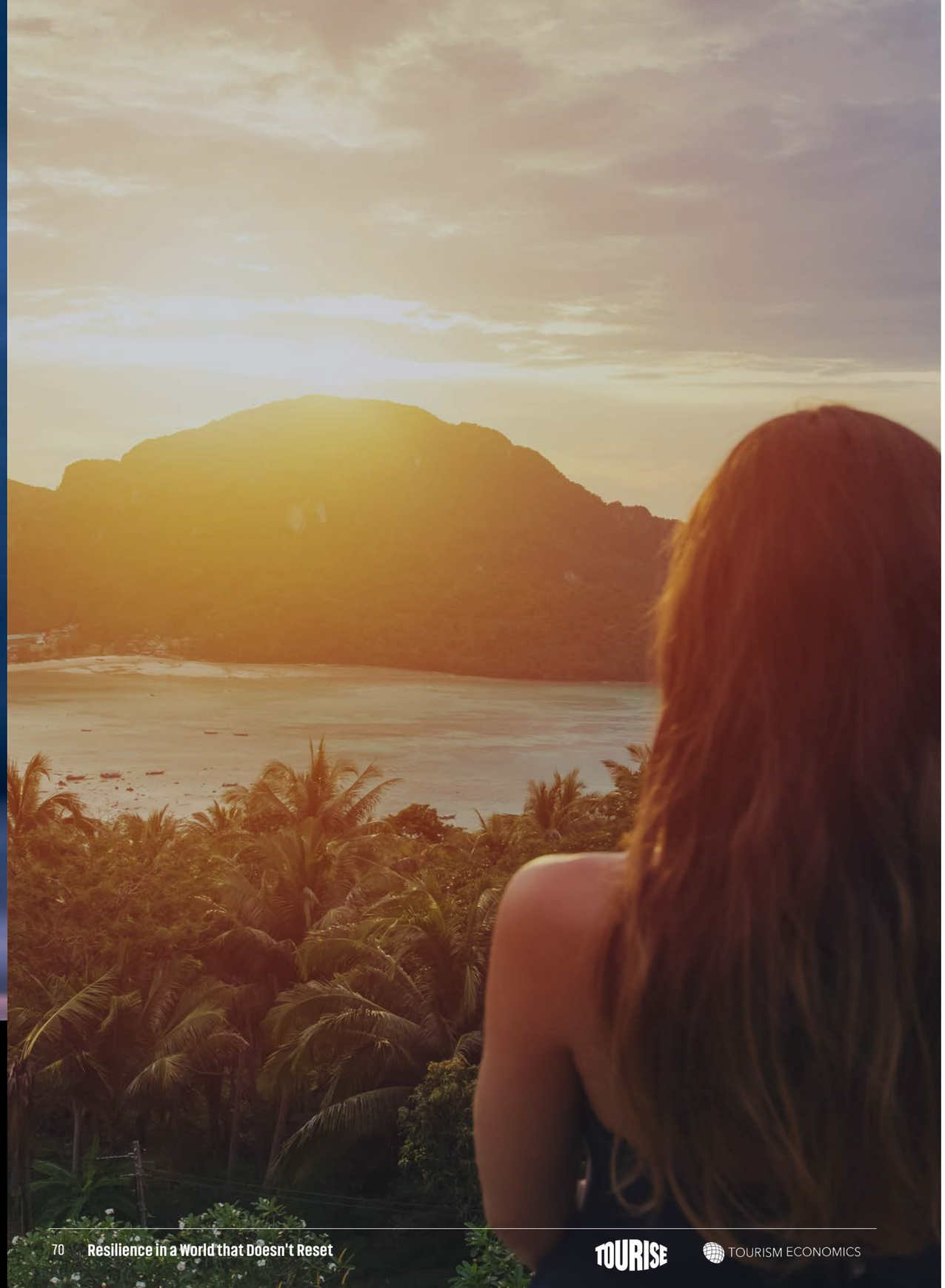
As geopolitical instability, climate volatility, and operational disruption become more interconnected, predictive intelligence capabilities are becoming critical to tourism resilience. Across the sector, AI-enabled forecasting, geospatial analytics and real-time monitoring systems are helping tourism stakeholders identify emerging risks earlier and improve operational decision-making under rapidly evolving conditions.

Google has emerged as a leading example of how geospatial intelligence and advanced forecasting capabilities can strengthen resilience planning at scale. Through its Flood Hub platform, Google expanded predictive flood forecasting coverage to more than 100 countries by 2025, leveraging satellite imagery, hydrological modeling, and machine learning to provide forecasts up to seven days in advance across vulnerable regions.[42] The platform now provides coverage for approximately 700 million people globally, reinforcing the growing importance of predictive climate intelligence as extreme weather events disrupt tourism infrastructure and mobility networks with greater frequency and intensity worldwide. In India's Bihar region, for instance, communities receiving Google-supported alerts experienced approximately 30% lower post-disaster medical costs due to earlier evacuation and improved preparedness;[43] demonstrating the tangible impact of predictive intelligence systems in reducing disruption exposure and strengthening resilience.[44]

Predictive intelligence is also transforming how aviation operators manage disruption recovery and passenger continuity in real time. In 2024, **Air Canada** demonstrated the growing importance of AI-enabled recovery systems through deployment of **Amadeus** Passenger Recovery technology designed to automate passenger re-accommodation during irregular operations. Historically, large-scale disruption events could require up to 12 hours to manually rebook affected passengers across complex flight networks.[45] Following implementation of the AI-enabled system, Air Canada reported the ability to re-accommodate disrupted passengers in as little as 10 minutes during severe weather events, network disruptions, and cascading delays.[46] Leveraging real-time operational data and automated recovery workflows, the platform strengthened rerouting coordination while reducing operational pressure on customer-service and airport teams during high-disruption periods.[47] As operational volatility

> Predictive intelligence capabilities are becoming critical to tourism resilience.





intensifies globally, such capabilities are becoming increasingly important to minimizing passenger disruption, accelerating recovery, and strengthening operational continuity across aviation networks.

AI-Enabled Support & Digital Coordination

AI-enabled support systems and real-time digital coordination capabilities are emerging as essential components of operational continuity and traveler confidence.

Expedia Group emerged as an early leader in this space through AI-powered virtual agents and conversational travel tools that automate itinerary support, customer-service interactions, and disruption-related assistance at scale. Its virtual-agent platform now handles more than 143 million conversations annually and resolves over 50% of traveler requests automatically, reducing response times and operational pressure during peak disruption periods.[48] The platform strengthens Expedia's ability to maintain real-time traveler communication and continuity during rapidly evolving operational events, minimizing the reliance on human-agent escalation. The case demonstrates how generative AI is transforming traveler support from a reactive service function into a scalable resilience capability embedded within core tourism operations.[49]

Real-time mobility platforms are also evolving into critical crisis-response and urban continuity infrastructure. **Uber** has expanded AI-enabled routing, demand forecasting, and emergency-response capabilities to support mobility coordination during severe weather events and large-scale disruptions. During the Los Angeles wildfires in 2025, Uber and Postmates committed US$3 million toward relief efforts,[50] including free rides to evacuation shelters, delivery of meals and essential supplies, and freight support for affected communities. Leveraging real-time geospatial analytics and dynamic routing systems, the platform coordinated mobility and delivery flows across rapidly changing conditions while supporting evacuation and recovery operations. Globally, Uber now facilitates more than 28 million trips per day, illustrating how AI-enabled mobility platforms have the necessary scale to support evacuation logistics, service continuity, and urban resilience during crisis events.[51]

AI-enabled mobility platforms have the necessary scale to support evacuation logistics, service continuity, and urban resilience during crisis events.

Cyber Resilience & Digital Continuity

As Travel & Tourism becomes increasingly technology-dependent, cyber resilience is evolving from a back-office security function into a core operational requirement. Reservation systems, passenger processing, digital payments, mobility platforms, and traveler communications now underpin global tourism operations, making continuity during cyber incidents critical to protecting revenue flows, operational stability, and traveler trust.

Cloudflare emerged as a leading example of how distributed cyber protection and cloud resilience infrastructure are strengthening continuity across travel systems; providing real-time cyber defense and traffic-routing capabilities used across travel booking platforms, hospitality systems, and digital commerce networks globally. These capabilities help protect against cyberattacks, outages, and traffic surges that can rapidly disrupt traveler access and regular operations. In 2024, Cloudflare mitigated the largest distributed denial-of-service (DDoS) attack ever publicly disclosed, peaking at 5.6 terabits per second, without service interruption for customers on its network.[52] Uninterrupted access to booking, payment, and communication systems is an increasingly fundamental traveler expectation; distributed cyber resilience is emerging as a critical layer of operational infrastructure underpinning continuity across the global travel ecosystem .

Cyber resilience is evolving from a back-office security function into a core operational requirement.

resilience is emerging as a critical layer of operational infrastructure underpinning continuity across the global travel ecosystem.[53]

5.2.2 Strategic Imperatives for Disruptors

To strengthen their role as resilience accelerators, disruptors should prioritize the following five strategic imperatives:

1. **Build the "Always-On" Tourism System**: Disruptors should prioritize resilient-by-design infrastructure, distributed cloud architecture, operational redundancy, and automated recovery capabilities capable of sustaining continuity during cyber incidents, infrastructure outages, and large-scale disruption events.
2. **Shift from Information to Orchestration**: Disruptors should evolve beyond standalone intelligence tools toward integrated orchestration platforms capable of dynamically coordinating airlines, airports, hotels, mobility providers, emergency services, destinations, and travelers during rapidly evolving crises.
3. **Compete on Recovery Speed**: AI-enabled re-accommodation, automated disruption management, dynamic rerouting systems, and real-time traveler support should be designed not only to improve operational efficiency, but to compress recovery timelines, reduce disruption exposure, and restore traveler confidence faster at scale.
4. **Make Resilience Visible & Traveler-Facing**: Disruptors should position adaptive support capabilities such as predictive alerts, real-time mobility coordination and personalized disruption support as core components of the customer experience rather than back-end operational functions.
5. **Design for Cascading Disruption**: Disruptors should prioritize interoperable platforms, distributed infrastructure, and AI-enabled coordination capabilities designed to anticipate compounding disruption across interconnected networks and sustain continuity under rapidly deteriorating conditions.

The future resilience of global tourism will depend on trust, legitimacy, and the ability to coordinate credibly under conditions of persistent uncertainty.

5.3 The Stewards: Trust Architects

The future resilience of global tourism will depend on trust, legitimacy, and the ability to coordinate credibly under conditions of persistent uncertainty. In this environment, resilience is defined by the ability to sustain public confidence and align tourism growth with broader economic, environmental, and societal priorities. In collaboration with private actors, policymakers, international organizations, researchers, and civil society actors are therefore crucial in shaping how tourism systems respond to disruption.

5.3.1 Best Practices Among Stewards

The strongest stewards are distinguished by their ability to strengthen preparedness, coordinate across stakeholders, and embed resilience directly into tourism governance and long-term development strategies. Across the sector, best practices are increasingly centered on three key priorities:

- Cross-border coordination and crisis preparedness
- Building back better: long-term system adaption
- Integrating resilience in destination management systems.

Cross-Border Coordination & Crisis Preparedness

As disruptions become more transnational and operationally interconnected, cross-border coordination and crisis preparedness are emerging as critical determinants of tourism continuity. Governments, international organizations, and

multilateral institutions are prioritizing the alignment of crisis protocols as well as real-time response coordination designed to reduce fragmentation and sustain traveler confidence during periods of disruption.

The **European Union** demonstrated the strategic value of interoperable crisis coordination through the EU Digital COVID Certificate, which created a standardized digital verification system across member states and enabled the large-scale restoration of cross-border mobility during COVID-19. By February 2023, more than 2.3 billion certificates had been issued across participating countries.[54] Beyond facilitating reopening, the initiative established a precedent-setting model for cross-border crisis coordination at scale, reinforcing how shared digital standards and interoperable systems can reduce fragmentation and accelerate recovery during major disruption events.[55]

While the EU Digital COVID Certificate demonstrated the value of interoperable coordination during large-scale recovery efforts, escalating geopolitical instability exposed the need for continuous cross-border preparedness during active disruption. Following the escalation of conflicts in Eastern Europe and the Middle East, organizations including the **International Civil Aviation Organization** and **International Air Transport Association** intensified airspace coordination, operational guidance, and real-time risk monitoring to sustain aviation continuity across affected regions. The scale of disruption has been significant: the Russia-Ukraine conflict alone forced the rerouting of approximately 1,100 flights per day across Europe-Asia corridors,[56] while airlines absorbed billions of dollars in additional costs linked to restricted airspace and longer flight paths. In parallel, IATA recorded more than 430,000 GPS jamming and spoofing incidents globally in 2024 around conflict-affected regions.[57] Together, these disruptions underscored how multilateral coordination, shared operational standards, and joint preparedness mechanisms are becoming critical to sustaining global mobility during periods of geopolitical volatility.

Resilience can be integrated within a destination through investment in diversified tourism demand, connectivity, and development models.

Integrated Destination Resilience

Resilience can be integrated within a destination through investment in diversified tourism demand, connectivity, and development models. **Saudi Arabia**, for instance, has positioned destination diversification at the center of its long-term resilience strategy. Through Vision 2030, the Kingdom expanded aviation connectivity, accelerated visa reform, invested in digital tourism services, and developed a broader mix of leisure, heritage, religious, and coastal tourism offerings designed to reduce concentration risk across markets and travel corridors. These measures helped Saudi Arabia welcome 37.2 million domestic and international tourists in Q1 2026, an 8% increase year-on-year, despite growing geopolitical and economic volatility.[58] The Kingdom also surpassed its target of 100 million annual visitors seven years ahead of schedule, reinforcing how diversified demand and integrated long-term planning can strengthen resilience.

Importantly, recent research also suggests that long-term national positioning and domestic confidence can help buffer destinations during periods of regional instability. A recent survey by Consulum and HarrisX found that almost all (93%) Saudi residents supported continuing or adapting Vision 2030 programs through the Iran War, while three in five (61%) said the reforms had become even more important amid regional uncertainty. Saudi respondents also expressed the strongest confidence in tourism recovery across the Gulf, with three quarters (74%) believing that tourism had already returned to normal or would recover within three months.[59]

Institutional trust, visible leadership, and coordinated communication can help sustain destination resilience during periods of regional instability.

Alongside diversification strategies, destinations are also strengthening resilience through coordinated public communication and visible leadership during periods of geopolitical uncertainty. During the recent regional crisis, the UAE, with Dubai as a key tourism and aviation hub, combined real-time traveler communication, coordinated planning across aviation and tourism stakeholders, and highly visible public signaling measures designed to reinforce perceptions of stability and continuity. In a May 2026 GCC-wide survey by Consulum and HarrisX, 93% of UAE respondents said they trusted the government to protect the country from the consequences of regional conflict, while 91% said the country remained "on the right track".[60] The results highlighted how institutional trust, visible leadership, and coordinated communication can help sustain destination resilience during periods of regional instability.

Building Back Better: Long-Term System Adaptation

Leading destinations are increasingly using disruption as a catalyst to redesign tourism systems for greater long-term resilience. This includes diversifying demand, strengthening infrastructure, embedding sustainability into tourism governance, and reducing structural vulnerabilities exposed by recent economic, climate, and geopolitical shocks.

New Zealand demonstrated how crisis recovery can be used to redesign tourism systems for greater long-term resilience through the Tourism Futures Taskforce instigated during COVID, which brought together government leaders, tourism operators, Māori representatives, and sustainability experts to redefine the sector's long-term direction.[61] The initiative prioritized regenerative tourism, community well-being, and long-term system value over volume growth alone; while advancing destination management plans, conservation funding, and the Tiaki Promise stewardship framework[62] to strengthen responsible visitor behavior and local legitimacy. This shift was reinforced by the decision to nearly triple the International Visitor Conservation and Tourism Levy from NZ$35 to NZ$100 in 2024 to support tourism infrastructure and environmental protection.[63] Recovery remained strong: international visitor arrivals reached 3.58 million in the year to February 2026, recovering to approximately 92% of pre-pandemic levels.[64] At the same time, resident sentiment remained highly supportive when tourism was linked to environmental protection and community benefit, with 95% of New Zealanders agreeing tourism is good for the country.[65] The case demonstrated how crisis recovery can be used not simply to restore visitor demand, but to strengthen tourism's social license and rebalance growth around long-term resilience and public value to become more diversified, adaptive and resilient before the next disruption occurs.

5.3.2 Strategic Imperatives for Stewards

As resilience becomes increasingly shaped by legitimacy, coordination, and public trust, stewards and future leaders are evolving from policy actors into architects of systemic stability. The strongest leaders will be those capable of maintaining institutional credibility, aligning fragmented stakeholders, and redesigning tourism systems before the next crisis emerges. To strengthen long-term resilience, stewards and future leaders should prioritize the following five strategic imperatives:

Leading destinations are increasingly using disruption as a catalyst to redesign tourism systems for greater long-term resilience.

Strategic Imperatives for **STEWARDS** to Strengthen Long-Term Resilience

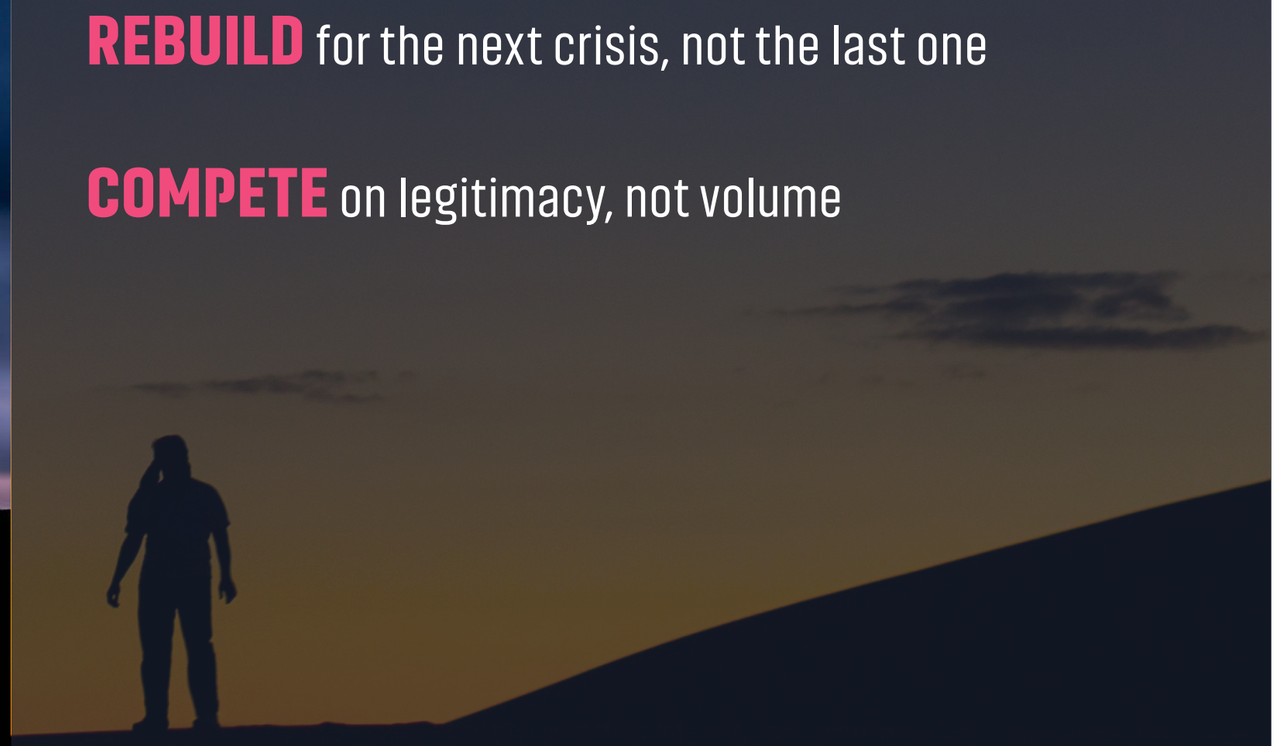
GOVERN for permanent disruption

TREAT trust as strategic infrastructure

DISPERSE risk across the visitor economy

REBUILD for the next crisis, not the last one

COMPETE on legitimacy, not volume



1. **Govern for Permanent Disruption**: Governments, tourism authorities, and international institutions should embed standing coordination mechanisms, interoperable crisis frameworks, scenario planning, and cross-sector simulation capabilities directly into tourism governance systems rather than relying on reactive structures activated only during emergencies.

2. **Treat Trust as Strategic Infrastructure**: Transparent communication, visible leadership, coordinated misinformation response, and meaningful community engagement should be treated as core resilience capabilities essential to sustaining traveler confidence, protecting tourism's social license, and stabilizing recovery during periods of uncertainty.

3. **Disperse Risk Across the Visitor Economy**: Future resilience will depend on diversifying source markets, strengthening domestic and regional demand, expanding tourism beyond core corridors, and distributing tourism benefits more broadly across communities to improve adaptive capacity and reduce systemic exposure.

4. **Rebuild for the Next Crisis, Not the Last One**: The most resilient destinations will be those that use disruption to modernize infrastructure, strengthen climate adaptation, upgrade digital capabilities, and redesign outdated tourism models rather than simply restoring pre-crisis conditions. Recovery periods should be treated as strategic opportunities for structural transformation rather than short-term returns to baseline operations.

5. **Compete on Legitimacy, Not Volume**: The strongest tourism systems will be those capable of balancing visitor growth with visible community benefit, environmental stewardship, and long-term legitimacy.

As resilience becomes increasingly shaped by legitimacy, coordination, and public trust, stewards and future leaders are evolving from policy actors into architects of systemic stability.

6 THE PATH FORWARD: THE NEXT ERA OF TOURISM RESILIENCE

The global Travel & Tourism sector is entering a fundamentally different operating era. The assumption that crises are temporary interruptions to otherwise stable growth is fundamentally outdated. Geopolitical fragmentation, economic volatility, climate disruption, reputational instability, and rapidly shifting traveler sentiment are now structural features of the environment in which tourism operates.

The current crisis in the Middle East only reinforces this reality. Beyond its immediate regional implications, the crisis demonstrated how rapidly localized instability can disrupt aviation networks, energy markets, traveler confidence, operational continuity, and destination perceptions across the global tourism ecosystem. At the same time, it exposed structural vulnerabilities linked to concentrated travel flows, fragmented coordination mechanisms, digital dependency, and tightly interconnected operating systems.

Yet the defining lesson emerging from recent disruptions is not simply that tourism is vulnerable; it is that resilience itself is becoming a core source of competitiveness.

Indeed, the destinations, businesses, and institutions best positioned to lead the next era of global tourism are unlikely to be those that merely recover fastest from crises. Rather, they will be those capable of adapting continuously, coordinating effectively, and sustaining trust under pressure. Success will depend not only on the strength of individual organizations, but on the ability of entire tourism ecosystems to operate in a more connected, intelligent, and collaborative way.

This transition is already reshaping the sector. Incumbents across aviation, hospitality, cruising, and destination management are competing on operational continuity, flexibility, and traveler confidence. At the same time, disruptors across AI, mobility, cybersecurity, and predictive intelligence are transforming how tourism systems anticipate risk, coordinate response, and maintain continuity during rapidly evolving events. Meanwhile, policymakers and researchers are redefining the governance frameworks, trust mechanisms, and long-term development models that will shape tourism's future legitimacy and adaptability.

Yet the defining lesson emerging from recent disruptions is not simply that tourism is vulnerable; it is that resilience itself is becoming a core source of competitiveness.

Importantly, no single stakeholder can independently address the scale or complexity of the challenges reshaping global tourism. As risks become more interconnected, resilience is also becoming more systemic. The sector's long-term stability will therefore depend on deeper coordination between governments, tourism operators, technology platforms, infrastructure providers, and leaders across sectors.

Incumbents across aviation, hospitality, cruising, and destination management are competing on operational continuity, flexibility, and traveler confidence.

While these different stakeholder groups have different important roles to play, there are some commonalities across the strategic imperatives and core areas of focus for all:

- **Real-time tracking of traveler behavior** and preferences through investment in the right new technology, including AI models and automated disruption management, to build an understanding of the market and allow rapid response.
- **Plan for permanent disruption** by ensuring adaptability in plans, with clear planning and cross-sector communication and co-ordinations.
- **Future-proof to build resilience** as scenario planning and adaptive support should become core functions as investment needs to focus on upgrading and modernizing infrastructure.
- **Diversify the core tourism offer** across source markets, connectivity networks and products to act as a buffer and reduce dependence on core corridors.
- **Trust is critical** across institutions and among travelers and must be built with clear and credible communication and strong demonstrated leadership.

This shift also requires a broader redefinition of resilience itself. Historically, resilience was understood as the ability to recover from isolated shocks. Today, it depends on the ability to anticipate risk earlier, adapt dynamically, maintain trusted communication, diversify exposure, and sustain confidence amid continuous uncertainty.

Ultimately, the future of Travel & Tourism will not be defined solely by the crises the sector faces, but by how effectively it adapts to a world where volatility is permanent. The destinations and organizations that adapt fastest, coordinate most effectively, and sustain trust under pressure will be best positioned to lead the next era of global tourism. In a world that no longer resets, resilience is no longer simply about recovery. It is becoming the foundation upon which long-term tourism competitiveness, legitimacy, and growth will depend.

In a world that no longer resets, resilience is no longer simply about recovery. It is becoming the foundation upon which long-term tourism competitiveness, legitimacy, and growth will depend.

Common Strategic Imperatives and Core Areas for **ALL TRAVEL & TOURISM** Stakeholder Groups

REAL-TIME TRACKING of traveler behavior

PLAN for permanent disruption

FUTURE-PROOF to build resilience

DIVERSIFY the core tourism offer

TRUST is critical

ABOUT THE RESEARCH TEAM

TOURISM ECONOMICS
AN OXFORD ECONOMICS COMPANY

Oxford Economics was founded in 1981 as a commercial venture with Oxford University's business college to provide economic forecasting and modelling to UK companies and financial institutions expanding abroad. Since then, we have become one of the world's foremost independent global advisory firms, providing reports, forecasts and analytical tools on 200 countries, 100 industrial sectors and over 3,000 cities. Our best-of-class global economic and industry models and analytical tools give us an unparalleled ability to forecast external market trends and assess their economic, social and business impact.

Oxford Economics is an adviser to corporate, financial and government decision-makers and thought leaders. Our worldwide client base comprises over 2,000 international organizations, including leading multinational companies and financial institutions; key government bodies and trade associations; and top universities, consultancies, and think tanks.

This study was conducted by the Tourism Economics group within Oxford Economics. Tourism Economics combines an understanding of traveler dynamics with rigorous economics in order to answer the most important questions facing destinations, investors, and strategic planners. By combining quantitative methods with industry knowledge, Tourism Economics designs custom market strategies, destination recovery plans, forecasting models, policy analysis, and economic impact studies.

TOURISE

TOURISE is the world's premier platform for shaping the future of global tourism. Powered by the Saudi Ministry of Tourism, its inaugural Summit was held November 11–13, 2025, in Riyadh.

Bringing together global leaders across government, business, investment, and technology, TOURISE drives transformative initiatives and year-round collaboration to build a tourism sector that is sustainable, equitable, and future-focused.

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This report was produced by the TOURISE and Tourism Economics teams. Special thanks to Tiffany Misrahi, Sarah Altamimi, Dave Goodger, Eleanor White, Michael Mariano

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ENDNOTES

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