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Lebanon and Syria

Pricing the Comeback: A Credible Day-One Strategy to Reopen Lebanon to the World

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STABILITY UNDER FIRE



May 2026

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A Credible Day-One Strategy to Reopen Lebanon to the World

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Wars do not end when guns fall silent; they end when expectations shift. For Lebanon, the cessation of the current conflict will create a narrow but decisive window in which perceptions - of safety, accessibility, and value - can be reset. Tourism, historically one of Lebanon's most resilient and foreign-exchange-generating sectors, will be among the first arenas where this battle over expectations is fought. The challenge is not merely to "bring tourists back," but to credibly signal that Lebanon is once again reachable, affordable, and selectively attractive - even under residual risk. What matters in the first days after a ceasefire is not perfection, but coordination: a visible, immediate alignment of prices, policies, and messaging that reduces uncertainty and compresses the cost of visiting the country relative to substitutes.

The proposition advanced here is operational rather than aspirational. Lebanon can restart tourism immediately on Day One through targeted, coordinated government action that lowers entry costs, simplifies access, and anchors expectations across the value chain. The country already possesses the necessary instruments. Middle East Airlines, as a state-influenced carrier, offers a direct lever over airfares. The visa regime is flexible enough to be rapidly liberalized. The private sector retains idle capacity and a demonstrated ability to adjust prices quickly when demand conditions shift. The state's role is to synchronize these elements into a temporary equilibrium that favors volume over margins, knowing that the macroeconomic spillovers of tourism - foreign exchange inflows, employment, and fiscal revenues - justify short-term deviations from profit maximization at the firm level.

Air transport is the binding constraint in any rapid tourism restart. In post-conflict environments, perceived risk is immediately translated into higher insurance costs, reduced flight frequencies, and elevated ticket prices. Left to market forces alone, this produces a self-reinforcing equilibrium in which high prices suppress demand, which in turn discourages airlines from restoring capacity. Lebanon is unusually well-positioned to break this cycle because it can act directly through its national carrier. A temporary re-entry pricing regime can be implemented on Day One, with ticket prices from key origin markets - particularly Gulf cities and major diaspora hubs in Europe - set deliberately below comparable regional routes. If post-conflict fares on similar short-haul routes

stabilize in the \$400–\$600 range, MEA can credibly target an initial band closer to \$250–\$350, prioritizing load factors over margins during the first six to eight weeks.

This approach is best understood as a coordination mechanism rather than a subsidy. By compressing fares, MEA internalizes part of the broader economic benefits generated by inbound tourism. The government can reinforce this by temporarily reducing airport-related charges and negotiating lower ground handling costs, effectively lowering the airline's operating base during the restart phase. Evidence from regional travel markets suggests that demand is highly price-elastic, particularly for short-haul leisure and diaspora travel. A reduction of 20 to 30 percent in ticket prices can generate a disproportionately large increase in passenger volumes, quickly pushing load factors above thresholds that signal commercial viability. Once these thresholds are reached, other carriers are more likely to resume operations, gradually restoring competition and allowing prices to normalize.

Lower airfares, however, are only one component of the total cost of travel. If visitors arrive to find elevated or unpredictable prices on the ground, the initial demand impulse will dissipate. Post-conflict environments often generate precisely this risk, as firms attempt to recoup losses through higher margins. The state's role is not to impose rigid price controls, which would be both inefficient and unenforceable, but to facilitate a coordinated pricing framework that aligns expectations. A voluntary compact between the government and key tourism-sector actors - hotels, restaurants, and transport providers - can anchor prices within competitive regional bands for a defined initial period. The logic is simple: short-term margin compression in exchange for higher occupancy and throughput.

Comparative benchmarks are instructive. In normal conditions, Beirut often commands a premium over cities such as Istanbul or Athens in both accommodation and dining. In the immediate post-conflict phase, the objective should be to reverse this differential. Mid-range hotel rates can be positioned below regional comparators, while restaurant pricing can be calibrated to ensure that a standard meal remains within a clearly competitive range. Such alignment does not require coercion; it can be achieved through incentives and signaling. Temporary tax deferrals, reduced licensing fees, or preferential access to subsidized utilities can encourage participation. Publicly identifying and promoting participating establishments further reinforces compliance by attaching reputational benefits to price discipline.

Administrative barriers to entry constitute a second, often underestimated component of travel costs. Even when visa requirements are relatively light, the perception of friction can deter potential visitors, particularly in the immediate aftermath of conflict. Lebanon can address this decisively by announcing, on Day One, a temporary open-entry window for Arab nationals and selected non-Arab markets. Visa fees can be waived, and entry procedures simplified to the greatest extent possible. For nationalities that require prior authorization, an expedited electronic visa system can be introduced with approvals granted within a short, clearly defined timeframe. The fiscal cost of such

measures is negligible relative to their potential impact on demand, especially among diaspora populations and regional travelers whose decisions are highly sensitive to convenience.



The signaling effect of visa facilitation is as important as its practical impact. It communicates that Lebanon is not merely open, but actively competing for visitors. In political economy terms, it reduces both the explicit and implicit transaction costs of travel, shifting the demand curve outward at a moment when supply is underutilized. When combined with lower fares and coordinated on-the-ground pricing, it contributes to a coherent narrative of accessibility that can be quickly internalized by potential travelers.

Perception, however, is not shaped by prices and policies alone. It is mediated through information, and in post-conflict contexts, information is often fragmented or distorted. A credible restart strategy therefore requires coordinated public messaging that is neither overly optimistic nor excessively cautious. The government, working with private sector stakeholders, can deploy a targeted communication approach focused on specific market segments rather than diffuse global audiences. For regional tourists, proximity, affordability, and familiarity can be emphasized. For diaspora visitors, the narrative can highlight emotional connection and the role of their return in supporting economic recovery. For niche segments, such as cultural tourism, the focus can shift to differentiated experiences that remain intact despite recent disruptions.

Crucially, messaging must be anchored in observable reality. Announcements of lower fares, simplified visas, and competitive prices must be verifiable. Credibility

emerges not from rhetoric, but from consistency between what is promised and what is experienced. Early visitors play a disproportionate role in this process, as their experiences - amplified through social networks - become informal signals that shape subsequent demand.

Lebanon's existing infrastructure is sufficient to support an initial tourism restart without new capital investment. The hospitality sector, despite years of crisis, retains significant idle capacity. Occupancy rates that may have fallen during periods of instability can be gradually increased through targeted demand stimulation. One effective mechanism is the rapid activation of a limited number of high-visibility events. Even a small calendar of concerts, cultural gatherings, or professional conferences can serve as focal points for travel, generating both direct inflows and broader media attention. The state's role is to facilitate rather than produce these events, by streamlining permits, ensuring security coordination, and, where necessary, co-financing initial efforts to reduce risk for organizers.

Financial and regulatory support can further stabilize the sector during the transition. Temporary credit lines for tourism-related businesses can address liquidity constraints, ensuring that supply remains operational as demand recovers. These need not be large-scale interventions; even modest, well-targeted facilities can prevent closures and preserve employment. Regulatory flexibility - extending operating hours, simplifying procedures, and reducing administrative burdens - can lower costs and improve service delivery at a moment when responsiveness is critical.

The risks associated with a rapid restart are real but manageable. A deterioration in security conditions or a breakdown in pricing coordination could undermine the initial wave of demand. Mitigating these risks requires a degree of policy adaptability and transparency. Publishing high-frequency data on arrivals, occupancy rates, and average prices can reinforce credibility and allow both policymakers and market participants to adjust expectations. Over time, as confidence returns, the extraordinary measures that underpin the restart - discounted fares, coordinated pricing, and visa waivers - can be gradually withdrawn, allowing a more conventional market equilibrium to emerge.

The broader implication is that recovery in Lebanon's tourism sector does not depend on the elimination of all risks, but on the management of expectations. In the immediate aftermath of conflict, hesitation is rational for individual actors but collectively suboptimal. The state's comparative advantage lies in its ability to coordinate, to move first, and to signal credibly that others will follow. By leveraging its influence over air transport, its regulatory authority, and its convening power, the government can catalyze a low-cost, high-accessibility equilibrium that attracts an initial wave of visitors.

These first arrivals carry significance beyond their immediate economic contribution. They reactivate supply chains, generate employment, and, perhaps most importantly, produce signals that reshape perceptions. Tourism, in this sense, becomes not just a sector to be revived, but a mechanism through which the country re-enters

normal economic life. If Lebanon succeeds in pricing its comeback effectively - aligning costs, simplifying access, and communicating with credibility - it can transform the end of conflict into the beginning of recovery with a speed that defies conventional expectations.