

# THE MENA WEEKLY



05 June 2026

## Key Takeaways

- Iran/Kuwait/Bahrain – US strikes Iranian targets, provoking IRGC retaliation – **SEVERE**
- Israel/Lebanon – Israel-Hezbollah clashes continue despite ceasefire – **SEVERE**
- Oman – US pushes Oman to break ties with Iran following Trump threats – **HIGH**
- Tunisia – Opposition leader sentenced to life imprisonment – **HIGH**

## Iran/Kuwait/Bahrain — US strikes Iranian targets, provoking IRGC retaliation — **SEVERE**

### Situation Update

Another wave of attacks has occurred between the United States (US), Iran, and countries in the Gulf. On 31 May 2026, the US military [announced](#) that it had conducted “self-defence strikes” in Goruk and the island of Qeshm, targeting Iranian radar air defences, a ground control station, and two one-way attack drones. The strikes were justified as a “response to aggressive Iranian actions” after Iran allegedly shot down a US MQ-1 drone operating over international waters. On 01 June 2026, the Islamic Revolutionary Guard Corps (IRGC) announced that its aerospace force had targeted the source of what it called a US attack on a telecommunications tower on Sirik Island in Hormozgan province. One day later, the US [fired](#) a Hellfire missile at a tanker heading toward Iran as part of the US naval blockade on Iranian ports, which began on 13 April 2026. Then, on 03 June 2026, one person was [killed](#) and flights were suspended in Kuwait after Iranian missile and drone strikes targeted Kuwait International Airport. With US Central Command (CENTCOM) [stating](#) that two of Iran’s missiles heading for Kuwait had fallen short or broken apart in flight, while several others failed to reach their targets, the attack could have been far worse. On the same day, Iran’s semi-official Tasnim news agency reported that the IRGC had fired missiles and drones at an airbase and the headquarters of the US Fifth Fleet in Bahrain. However, CENTCOM confirmed that it had intercepted the projectiles.

### Assessment/Impact/Business Implications

There have been competing narratives from both sides regarding the latest escalation. While the situation threatens the fragile ceasefire, with the US and Iran having traded strikes several times since agreeing to a ceasefire in early April 2026, such intensifications have avoided a resort to all-out fighting. This is illustrative of the strong factors pushing both sides away from a resumption of the war. The targeting of Kuwait and Bahrain falls within Iran’s strategy, which has seen the IRGC target countries across the Gulf where US military bases are located. The suspension of flights to and from Kuwait International Airport is a cogent example of the type of impact Tehran hopes to trigger, widening the conflict.

Strong concerns persist regarding the pursuit of a diplomatic solution. On 01 June 2026, US President Donald Trump [wrote](#) on social media that critics should “just sit back and relax”, maintaining that “Iran really wants to make a deal, and it will be a good one for the U.S.A. and those that are with us”. However, with Trump regularly making such assertions over the last two months to no avail, his words are beginning to lose impact. Political pressure to end the war is likely to continue, as demonstrated by the US House of Representatives’ [passing](#) of a measure that seeks to prevent a resumption of the war.

Factor	Risk Rating	Factor	Risk Rating
Political	<b>SEVERE</b>	Business	<b>SEVERE</b>
Economic	<b>SEVERE</b>	Conflict	<b>SEVERE</b>
Civil Unrest	<b>HIGH</b>	Environment	<b>HIGH</b>
Crime	<b>HIGH</b>	Legal	<b>SEVERE</b>

## Israel/Lebanon — Israel-Hezbollah clashes continue despite ceasefire — **SEVERE**

### Situation Update

On 01 June 2026, United States (US) President Donald Trump [announced](#) that, having spoken with both sides, Israel and Lebanon had “agreed that all shooting will stop”. His push for a pause in hostilities came as Iran warned that Israel’s actions in Lebanon were threatening peace negotiations between the US and Iran. Despite the ceasefire having

some effect, further violence followed, with Hezbollah fighters targeting Israeli tanks in the southern Lebanese towns of Haddatha and Bayada with missiles and shells. Additionally, on the same date, Israeli Prime Minister Benjamin Netanyahu [announced](#) that he had ordered strikes on “terror targets” in Beirut's southern suburbs.

Following Netanyahu’s statement, Iranian Foreign Minister Abbas Araghchi [asserted](#) that a “violation on one front is a violation of the ceasefire on all fronts”. This sentiment was echoed by Iran's Tasnim news agency, which reported that Tehran could suspend indirect negotiations with the US over Israeli military actions in Lebanon. The state-affiliated station also threatened that Tehran and its allies could “activate other fronts, including the Bab al-Mandab Strait”. Some cause for cautious optimism came on 03 June 2026, when a joint [statement](#) from the US, Lebanon, and Israel was released outlining the parties’ agreement to renew their fragile ceasefire. However, doubt was again cast on this when Lebanese state media [reported](#) that Israeli strikes had continued in the south of Lebanon the following day. Representatives from Israel and Lebanon will meet again on 22 June 2026 to hold further talks “with a view toward reaching a comprehensive agreement”.

### Assessment/Impact/Business Implications

Trump is believed to be concerned that further escalation in Lebanon could jeopardise a wider deal to end the war between the US, Israel, and Iran. On 03 June 2026, he [confirmed](#) reports that he had called Netanyahu “crazy” in an expletive-filled phone exchange over Israel’s campaign in Lebanon. The comments are illustrative of the scale of pressure being felt by involved parties, as well as the implications of the situation in Lebanon on US-Iran negotiations. The security situation in Lebanon remains severe and another breakdown cannot be ruled out. The potential implications of the war with Iran further stress the extent of the associated risks.

It is difficult to ascertain the extent to which Iran’s threats concerning the Bab al-Mandab Strait are genuine. Although the Houthis [launched](#) missiles against Israel in March 2026, this came after a month of inaction at the start of the war, demonstrating calculated restraint. Such a stance could be considered wise by the group’s leadership, given that relentless US-Israeli airstrikes throughout 2025 have severely degraded their operational capacity. Nevertheless, the prospect of both the Strait of Hormuz and the Bab al-Mandeb being cut off at the same time will be an immense concern for global markets.

Factor	Risk Rating	Factor	Risk Rating
Political	SEVERE	Business	SEVERE
Economic	SEVERE	Conflict	SEVERE
Civil Unrest	HIGH	Environment	HIGH
Crime	HIGH	Legal	SEVERE

## Oman — US pushes Oman to break ties with Iran following Trump threats — HIGH

### Situation Update

Oman is facing growing pressure from Washington to distance itself from Iran, a significant challenge for a Gulf state whose regional value has long rested on its ability to maintain pragmatic ties with all sides. Recent reports [indicate](#) that the United States (US) increasingly views Muscat’s neutrality as a strategic problem rather than an asset, with the Trump administration reportedly demanding that Oman choose more clearly between the US and Iran. This pressure has intensified after US President Donald Trump publicly threatened Oman over the Strait of Hormuz dispute, warning of severe consequences if Muscat aligned itself with Iranian efforts to impose costs on shipping. Separate [reports](#) have noted that Trump’s threats mark an extraordinary turn against a long-standing US partner that has historically acted as a quiet intermediary rather than a direct participant in regional escalation.

The issue is important because Oman’s foreign policy has been built on careful balancing. Muscat has maintained working relations with Tehran, hosted US-Iran nuclear talks, and avoided the confrontational rhetoric adopted by its neighbours. This neutrality has often given Oman diplomatic relevance far exceeding its size. However, the current war has changed how Washington perceives this. Public discussion over tolling vessels in Hormuz, alongside broader anxieties about Iran-linked influence in Gulf shipping, has sharpened suspicion of any state seen as too accommodating. Oman has denied any intention to support tolling and has reportedly reassured Washington that it remains committed to free navigation through the strait. Even so, the episode shows that Muscat’s room for manoeuvre is narrowing.

### Assessment/Impact/Business Implications

For businesses, the key takeaway lies in what this says about Oman’s external environment rather than any immediate domestic disruption. Oman’s appeal as a stable Gulf partner depends partly on its reputation for strategic calm, open trade routes, and diplomatic flexibility. If US pressure continues to intensify, Muscat may be forced into a more visibly aligned position, which could reduce its utility as a mediator and expose it to stronger Iranian suspicion. That in turn could affect shipping confidence, diplomatic channels, and investor perceptions of Omani neutrality. The overall risk is high because Oman remains stable, but the strategic balance that has underpinned its regional role is coming under sharper strain from great-power pressure and the wider Iran war.

Factor	Risk Rating	Factor	Risk Rating
Political	HIGH	Business	HIGH
Economic	HIGH	Conflict	HIGH
Civil Unrest	LOW	Environment	LOW
Crime	LOW	Legal	LOW

## Oman — Free trade deal between Oman and India comes into effect — MODERATE

### Situation Update

On 01 June 2026, a new free trade agreement between Oman and India came into effect, marking a significant step in Muscat’s effort to deepen commercial ties with one of Asia’s largest economies while broadening its own non-oil economic options. The [agreement](#) provides duty concessions across a wide range of goods and opens additional opportunities in services, investment, and market access. Earlier [reporting](#) on the signing of the deal said Indian exports would gain zero-duty access on more than 98% of Oman’s tariff lines, while India would reduce tariffs on around 78% of its own tariff lines, covering most imports from Oman by value. The deal is Oman’s first bilateral trade agreement since its 2006 deal with the United States, illustrating Muscat’s willingness to use trade policy more actively in support of growth and diversification.

The timing is also significant. The agreement is coming into force during a period of regional disruption in which Gulf logistics, shipping, and energy routes have come under heavy strain. The situation provides Oman with an added incentive to strengthen its position as a commercially reliable partner with diverse economic links. For India, the deal supports wider efforts to expand trade and strategic ties with the Gulf at a time when access to regional markets, energy, and transport corridors has become more important. The pact is expected to support sectors, including gems and jewellery, engineering goods, pharmaceuticals, agriculture, food processing, and services, while also providing Oman with another route to attract investment and improve its standing in regional supply chains.

### Assessment/Impact/Business Implications

For businesses, the agreement is broadly positive. It should improve market access, lower tariff costs, and strengthen confidence in Oman’s role as a trade and investment platform linking the Gulf and South Asia. Sectors tied to

manufacturing, logistics, ports, services, and re-export activity may benefit most if implementation is smooth and businesses move quickly to use the new preferences. The overall risk remains moderate rather than low because the agreement is constructive, but its benefits will still depend on execution, business uptake, and the wider regional security environment. In the current context, the deal is best understood as both an economic opportunity and a strategic effort by Oman to reinforce commercial resilience during a period of heightened regional uncertainty.

Factor	Risk Rating	Factor	Risk Rating
Political	MODERATE	Business	MODERATE
Economic	LOW	Conflict	LOW
Civil Unrest	LOW	Environment	LOW
Crime	LOW	Legal	MODERATE

## Syria — Air traffic surges amid regional conflict rerouting — HIGH

### Situation Update

According to data reported by the Syrian General Authority of Civil Aviation (GACA), Syria [recorded](#) 11,801 air transits in May 2026, around 375% higher than those recorded in May 2025. The surge in numbers began mainly from the start of March 2026, after the United States (US) and Israel launched airstrikes on Iran. Syrian airspace, which had been considered a no-fly zone throughout the 14 years of civil war that devastated the country, has been reassessed by regional airlines as they divert routes to avoid flying over Iraq and the Gulf, both affected by the ongoing conflict in the Middle East. The increase in air transits over Syria is generating substantial revenue after the government raised costs for airlines by introducing a fixed fee of US\$499 per flight in an effort to support the national economy. The push to revive the economy and attract investment, partly hindered by Washington’s remaining sanctions, [was](#) also evident during a recent phone call between Syrian President Ahmed al-Sharaa and US President Donald Trump.

### Assessment/Impact/Business Implications

In a highly unstable regional context, Syria—situated “at the heart of a triangle linking three continents”—is [emerging](#) as a relatively neutral transit hub and is working towards becoming an effective logistics hub. The increase in air traffic and direct talks with Trump have significant implications both politically, as they reflect Syria’s pragmatic shift away from previous isolationist positions, and economically, as they point to a gradual reintegration of the country into the global economic landscape. Diplomatic opening and the inflow of substantial capital respond to the recovery efforts of al-Sharaa’s administration. Although this brings social relief, the continuation of certain US sanctions targeting former Syrian President Bashar al-Assad and his associates [highlights](#) how Syria is still affected by extensive networks of organised crime, including narcotics production and distribution.

Against this backdrop, what does this situation represent for businesses? Undoubtedly, it presents numerous opportunities but also a range of risks that must be carefully considered. Airlines benefit from greater operational efficiency, with optimised routes and reduced fuel costs, although the concentration of air traffic may lead to a localised increase in atmospheric emissions. However, businesses are still operating within a complex legal environment shaped by sanctions and potential consequences linked to spillover effects from the ongoing conflict in the Middle East.

Factor	Risk Rating	Factor	Risk Rating
Political	HIGH	Business	HIGH
Economic	HIGH	Conflict	HIGH
Civil Unrest	LOW	Environment	MODERATE
Crime	HIGH	Legal	HIGH

## Tunisia — Opposition leader sentenced to life imprisonment — **HIGH**

### Situation Update

On 02 June 2026, the opposition Leader of the Ennahda political party and former Speaker of the Tunisian Parliament, Rached Ghannouchi, was [sentenced](#) by the Tunis First Instance Court to life imprisonment, in addition to a further 30 years in prison. The case, which was known as the “secret apparatus” affair, also saw dozens of other defendants linked to Ennahda be convicted and handed lengthy prison sentences for allegedly [forming](#) what the court described as a “terrorist alliance”. The charges included “deliberately joining a terrorist organisation operating within the territory of the republic” and “providing skills and expertise to a terrorist organisation and to individuals linked to terrorist crimes”. Authorities opened the case against Ghannouchi and his co-defendants in early 2022 following a complaint filed by lawyers representing the families of left-wing politicians Chokri Belaid and Mohamed Brahmi, who were assassinated in 2013. The families maintain that Ennahda was involved in the killings. Ghannouchi’s life sentence [follows](#) his formal arrest on 17 April 2023 and comes after a series of previous convictions, including a one-year prison sentence for incitement to hatred, a three-year sentence in 2024 for financial corruption within the party, and a 22-year sentence in 2025 for conspiracy against state security.

### Assessment/Impact/Business Implications

The case involving Ghannouchi and his co-defendants has significant implications from both a political and legal perspective. The life sentence handed down to the country’s leading opposition figure has enabled the government of Tunisian President Kaïs Saïed to effectively dismantle the Ennahda party by targeting its leadership and neutralising it politically. This has contributed to the further consolidation of presidential power and a reduction in political pluralism, which had already been severely [undermined](#) by the authorities’ continued repression of dissent. From a legal standpoint, the case raises questions about the independence of the judiciary and the use of terrorism-related charges to prosecute political opponents, particularly in a context where Tunisia [witnessed](#) the dissolution of the High Judicial Council, which was replaced by a temporary body over which Saïed exercised full authority.

While the possibility of public unrest cannot be ruled out, the risk of large-scale protests remains relatively moderate given the highly restrictive political climate in the country. Despite Tunisia’s ongoing terrorism and border security challenges, this is a political and judicial case and is therefore unlikely to affect overall crime or security levels. As such, the ruling carries no environmental consequences. Economically, however, Ghannouchi’s conviction could have repercussions by reinforcing perceptions of political instability, which may in turn discourage foreign direct investment. Political volatility and reputational risks in Tunisia do not currently pose serious threats to businesses and no immediate operational disruptions are expected as a result of the ruling.

Factor	Risk Rating	Factor	Risk Rating
Political	SEVERE	Business	MODERATE
Economic	MODERATE	Conflict	LOW
Civil Unrest	MODERATE	Environment	MINIMAL
Crime	LOW	Legal	SEVERE

## Morocco — Antimony production project obtained by Xtract Resources — **MODERATE**

### Situation Update

A 10-year mining license for the Amghas antimony project has been [obtained](#) by the London-based Xtract Resources Company. The project, located in northwest Morocco, marks a seminal step to near-term production. The company has started relocating processing plant infrastructure from Casablanca to the project and Xtract’s 80%-owned venture,

Wildstone SARL, is finalising the documentation needed for a processing permit to establish a gravity [plant](#) on the site. The gravity plant marks the beginning of a broader regional processing strategy; it is designed to process both the Amghas mine output and ore from third-party miners. Later, it is expected to support the development of a larger central flotation plant meant to process material from the project, as well as the neighbouring Ighoud mine and smaller-scale local miners.

Xtract’s CEO, Colin Bird, [stated](#) that the Amghas mining licence and the development of processing infrastructure “mark an important milestone for Xtract in Morocco. With rehabilitation work completed, encouraging resource evaluation and a 70,000 tonne per annum gravity plant moving toward operation”. Indeed, he hopes that Wildstone’s antimony concentrate production will indicate commercial viability for the flotation plant later on and for the company’s regional strategy.

### Assessment/Impact/Business Implications

Xtract Resources Plc is a mineral exploration and development company involved in copper and critical battery metal projects. The project could allow Morocco to join the small group of countries currently producing antimony and become one of the few [producers](#) outside the China-led supply chain. Antimony is a critical mineral largely used in forefront industries, including electronics, energy storage, defence, and fire safety. The project comes at a time when governments and manufacturers are looking to diversify their supply of critical minerals. This diversification is largely attributable to geopolitical tensions and uncertainty, as critical minerals such as antimony are crucial to industrial and defence applications, often taking on national security importance.

Currently, Russia and China are the leading producers of antimony, along with Tajikistan and Bolivia. The project could help place Morocco on the map. Australia’s Zeus Resources also owns another Moroccan project in Casablanca. Although both of these antimony projects remain smaller-scale and are in their early stages, they could provide the foundation for a Moroccan antimony industry. The country is already [expanding](#) into phosphates and other critical minerals, attracting substantive investments in the electric vehicle supply chains, battery manufacturing, and renewable energies. This could enable stronger relations in supplying European markets and serving countries looking to diversify their suppliers. Key considerations nevertheless remain in terms of the lack of details concerning Xtract’s resource estimate or the investment required to bring about the project. Questions also remain in terms of expected mine life, production costs, and the ability to acquire buyers.

Factor	Risk Rating	Factor	Risk Rating
Political	LOW	Business	MODERATE
Economic	MODERATE	Conflict	LOW
Civil Unrest	LOW	Environment	MODERATE
Crime	MINIMAL	Legal	MODERATE

## Egypt — Archaeologists uncover significant findings for tourism industry — **LOW**

### Situation Update

Archaeologists in Egypt have made significant [discoveries](#) that include a marble head of Aphrodite, Pharaonic funerary furniture, and the remains of a Roman basilica. The head and basilica were uncovered in an ancient necropolis in the Beni Suef province, located around 80 miles south of Cairo. The site, known as Ehnasiya, used to be one of ancient Egypt’s most prominent cities. The head of the antiquities department at the Supreme Council of Antiquities, Mohammed Abdel-Badei, said the Aphrodite head is nearly 10 inches and was made according to the Greek and Roman artistic traditions. The [excavations](#) also led to the finding of inscriptions linked to Senusret III, a significant ruler of Egypt’s Middle Kingdom. Further findings of wall statues and terracotta moulds, probably used in coin crafting, reveal that Ehnasiya possibly worked as a vibrant commercial and economic hub at the time that Egypt was part of

the Roman Empire. The funerary furniture in question was uncovered in Cairo’s Matariya neighbourhood, once belonging to the ancient city of [Heliopolis](#). The funerary set was found nearly complete, identified as belonging to a military figure and containing various cosmetic tools and jewellery.

### Assessment/Impact/Business Implications

The discoveries in Beni Suef and Cairo serve as part of the government’s strategy to boost the tourism sector, which is largely driven by [antiquities](#) sightseeing. The country’s tourism industry has suffered in recent years due to continued political turmoil and persistent violence following the Arab Spring. The Egyptian economy has only just recently begun to recover from the COVID-19 pandemic and the economic effects of Russia’s war on Ukraine. The number of tourists coming to Egypt has been steadily [increasing](#) in recent years, with 2025 seeing 21% more tourists from 2024 and the early months of 2026 receiving 400,000 more tourists than in 2025 for the same period. According to the government, the discoveries could bring in needed cash to the economy.

The tourism industry is a significant pillar of Egypt’s economy and the government has been banking on its recovery post-COVID to boost cash flows. The November 2025 inauguration of the Grand Egyptian Museum, a megaproject near the Giza Pyramids and the Sphinx, served to bolster the tourism sector and served as a key element of the government’s tourism renewal strategy. [Challenges](#) to the industry nevertheless persist. Namely, the sector relies heavily on legacy models, has persistent structural inefficiencies, and has yet to adapt to the country’s digital transformation strategy. Additionally, the value chains are dominated by a few major operators, tourism traffic is concentrated in select locations, and startups have a hard time accessing licensing, financing, data access, and visibility measures. In the long-term, the government will have to pursue a stronger investment strategy, structural reform, and encourage the entrepreneurial landscape to truly allow the industry to take off.

Factor	Risk Rating	Factor	Risk Rating
Political	MODERATE	Business	MODERATE
Economic	MODERATE	Conflict	LOW
Civil Unrest	LOW	Environment	LOW
Crime	LOW	Legal	LOW

## Global SA Risk Methodology

THREAT LEVEL RATING	
SCORE	LEVEL
5	SEVERE
4	HIGH
3	MODERATE
2	LOW
1	MINIMAL



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