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Abstract

This article uses a demand model to estimate the impact of terrorism on tourism in Kenya. We use annual data on tourism arrivals from 1990 to 2010, covering Europe, Asia, and the Americas. The results show that terrorism significantly reduced tourism arrivals in Kenya. For every one unit increase in terrorism, there is a decrease of about 2507.5 visitors per year and roughly 157.1 million Kenya Shillings lost in tourism revenue per year for every one unit increase in fatality. Other proxies for terrorism, such as incidence or casualties, have a similar effect, indicating the robustness of the results. On the other hand, previous visits have a strong and positive effect on the level of current arrivals.



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