

Protectionism, Evasion and Household Welfare Evidence from Nigeria's Import Bans

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This Paper

- ▶ **Research question:** What are the price and welfare effects of product-level import bans when enforcement is imperfect?
- ▶ **Data:**
 - ▶ mirror trade data to measure evasion
 - ▶ consumer price microdata to estimate price effects
 - ▶ household surveys to assess welfare impacts

Main contributions

- ▶ Shows that **evasion shapes price effects of bans:**
 - ▶ large price increases for hard-to-evade goods
 - ▶ muted price responses for easily evaded goods
- ▶ **Quantify the welfare effects of evasion:**
 - ▶ bans reduce welfare on average
 - ▶ evasion mitigates losses but benefits richer households

Characterizing the policy: announcement and ban duration

- ▶ Import bans are treated as discrete policy shocks
- ▶ **Announcements** can lead to anticipatory behavior before implementation (pre-trends)
- ▶ **Expected duration** may shape both price dynamics and evasion incentives
- ▶ **Short expected duration**
 - ▶ Lower incentives to set up evasion structures
 - ▶ Temporary scarcity, limited price adjustment
- ▶ **Long expected duration**
 - ▶ Stronger incentives to invest in evasion
 - ▶ Persistent scarcity; adjustment mainly after implementation

Suggestions

- ▶ Report summary statistics on ban duration and whether bans are announced
- ▶ Interact event-study effects with realized duration

Identification: selection into bans

- ▶ Identification relies on treating the timing and product-level assignment of bans as idiosyncratic
- ▶ Requires understanding what drives **selection into bans**

Evidence in the paper

- ▶ Probit to predict ban probability using **time-invariant** product characteristics
- ▶ Low predictive power of the model \Rightarrow reassuring evidence on **cross-product selection**

Open issue

- ▶ Selection may be driven by **time-varying, product-specific factors** (e.g. large increases in imports or price changes of a given product)
- ▶ These same factors may affect prices

Suggestions

- ▶ Study selection into bans over time
- ▶ Use identified product-level time-varying predictors as controls in the models (**conditional parallel trend**)

Minor comments and clarifications

- ▶ **Tariffs during ban periods:**
 - ▶ When bans are in place, tariffs are not economically binding
 - ▶ Clarify how tariffs are recorded when a ban is in place
- ▶ **Model specification:**
 - ▶ Reporting the estimated equations in the text would be useful
 - ▶ In particular, clarify the inclusion of product and year fixed effects
- ▶ **Sample consistency:**
 - ▶ Replicating the trade and evasion analysis on the same product sample used for prices
 - ▶ This would make evasion and price effects more directly comparable