# **Imports data**

### **MFN (Most Favored Nation) vs. AHS (Applied Harmonized System) Tariffs: When Are They Favorable?**

#### **1. MFN (Most Favored Nation) Tariffs**

* **Definition:** The tariff rate applied to all World Trade Organization (WTO) member countries unless a special trade agreement exists.
* **Favorable when:**  
  ✅ **Low MFN tariff rates** → Reduces import costs, making fuel cheaper.  
  ✅ **High MFN Duty-Free Tariff Share** → More products enter without tariffs.  
  ✅ **Low MFN Weighted Average Tariff** → The actual impact on fuel imports is minimal.
* **Not favorable when:**  
  ❌ **High MFN tariff rates** → Increases import costs, raising fuel prices.  
  ❌ **High Dutiable Imports Share** → Most imports are taxed, making them expensive.

#### **2. AHS (Applied Harmonized System) Tariffs**

* **Definition:** The actual tariff rates that a country applies to imports, including preferential rates under trade agreements.
* **Favorable when:**  
  ✅ **Low AHS tariff rates** → Encourages imports, keeping fuel prices stable.  
  ✅ **High AHS Duty-Free Tariff Share** → More fuel imports enter without extra costs.  
  ✅ **Low AHS Weighted Average Tariff** → Ensures fair and competitive pricing.
* **Not favorable when:**  
  ❌ **High AHS tariff rates** → Restricts fuel imports, increasing costs.  
  ❌ **High Specific Duty Imports** → Fixed taxes per unit make fuel expensive.

### **Key Takeaway for Forecasting Model**

* **Lower tariffs (AHS/MFN) → More fuel imports → Lower fuel prices → Higher demand.**
* **Higher tariffs → Restricted imports → Higher fuel prices → Lower demand.**
* **Comparing AHS vs. MFN:**
  + **AHS is more flexible** (varies by trade agreements).
  + **MFN is the baseline rate** (applied to most WTO members).

## **1. Import-Related Features**

### **Import (US$ Thousand)**

* **What it means:** The total value of fuel imports in USD (thousands).
* **Impact on demand:**
  + 🔼 **Higher imports** → More fuel supply → Lower prices → 🔼 Demand
  + 🔽 **Lower imports** → Limited supply → Higher prices → 🔽 Demand

### **Import Product Share (%)**

* **What it means:** The proportion of total imports that fuel represents.
* **Impact on demand:**
  + If **fuel share is high**, demand is likely **stable or increasing**.
  + If **fuel share drops**, other sources (e.g., local production, alternative energy) may be replacing imports.

## **2. AHS (Applied Harmonized System) Tariff Features**

💡 **AHS tariffs are the actual tariff rates applied, including preferential rates.**

### **AHS Simple Average (%)** & **AHS Weighted Average (%)**

* **What they mean:**
  + **Simple Average** → The average import tariff applied across all products.
  + **Weighted Average** → The tariff average, but adjusted based on trade volume.
* **Impact on demand:**
  + 🔼 **Higher tariffs** → Fuel is more expensive → 🔽 Demand
  + 🔽 **Lower tariffs** → Fuel is cheaper → 🔼 Demand

### **AHS Total Tariff Lines**

* **What it means:** Number of different tariff rates applied across products.
* **Impact on demand:**
  + More tariff lines → More **complex regulations** → May **restrict imports**, reducing supply.

### **AHS Duty-Free Tariff Lines Share (%)**

* **What it means:** The percentage of fuel imports that enter without tariffs.
* **Impact on demand:**
  + 🔼 **Higher share** → Lower import costs → 🔼 Demand
  + 🔽 **Lower share** → More tariffs applied → 🔽 Demand

### **AHS MaxRate (%) & AHS MinRate (%)**

* **What they mean:** The highest and lowest tariff rates applied to fuel imports.
* **Impact on demand:**
  + If **MaxRate is very high**, importers might reduce imports, **causing supply shortages** and increasing fuel prices.

### **AHS Specific Duty Imports (US$ Thousand)**

* **What it means:** Value of imports taxed by **specific duties** (fixed amount per unit).
* **Impact on demand:**
  + If **specific duties are high**, fuel **becomes more expensive**, reducing demand.

### **AHS Dutiable Imports (US$ Thousand)**

* **What it means:** Total value of fuel imports **subject to tariffs**.
* **Impact on demand:**
  + If a **large portion of imports is dutiable**, fuel prices **rise**, reducing demand.

### **AHS Duty-Free Imports (US$ Thousand)**

* **What it means:** Value of fuel imports that enter **without tariffs**.
* **Impact on demand:**
  + More **duty-free imports** → Fuel is cheaper → **Higher demand**

## **3. MFN (Most Favored Nation) Tariff Features**

💡 **MFN tariffs apply to all WTO members unless a special trade deal exists.**

### **MFN Simple Average (%) & MFN Weighted Average (%)**

* **What they mean:** Similar to AHS, but for **MFN partners only**.
* **Impact on demand:**
  + If **Sri Lanka has lower MFN tariffs**, fuel **is cheaper**, boosting demand.

### **MFN Total Tariff Lines**

* **What it means:** The number of different tariff rates under **MFN status**.
* **Impact on demand:**
  + More tariff lines → More **complex regulations**, which may discourage imports.

### **MFN Duty-Free Tariff Lines Share (%)**

* **What it means:** The percentage of fuel imports under MFN **not subject to tariffs**.
* **Impact on demand:**
  + 🔼 **Higher share** → More **fuel enters duty-free** → 🔼 Demand

### **MFN MaxRate (%) & MFN MinRate (%)**

* **What they mean:** The highest and lowest tariff rates under MFN status.
* **Impact on demand:**
  + **High MaxRate** → **Fuel prices rise**, discouraging imports and reducing demand.

### **MFN Specific Duty Imports (US$ Thousand)**

* **What it means:** Value of imports taxed with a **specific duty** under MFN.
* **Impact on demand:**
  + If specific duties are high, fuel **costs more**, **reducing demand**.

### **MFN Dutiable Imports (US$ Thousand)**

* **What it means:** Value of imports under MFN **subject to tariffs**.
* **Impact on demand:**
  + More **dutiable imports** → Fuel is **more expensive** → 🔽 Demand

### **MFN Duty-Free Imports (US$ Thousand)**

* **What it means:** Value of MFN fuel imports that **do not have tariffs**.
* **Impact on demand:**
  + 🔼 **Higher value** → More fuel enters duty-free → **Lower prices → Higher demand**

## **Key Takeaways for Your Demand Forecasting Model**

📌 **Factors That Increase Demand**  
✅ **Higher Import Volume** → More fuel availability  
✅ **Lower Tariff Rates (AHS/MFN)** → Fuel is cheaper  
✅ **Higher Duty-Free Share** → Fuel enters Sri Lanka without extra costs  
✅ **Lower Weighted Average Tariffs** → Less burden on fuel importers

📌 **Factors That Decrease Demand**  
❌ **Higher Import Tariffs** → Fuel becomes expensive  
❌ **More Dutiable Imports** → Extra costs passed to consumers  
❌ **Higher Specific Duties** → Fixed extra costs per unit of fuel  
❌ **Lower Import Share** → Fuel supply may be unstable