

# ECONOMY OF FISH CONSUMPTION WITH PARTICULAR ATTENTION TO THE VAT-REDUCTION IN YEAR 2018

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## **Abstract**

“The VAT-reduction to 5% on fish for consumption in January 2018 may foster fish consumption, since fish becomes more accessible, so demand for it is expected to increase.” The statement above was formulated during a former research of ours. Continuing our work, our specific aim is to assess the effect and result of the modified VAT. Following the European recommendation, we should consume fish at least twice a week, reducing with this the occurrence of the cardiovascular diseases, as well as promoting a healthy lifestyle. On the basis of our former survey, the price of fish appeared as an obstacle of this—both for live and for processed fish. Consuming 300 gram fish per week would be ideal. This would mean more than 15 kg of oily fish a year per capita. In contrast, the domestic fish consumption is hardly 4 kg/capita/year. In Hungary 60% of fish consumption comes from domestic freshwater fish, and about 40% comes from sea fish and from other marine species. Due to VAT-reduction, sales volume of particular affected fish has grown by more than 80% compared to the same period last year. Nevertheless seasonality in fish consumption has not changed, which was experienced during our research last year, too. The reduced VAT did not bring change in the seasonality of consumption. It can be observed that the season of freshwater fish begins in September—which is not surprising, since several types of fish can be bought in larger quantity this time. Larger supermarket chains were counting on a 15-20% sales growth due to the VAT-reduction, but in the long run they were unable to ensure this 22% price advantage (which was enabled by the VAT-reduction from 27% to 5%) to their consumers. They justify this with unfavourable weather and the weakening of HUF. These two factors would surely influence the price of fish for consumption. The support of European Maritime and Fisheries Fund with the domestic down payment foster the development of fisheries management, modernizing the Hungarian fish production and domestic fish processing as well as the marketing popularizing fish consumption within the frame of 2014-2020 Hungarian Fisheries Operational Program [MAHOP]. Time is still needed for the emergence of harmony between demand and supply, as well as for the stabilization of the market circumstances—but these steps would support fish consumption.

*Key words: fish, VAT, seasonality, supermarket chains*



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