Labelling and safety of foodstuff, local products, governmental measures, conscious consumerism – what next?

Tünde Riskó Csapóné

1 INFO
Received 17 Nov 2012
Accepted 13 Dec 2012
Available on-line 28 Dec 2012
Responsible Editor: Rajkai, K.

Kulcsszavak:
labels, trademarks, Hungarian products, conscious consumption

ABSTRACT
The rapid pace of change in science and technology, changes in legislation and the current socio-economic and socio-demographic realities have all had a marked impact on the food we buy today. The intensification of farming, such as the use of pesticides, and the industrialisation of food production, using additives and preservatives improve taste, appearance and shelf-life, for example, can be the causes for concern, among many consumers. Globalisation is another driver of change; we have more products to choose from, brought to us from all corners of the world. As a result, food can now be sourced anywhere, sometimes subject to different food quality standards. In the present study legal regulation of food labelling in EU, operation of the RASFF system, currently applied ‘Hungarian product’ trademarks and markings and the relating new Hungarian Product Regulation, the planned measures of the Hungarian Government concerning the VAT of some basic foodstuff are introduced briefly. All these are complemented with consumer behaviour surveys to see how all these considered, accepted, evaluated by consumers.

1. Introduction

Globalization and its effects can be found almost everywhere. Besides economic globalization, we have to mention environmental, political, cultural and technological globalization, as well. Among the effects of globalization the improvement of international trade, the technological progress, the increasing influence of multinational companies, the strengthening power and influence of international institutions such as the World Trade Organization, International Monetary Fund, and World Bank, greater mobility of human resources across countries, greater outsourcing of business processes to other countries have to be pointed out. The definition of OECD says: The term globalisation is generally used to describe an increasing internationalisation of markets for goods and services, the means of production, financial systems, competition, corporations, technology and industries. Amongst other things this gives rise to increased mobility of capital, faster propagation of technological innovations and an increasing interdependency and uniformity of national markets (I1).

As one of the results we can buy even such products that have been produced somewhere on the other side of the world. It is not always clear for the consumers where, how and by whom the product has been produced. For conscious consumers the information provided on the packaging of the product, labels, trademarks can help a lot when making their purchasing decision. Of course there are several other ways to collect the necessary information. For these consumers the origin of the product, the production process, the ingredients, the environmental and social impacts of the production, as well as ethical concerns are really important questions.

In our survey we wanted to investigate the opinion, beliefs and everyday practice of Hungarian higher education students in connection with conscious consumption with special emphasis to food consumption. Results and findings are continuously compared to the results and findings of other surveys both in Hungary and abroad. The survey has been placed in a context including the EU’s legal regulation on labeling of foodstuff, introduction of the current local product trademarks in Hungary and the planned measures of the Hungarian Government on reducing the ratio of VAT of some basic foodstuff.

1 Csapóné Riskó Tünde
University of Debrecen, 4032 Debrecen, Böszörményi út 138, Hungary
csapone@agr.unideb.hu
2. EU legislation concerning labelling of foodstuff

The rapid pace of change in science and technology, changes in legislation and the current socio-economic and socio-demographic realities have all had a marked impact on the food we buy today. The intensification of farming, such as the use of pesticides, and the industrialisation of food production, using additives and preservatives improve taste, appearance and shelf-life, for example, can be the causes for concern, among many consumers. Globalisation is another driver of change; we have more products to choose from, brought to us from all corners of the world. As a result, food can now be sourced anywhere, sometimes subject to different food quality standards. As a result, food safety knows no boundaries (I2).

The Directive 2000/13/EC applies to pre-packaged foodstuffs to be delivered to the final consumer or to restaurants, hospitals, canteens and other similar mass caterers. It does not apply to products intended for export outside the European Union. The labelling, presentation and advertising of foodstuffs must not: (1) mislead the consumer as to the foodstuff’s characteristics or effects; (2) attribute to a foodstuff (except for natural mineral waters and foodstuffs intended for special diets, which are covered by specific Community provisions) properties for the prevention, treatment or cure of a human illness.

The labelling of foodstuffs must include compulsory information. The particulars indicated on products must be easy to understand, visible, legible and indelible. Some of them must appear in the same field of vision. The compulsory particulars include: (1) Name under which the product is sold; (2) List of ingredients, which are listed in descending order of weight and designated by their specific name; (3) Quantity of ingredients or categories of ingredients expressed as a percentage; (4) Net quantity expressed in units of volume in the case of liquids and units of mass in the case of other products; (5) Date of minimum durability; (6) Any special storage conditions or conditions of use; (7) The name or business name and address of the manufacturer or packager, or of a seller established within the Community; (8) The place of origin or provenance where failure to give such particulars might mislead the consumer; (9) Instructions for use should be included to enable appropriate use of the foodstuff; (10) Indication of the acquired alcoholic strength of beverages containing more than 1.2 % by volume of alcohol.

The European provisions applicable to specific foodstuffs may authorise making particulars such as the list of ingredients and date of minimum durability optional. These provisions may provide for other compulsory particulars, provided this does not result in the purchaser being inadequately informed. Special provisions apply to: (1) reusable glass bottles and small packaging items or containers; (2) pre-packaged foodstuffs; (3) foodstuffs offered for sale without pre-packaging and foodstuffs packaged on the sales premises at the consumer’s request (I3).

There are some amending acts to the Directive detailed above, such as

- Directive 2001/101/EC regulating the definition of meat for labelling purpose, where meat is used as an ingredient in foodstuffs (I4).
The new EU Regulation 1169/2011 on the provision of food information to consumers considerably changes existing legislation on food labelling including: (1) Nutrition information on processed foods; (2) Origin labelling of fresh meat from pigs, sheep, goats and poultry; (3) Highlighting allergens e.g. peanuts or milk in the list of ingredients; (4) Better legibility i.e. minimum size of text; (5) Requirements on information on allergens also cover non pre-packed foods including those sold in restaurants and cafés. The new rules will apply from 13 December 2014. The obligation to provide nutrition information will apply from 13 December 2016 (19).

3. The Rapid Alert System for Food and Feed

The Rapid Alert System for Food and Feed (RASFF) is a quick and effective tool for the exchange of information between competent authorities when risks to human health are detected in the food and feed chain and measures - such as withholding, recalling, seizure or rejection of the products concerned - are taken. This quick exchange of information allows all members of the network to verify immediately whether they are also affected by the problem. Whenever the product is already on the market and should not be consumed, the authorities are then in a position to take all urgent measures, including giving direct information to the public, if necessary. The RASFF network involves the EU Member States, the EEA countries - Norway, Liechtenstein and Iceland-, the EFTA Secretariat coordinating the input from the EEA countries, the European Food Safety Authority (EFSA) and the European Commission as the manager of the system. Since 1 January 2009, Switzerland is a partial member of the system - as far as border rejections of products of animal origin are concerned - after it concluded a veterinary agreement with the EU. The quick exchange of information about food and feed-related risks ensures coherent and simultaneous actions by all RASFF members. This is a major contribution to consumer safety and a concrete and visible result of European integration. Figure 1 shows the notification basis between 2008-2011.
Tünde Riskó Csapóné: Labelling and safety of foodstuff, local products, governmental measures, conscious consumerism – what next?

### Table 1. 2011 top 10 number of notifications: Number of notifications counted for each combination of hazard/product category/country (by origin)

<table>
<thead>
<tr>
<th>Hazard</th>
<th>Product category</th>
<th>Origin</th>
<th>Notifications</th>
</tr>
</thead>
<tbody>
<tr>
<td>aflatoxins</td>
<td>feed materials</td>
<td>India</td>
<td>80</td>
</tr>
<tr>
<td>aflatoxins</td>
<td>fruits and vegetables</td>
<td>Turkey</td>
<td>75</td>
</tr>
<tr>
<td>aflatoxins</td>
<td>nuts, nut products and seeds</td>
<td>China</td>
<td>60</td>
</tr>
<tr>
<td>Salmonella spp.</td>
<td>fruits and vegetables</td>
<td>Bangladesh</td>
<td>54</td>
</tr>
<tr>
<td>aflatoxins</td>
<td>nuts, nut products and seeds</td>
<td>Turkey</td>
<td>53</td>
</tr>
<tr>
<td>migration of chromium</td>
<td>food contact materials</td>
<td>China</td>
<td>48</td>
</tr>
<tr>
<td>migration of formaldehyde</td>
<td>food contact materials</td>
<td>China</td>
<td>45</td>
</tr>
<tr>
<td>living and dead mites</td>
<td>nuts, nut products and seeds</td>
<td>Ukraine</td>
<td>43</td>
</tr>
<tr>
<td>aflatoxins</td>
<td>herbs and spices</td>
<td>India</td>
<td>40</td>
</tr>
<tr>
<td>aflatoxins</td>
<td>nuts, nut products and seeds</td>
<td>Iran</td>
<td>39</td>
</tr>
</tbody>
</table>

Source: I10

In 2011, a total of 3,812 original notifications were transmitted through the RASFF, of which 635 were classified as alert, 573 as information for follow-up, 744 as information for attention and 1,860 as border rejection notification. These original notifications gave rise to 5,345 follow-up notifications, representing on average about 1.4 follow-ups per original notification. These figures represent a 13.5% increase in original notifications and less importantly, a 2.3% increase in follow-up notifications; resulting in an overall increase of 6.7%. Figure 2 shows the notifications by country type in 2011. The high ratio of border rejection shows that the EU is quite effectively protected against hazardous food and feed. Table 1 shows the top 10 notifications in 2011. It is also comforting to know that the top 10 hazardous products did not originate from an EU country (I10).

### 4. Hungarian products, trademarks

A survey has been commissioned for the New Hungary Development Programme, according to which 80 percent of those asked check the origin of a product on the packaging and three quarters of them consciously pay attention to buying Hungarian products. Participants primarily consider those products to be Hungarian which are made from domestic base material and those which bear a marking. In comparison with previous year 40 percent more people made efforts to buy Hungarian products (Czauner, 2011/b).

It can be read and heard everywhere nowadays in Hungary that preferring Hungarian products is extremely important for the domestic economy including job retention and job creation, as well. Trademarks ensuring the Hungarian origin of products could be useful for conscious consumers. The question is: can we believe these trademarks? Consumers’ number one source for product information is the packaging. In recent years several Hungarian product lobby organisations were formed who established their own markings, but provide little data on their websites about the criteria of their usage. Not even the Quality Food from Hungary marking requires the usage of Hungarian base material or domestic production facilities (Czauner, 2011/b). Table 1 shows some of such trademarks used currently in Hungary.

Szakály also emphasises that there are too many markings referring to quality and origin, and trademarks in the national food market. In addition to this, the criteria are different and can be confusing for consumers (Szakály, 2011).
The trade stands united in supporting the Hungarian product regulation. Presently conditions are chaotic and after last year’s parliamentary elections supposed expectations made many manufacturers ‘go national colours crazy’. Consumers must understand that by buying Hungarian they contribute to the wealthy of the country; without a competitive domestic food industry no regulation can achieve its goals; we need an agricultural sector that is capable and willing to cooperate and innovate in the long run; we need an independent Hungarian agricultural strategy that sets priorities and diversifies the sector (Czauner, 2011/b).

In order to solve this problem around the “Hungarian Product” trademarks and facilitate conscious consumer decisions a “Hungarian product” regulation has been worked out. In future, the terms "Hungarian Product", Domestic Product" and "Domestically Processed Product" may be included on the labels of foods on a voluntary basis in Hungary. The use of these categories will not be compulsory, but anyone who includes the term Hungarian Product on his goods must conform to regulations.

Table 2. Hungarian product trademarks

<table>
<thead>
<tr>
<th>Logo</th>
<th>Trade mark owner</th>
<th>Year of issue</th>
<th>Method of classification and award</th>
<th>Method and frequency of control</th>
<th>Trademark users</th>
<th>What does it mean by Hungarian product?</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1" alt="Logo" /></td>
<td>Agrár-marketing Centrum</td>
<td>1998</td>
<td>application, independent jury</td>
<td>twice a year, reaplication in every third year</td>
<td>429 products of 86 companies</td>
<td>distributed only on the Hungarian market</td>
</tr>
<tr>
<td><img src="image2" alt="Logo" /></td>
<td>Association of 5 organisations</td>
<td>1998</td>
<td>application, professional jury, experts invited by the announcers</td>
<td>yearly by KERMI and NFH</td>
<td>208 applications, products over 2000</td>
<td>produced in Hungary, more than half of the product value should be produced at home</td>
</tr>
<tr>
<td><img src="image3" alt="Logo" /></td>
<td>Baromf Terméktanács</td>
<td>2002</td>
<td>own trademark rules</td>
<td>on the basis of quality control systems continuously</td>
<td>23 companies</td>
<td>poultry kept and processed in Hungary, fed by fodder prepared in Hungarian fodder mixing plant</td>
</tr>
<tr>
<td><img src="image4" alt="Logo" /></td>
<td>Prémium Hungaricum Association</td>
<td>2004</td>
<td>application, classified by an expert committee</td>
<td>control randomly</td>
<td>61 products of 17 association members</td>
<td>geographically determined, produced on the basis of Hungarian traditions, reflects Hungarian spirit</td>
</tr>
<tr>
<td><img src="image5" alt="Logo" /></td>
<td>Magyar Termék Non-profit Ltd.</td>
<td>2006</td>
<td>application, independent quality control committee</td>
<td>once a year, reaplication in every third year</td>
<td>40 product family, products over 250</td>
<td>produced by a company registered in Hungary, final form of the product in Hungary, first place of distribution is Hungary</td>
</tr>
<tr>
<td><img src="image6" alt="Logo" /></td>
<td>Agrár-marketing Centrum</td>
<td>2009</td>
<td>application, general requirements of the sector and rules of the trademark</td>
<td>appointed experts at least once in a year</td>
<td>15 product type of 8 companies</td>
<td>At least half of the parents are Hungarian breeds, processed in Hungary, fodder maize should originate in more than 30% from Hungarian production</td>
</tr>
<tr>
<td><img src="image7" alt="Logo" /></td>
<td>Baromf Terméktanács</td>
<td>2010</td>
<td>professional control board and rules of the trademark</td>
<td>regularly (at least once in a year) and occasional control</td>
<td>9 companies (altogether 300 million egg production)</td>
<td>produced by an animal hatched in Hungary, kept in a Hungarian plant, that lays in a Hungarian plant, fed by home mixed fodder</td>
</tr>
<tr>
<td><img src="image8" alt="Logo" /></td>
<td>Alföldi Tej Ltd.</td>
<td>2010</td>
<td>Trademark Law</td>
<td>during production continuously, daily</td>
<td>own trademark</td>
<td></td>
</tr>
</tbody>
</table>

Source: Gippert, B. – Veszelka, A., 2010
The ‘Hungarian Product’ classification, or any other statement that claims the food is of Hungarian origin, may only be included on goods if it has been produced in Hungary using Hungarian ingredients. As such, plant-based foods must have been cultivated in Hungary, plants that grow in the wild must have been collected, treated and packaged in Hungary. Animals used in animal-based products must have been born here and reared and processed within the country’s borders; fish must have been caught in domestic waters and wild game need to have been hunted in Hungary.

The term ‘Domestic Product’ may be used on foods if at least 50 percent of its ingredients are Hungarian and every single step of processing has been performed in Hungary.

The third category is ‘Domestically Processed Products’ and includes foods that are processed in Hungary but whose ingredients primarily originate from imports (I11).

5. Survey on conscious consumption among Hungarian higher education students

5.1. Material and applied methods

Higher education students in three towns (Budapest, Gödöllő and Debrecen) were asked to fill in a questionnaire in April-May 2010. Altogether 504 filled in questionnaires were suitable to be processed and evaluated. SPSS was applied for using different statistical methods. As regards the level of education of the respondents: 244 was enrolled at a BSc/BA programme, 231 at a Postsecondary programme and 25 at a Master programme. As regards the place of current studies of the respondents: 344 studied in Budapest, 120 in Debrecen and 34 in Gödöllő.

5.2. Conscious consumerism in general

Respondents to the survey were asked to evaluate how conscious they considered themselves as consumers. As Figure 3. shows, most of the respondents evaluated themselves as average conscious consumers (‘3’ and ‘4’ values).

![Figure 3. Responses to “How conscious consumer are you?” (5=very much, 1=not at all) (Source: own research, 2010)](http://www.magisz.org/journal)

We would like to point out the two extreme locations: Budapest, where the highest ratio of ‘not at all=1’ and lowest ratio of ‘very much=5’ can be found with 19,9% and 11,2% respectively. The other extreme is the ‘county centre’ category, where the lowest ratio of ‘not at all=1’ and highest ratio of ‘very much=5’ can be found with 7,9% and 13,9% respectively. However we also have to point out that the relative standard deviation was 37,5, so the sample is quite heterogeneous and the average (3,16) does not represent the sample correctly.

Respondents were asked to evaluate Hungarian consumers as conscious consumers. Figure 4. shows the opinion of the respondents. Responses were a little bit surprising. Although respondents considered themselves as good (4) or fair (3) conscious consumers, they have worse opinion as regards Hungarian consumers. 243 out of 504 believe that Hungarian consumers are only a little bit conscious, and 143 of them thinks that Hungarian consumers are not conscious at all.
5.3. Conscious food consumption

TÁRKI prepared an analysis to analyse certain aspects of consumer behaviour in the EU, by using data from the 2005 Special Eurobarometer survey on food safety. They report that the most influential factors in the choices of European consumers are quality and price. The elements were chosen by around 40% or more of the respondents. For about a fifth of the consumers, the appearance of the food is important. This is followed by taste, healthiness and family preferences. All the other elements were mentioned by less than 10% of respondents. The pattern of importance for the old member states is almost identical to that for the EU25 as a whole, whereas there are certain discrepancies in the pattern of the newcomers. The element that was most frequently chosen by respondents from the new member states was price (46%). Quality was picked by only 34% (roughly the same as appearance). Taste was chosen by a fifth of the respondents, and 12% mentioned healthiness as a decision factor (Gáti, 2009).

A survey was carried out in three towns of the Transdanubian region of Hungary among primary and secondary school pupils on their nutrition habits. In four groups out of the six focus groups ‘shelf life’ was the most important factor when choosing a food. On the second place we can find ‘healthiness’ three times, and ‘quality’, ‘shelf life’ and ‘taste’. On the third place we can find six different factors: ‘ingredients’, ‘taste’, ‘fat content’, ‘appearance’, ‘vitamin content’ and ‘quality’. The underlined factors were chosen by the secondary school pupils (Fülöp et al., 2009).

A survey was carried out by the University of Kaposvár for the request of AMC (Agrarian Marketing Centre) regarding Hungaricum products. They report that consumers would like to support domestic food production by preferring these products. Almost 80 percent of the respondents would favour traditional Hungarian food products with trademarks. It can also be encouraging that more than half of the respondents (54,8%) would be willing to pay more for traditional Hungarian food. Most of the respondents would accept 10% as extra charge; among them for mineral water and bakery products they would be willing to pay 10% more; while for wine, spirits and Hungarian salamis they would be willing to pay even more (H12).

In May 2009 there was a survey among BA students in Budapest, Hungary. They wanted find out the importance of information, labels available on the packaging of food in consumer decisions. ‘Shelf life’ was the most important (85,2%), it was followed by ‘healthiness’ (82,48%) and ‘high vitamin and mineral content’ (81,73%). From the other side of the list we can point out ‘organic/bio’ (41,15%), ‘Fair trade’ (40,87%), ‘nutritional content’ 30,99% and ‘calorie table’ 21,6%, it was the least important factor when choosing a food (Dörnyei, 2010).

There was a survey in Hungary on consumer preferences regarding the labelling of foodstuff. They investigated what kind of information was searched by consumers on the packaging. The most important information for most of the respondents was price; it was followed by shelf life and name of the product. It is promising that origin is going to be more and more important, but at the same time the ratio of consumers searching for markings and trademarks is low (35%). Markings and trademarks are important for 5 consumers out of 10, which is a good tendency in comparison with the low interest.
After all these it was expected that at least the same ratio of consumers would consider trademarks as authentic. The results were contradictory, only 23% of the Hungarian consumers believe markings, trademarks; the ratio is 87% in Austria. Only a small ratio of consumers would be willing to pay more for products with markings, trademarks. 31,7% of the respondents would be willing to pay more for “ Hungarian Products”, 28,2% for the “Quality Hungarian Foodstuff” and 24,3% for the Certified Hungarian Poultry” (Szakály, 2011).

A recent market survey by GfK Hungária and Ipsos Zrt. indicates that consumers’ main expectation from products is to be fresh and of good quality, price only comes second since 2003. The Hungarian origin of products is important for 68 percent of shoppers – the same proportion was 52 percent in 2005 (Czauner, 2011/a).

Conscious consumers gather information on the ingredients and characteristics of food products, for instance by reading nutritional information on products’ packaging or on the label. According to a 55-country survey by Nielsen, 61% of Hungarians only partially (48% was the European average) understand nutritional information indicated on food products (Trade Magazin, 2011. June-July).

Hungarians’ main motives for buying food are very different from the European average. Most Hungarians improvise and go shopping when they have run out of something. On the contrary, the majority of consumers in 28 European countries (from the 55 surveyed by Nielsen in the first half of 2011) plan their shopping trips in advance and their goal is to replenish their food stocks. 39 percent of Hungarians said in the survey that they are mainly instigated to go shopping if they have run out of something; 24 percent said they go shopping if one or more important items have become necessary to have in the household. A major factor in this type of consumer behaviour is that many stores are open long hours, even at weekends (Trade Magazin, 2011. Aug-Sept/a).

The survey of Nielsen mentioned above revealed that 47 percent of Hungarian consumers are influenced in their food buying decisions by the price-value ratio of a product. 43 percent cited consumer price itself as the most important factor, while the next crucial element (28%) was if somebody already knew or used the product. Trusting the product came in at 22 percent, followed by promotions or price reductions at 20 percent (Trade Magazin, 2011. Aug-Sept/b).

Our respondents were asked to evaluate on a scale of 1-5 how important the listed criteria (price, origin, ingredients, shelf life, producer) are for them when buying a food product. The average results show that price is the most important criteria (4,29), the second one is shelf life (4,11), the third one is ingredients (3,94). The origin and the producer are the least important factors for the respondents with 3,31 and 3,12 averages respectively. Our results cannot be compared to the above cited survey results mainly because of the diverse studied/offered criteria. Price sensitiveness of our respondents and new EU member states that was supported by the TÁRKI report is a common characteristic of these consumers.

We also asked our respondents to evaluate on a scale of 1-5 how often they buy food at the listed locations. We offered the following locations: (1) hypermarket/supermarket, (2) small shop, (3) bio shop/bio market, (4) fresh food market and not from the same salesman/producer, (5) fresh food market and always from the same salesman/producer, (6) specialised shops (butcher’s, greengrocery, bakery, etc.). The results show that the sample was quite heterogeneous, so the average results do not represent the sample correctly. The average was the highest (4,17) for the ‘hypermarket/supermarket’ category. It was followed by ‘small shops’ with an average of 3,11, then specialised shops (butcher’s, greengrocery, bakery, etc.) with an average of 2,95. The lowest averages are the following: ‘fresh food market and not from the same salesman/producer’ (2,04), ‘fresh food market and always from the same salesman/producer’, (1,83) and ‘bio shop/bio market’ (1,25). Although we have to point out that the relative standard deviation was high, so the sample was quite heterogeneous and the average does not represent the sample correctly. The relative standard deviation was 25,3 in case of ‘hypermarket/supermarket’, so this is the category where the sample was the most homogenous.
6. Measures and planned measures of the Hungarian government

Market research makes it evident that buying Hungarian products is increasingly important for shoppers. The Ministry of Rural Development has already drawn up a draft legislation (the Hungarian Product Regulation has already come into force in September 2012 – the author) on regulating Hungaricum and domestic products. Before Hungary’s accession to the European Union the proportion of domestic food products was high, for instance in 2003 it was 90 percent. Free trade entailed mass import and retailers started competing for buyers with cheap, lower-quality foreign products. As a result of privatisation, many prestigious Hungarian manufacturers with well-known and popular brands were acquired by large international companies. These companies often move production from one country to another. Hungary’s food safety law is Europe’s strictest but since we have been members of the EU this strict regulation mostly refers to products from third countries. Some Hungarian food products are in a favourable position: these received the protected designation of origin (PDO) or the protected geographical indication (PGI) marking from Brussels. It was the goal of the Ministry of Rural Development to create a system where only those products can be marked ‘Hungarian’ that are guaranteed to be Hungarian. It was high time as well because recently manufacturers started marking non-Hungarian products misleadingly. Only those food enterprises fall under the scope of the legislation that operate in Hungary and it affects exclusively those who wish to indicate the origin of their products voluntarily (Czauner, 2011/b).

It is a tendency that – among other reasons – because of the high VAT content Hungarian food industry looses its domestic markets and becomes uncompetitive compared to the import products of low VAT countries and to the products of VAT avoiding players. It is a fact on the basis of daily practice – but is can be estimated only – that a considerable part of the Hungarian agronomy operates in the grey-black zone, attracting even those who basically would like to operate legally. The three product boards (poultry, meat and dairy) drafted a proposal on the reduction of VAT in order to increase the competitiveness and stabilize the profitability of the main animal production chains in agreement with the similar objective of the Ministry of Rural Development. On the basis of the proposers’ calculations the decrease in the VAT revenue would be 20,5 billion HUF in the dairy industry, 18,4 billion HUF in the pig industry, 21,6 billion HUF in the poultry industry. The differentiated VAT reduction in the main animal production chains altogether would mean 60,5 billion HUF loss of income in the budget. That is around 0,2 % of the GDP – as identified by professional bodies and from this point of view its effect can be considered as neutral to the budget. They believe that the question is whether in the present futureless situation survival of the Hungarian agriculture, maintaining tens of thousands of work places, establishing legal market conditions and improving the competitiveness of agriculture deserves a state intervention returning in medium term equalling to 0,2% of the GDP (I13).

7. Questions and main findings

On the basis of the introduced secondary data and our primer research among Hungarian higher education students the following findings can be reported:

- Legal regulation concerning the labelling of foodstuff within the EU seems to be precisely regulated.
- Due to the effective operation of the RASFF system, it can be stated that consumers within the EU are well protected against hazardous food and feed.
- Most of our respondents evaluated themselves as average conscious consumers (‘3’ and ‘4’ values). However we also have to point out that the relative standard deviation was 37,5, so the sample is quite heterogeneous and the average (3,16) does not represent the sample correctly.
- Roughly half of our respondents believe that Hungarian consumers are only a little bit conscious, and about one third of them thinks that Hungarian consumers are not conscious at all.
As regards food purchase habits of our respondents, the average results show that price is the most important criteria (4,29), the second one is shelf life (4,11), the third one is ingredients (3,94). The origin and the producer are the least important factors for the respondents with 3,31 and 3,12 averages respectively.

The new Hungarian product regulation will hopefully solve the current chaotic situation regarding the use of trademarks and markings emphasising Hungarian origin of products.

The planned measures of the Hungarian government in connection with the VAT of some basic foodstuff seem to be a good idea to increase the competitiveness of the agricultural sector.

For Hungarian consumers price and price-value ratio are the most important criteria when buying food. Origin of the product seems not to be so important for them, although it is clear for them that by favouring Hungarian products they could contribute to the development of the domestic economy, too. If the price of Hungarian foodstuff was cheaper due to the planned VAT measures, Hungarian origin would be obviously more important and would be favoured by Hungarian consumers.

References

Internet:
I12: http://www.elelmiszer.hu/cikk/a_hazai_fogyasztok_biznak_a_hungarikumokban (accessed: 12 September 2012)