

Meat consumption and greenhouse gas taxes

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Will taxes on agricultural emissions encourage consumers to buy fewer climate-damaging products? There is a lack of knowledge on how consumers react to increasing prices due to taxes on agricultural emissions of greenhouse gases. To investigate whether and how Danish consumers respond to meat price increases, survey data on the food purchases of households in 2021-22 are used. During this period food prices rose unexpectedly and to varying degrees for different types of meat and for meat from different countries of origin. Danish consumers' demand for different types of meat are examined alongside the effects of increased Danish meat prices on the demand for foreign meat. This is done using the EASI demand system. The analyses show that the consumption of meat decreases whenever its own price increases. Furthermore, it is shown that there is a low degree of substitution between different meat types as well as between Danish and imported meat. Finally, the welfare losses from a differentiated price increase on meat products, mimicking the expected price increases on meat products in response to a greenhouse gas tax, are calculated to be around 0,5 percent of the average annual expenditure on food of a household.