

Polish Experience in Biofuels Market Development

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Macroeconomic Stimuli of Biofuel development



- Overproduction of spirit in 1990th
- Tax Policy starting from 1993 (excise duty relief)
- Agricultural lobby, possibility to reduce unemployment.
- Urge towards reduction of energy dependence on Russia
- Desire to boost farm incomes while limiting carbon emissions



Financial Stimuli



- Farmers who invest in the production of biomass for fuel purposes receive uniform direct subsidies per hectare of farmland in 2005 the rate was PLN 225 (~56 EURO) per each hectare.
- Subsidies are granted for farmland area on which oil plants such as the rape, agrimony, sunflower and soya are grown. The subsidies are proportional to the crops area, in 2005 the rate was PLN 282.35 (~70 EURO) per each hectare.
- According to the most recent excise tax law approved by the President on May 30, 2007, farmers will receive subsidies from EU funds equal to \$46 per hectare of rape seed.
- Fines for not adding biocomponents



Stimuli for consumers



- Creation of restricted areas in cities accessible only for public buses fueled with biofuels;
- Parking fee exemption for cars using biofuels;
- Environmental fee exemptions for companies using cars and machinery equipped with biofuels fueled engines.



Major Drawbacks in Polish Biofuel Market Development



- The controversial government prerogative to set a minimum price for crops used in biofuels;
- There were no clear standards for biofuels in Poland and many vehicles on the road would not be able to drive on high blends of biofuels mixed into diesel or petrol;
- A decrease in budget revenues coming from excise and VAT taxes;
- Negative attitude towards biofuels;
- Bureaucracy.



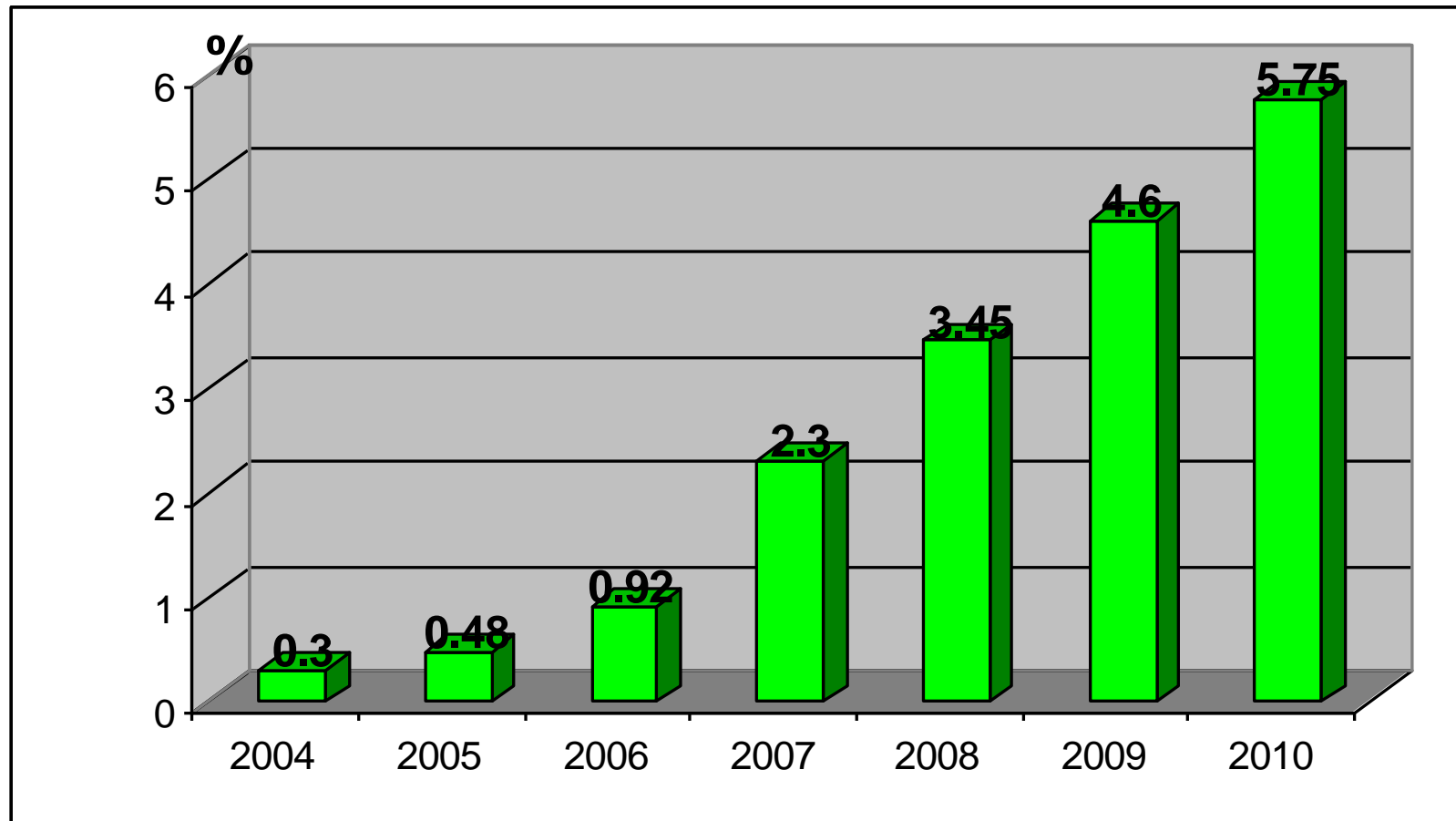
Raw materials for production of bioethanol



Rye	72-82%
Sugar beet/molasses	10-19%
Potatoes	2-5%
Other ingredients	3-4%



Share (%) of Biofuels in Poland in 2004-2010



- Source: Ministry of Economy of Poland;



Farmers' production of biofuels for own purposes



- Only biofuels constituting a fuel
- Biofuels meet at least environmental quality standards
- Farmers have no right to market the biofuels
- Permitted volume of production dependant on acreage cultivated by farmer





Thank you for attention

?Questions?

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