



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

**Date:** 7/31/2006

**GAIN Report Number:** PL6051

## Poland

### Agricultural Situation

### New Bio-fuel Legislation Expected in Poland

**2006**

**Approved by:**

Charles Rush  
U.S. Embassy

**Prepared by:**

WFM/CR

---

**Report Highlights:**

The Government of Poland (GoP) approved a new legislative proposal for bio-fuel production, use and control. According to the proposed legislation, farmers will be able to produce bio-fuels for their own use. There is significant industry interest in investing in bio-fuel production. The legislation is expected to become effective in early 2007, and will have a significant influence on farmers' planting decisions for MY2008/09.

---

Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Warsaw [PL1]  
[PL]

**New Legislation on bi-fuel expected soon:**

Development and introduction of new bio-fuel legislation is one of the main priorities of the new GoP. On June 20, 2006 the GoP adopted the proposed bio-components and liquid bio-fuels bill which was prepared by the Ministry of Economy in consultation with other Ministries. According to the proposed legislation up to 5 percent of bio-components will be the norm in liquid fuels. Consumers will be able to choose traditional fuel or bio-fuel with a higher content of bio-components. The goal for 2010 is 5.75 percent bio-fuel use (based on energy level), in accordance with the relevant EU directive. The general indicated level of use would require an estimated 650,000 tons of methyl-ester use and 370,000 tons of bio-ethanol use.

According to the proposed legislation, farmers will be able to produce bio-fuels for their own use at up to 100 liters per hectare of agricultural land. Farmers will be allowed to produce bio-ethanol, bio-methanol, esters, dimethylo-ether, poor vegetable oil, bio-gas, bio-hydrate and synthetic bio-fuels for their own use. This production will have to meet specific requirements (producer registration, quality requirements and provide information on production, use, and control). At least 50 percent of bio-fuel produced on farm, must be derived from raw material produced on the same farm.

The GoP also adopted the Bio-fuel Quality Control and Monitoring System bill, which will include bio-fuel producers on a special registry subject to government supervision. These regulations ensure that the GoP will retain control over bio-fuel production. Bio-fuels will be registered and must be properly labeled so that drivers are able to choose between bio-fuel and traditional fuel.

The bill adopted by GoP has passed the first reading in Parliament as it goes through the legislative process. According to former Prime Minister Kazimierz Marcinkiewicz, the bill could become effective in early 2007.

The timing of the passage of this legislation will have a significant impact on farmers' planting decisions. Rapeseed is the only raw material locally produced for methyl-ester production. Over 90 percent of rapeseed produced in Poland is winter rapeseed, which can be planted until about August 20. The lack of final, clear regulations before the new planting season suggests no significant increase in planting or production for MY 2007/08. This situation is similar to the situation producers have faced over the last two years when bio-fuel policy changes were being discussed.

The current situation, however, is much different than in previous years as the high demand for methyl-esters in Germany has created increased demand for rapeseed for crushing and methyl-ester exports. One significant producer in Poland started production of methyl-esters, which strengthened rapeseed prices.

**Scientists Discuss Rapeseed Production Prospects in Poland:**

During June at the 18th Annual Scientists Conference on Oilseed Crops in Poland scientists discussed rapeseed prospects as it relates to bio-fuel production (see PL6044). According to presenters, MY 2006/07 rapeseed production in Poland is currently estimated at 1.3 MMT, which is 0.2 MMT less than last year. Of this amount, about 0.9 MMT will be needed to cover local demand for rapeseed oil by the food industry. The remainder will be crushed for methyl-ester production to be used locally or exported. To reach bio-ethanol use at a level of 5.75 percent by 2010, Poland will need to expand its rapeseed production to nearly 2.5 MMT. This would require almost double the current rapeseed acreage. According to scientists, this

increased level of production is possible, however, there are certain limitations and concerns, which do not allow for accelerated growth.

Expansion of bio-fuel production opens new farming opportunities for rapeseed producers. The Rapeseed Producers Association (Association) would like to see farmers become involved in commercial production of bio-fuels not just as farmers who produce the raw product. The Association foresees MY 2007/08 acreage and production of rapeseed in Poland to increase up to 10 percent.

#### **Significant Industry Interest In Bio-fuel Production (Methyl-esters):**

As expected the introduction of new bio-fuel legislation has created significant interest among possible investors in Poland. Stock prices for companies that plan to invest in bio-fuel production have increased dramatically. In 2006 alone there were four large conferences organized by various institutions to discuss bio-fuel production and use. However, according to the industry there is still no mention of such incentives as tax reductions for bio-fuel production and use in the legislation.

Facility in Trzebinia currently has the largest production capacity (100,000 tons of methyl-ester production per year). This production is used locally in very small amounts, while the majority is exported to Germany. Current total bio-diesel production capacity in Poland is about 185,000 tons per year. Based on current industry plans, it is very likely that the total capacity will grow to 250,000 MT or more at the beginning of 2007.

The following tables summarize current industry plans for bio-fuel production:

Methyl-esters Production Industry:

COMPANY NAME	LOCATION	CAPACITY	WHEN START
Rafineria Trzebinia (Orlen)	Trzebinia	C - 100,000 tons + P - 100,000 ton	C – since end of 2004 P – in 2006 and 07
Skotan (owned by R.Karkosik)	Torun (100,000) and Krakow (150,000)	P - 250,000 tons (in 2 installations)	P – in 2007
J&S Energy	Stobno (Szczecin) Brzeg	P - 250,000 tons ( in 2 installations)	n/a
Wratislavia, Polmos Wroclaw (Gudzowaty) in cooperation with Italian Desmet Ballestra Oleo s.p.a.		P - 150,000 tons (started) P - 110,000 tons	n/a
Lotos Group	Czechowice	P - 100,000 tons	n/a
Z.A.Pulawy		P - 100,000 tons	n/a
Elstar Oils	Malbork Walbrzych	P - 100,000 tons (50+50 in construction); P – 100-150,000 tons	2006/07 2007
Solvent Dwory		P - 50,000 tons	n/a
Polskie Mlyny		P – 100,000 tons rape oil/year (started, only crushing facility)	n/a
BIOPAL	Borek	C – 20,000 tons (export to Germany)	n/a
TOTAL:		C – 120,000 tons P – 1,260,000 tons	

Note: C –current production; P-planned production

Bio-Ethanol New Production Industry:

COMPANY NAME	LOCATION	CAPACITY	WHEN WILL START
Cargill	Bielany Wroclawskie	C - 17 mil liters + P - 8 mil liters	P - beg. 2007
Spektra (J.Starak, owner of Polfarm)	Starogard Gdanski	P - 200,000 tons	P - 2007
Wratislavia, Polmos Wroclaw (oned by Gudzowaty)	Wroclaw	C - now largest in PL-20% of country's total Ethanol	n/a
Polskie Mlyny		P- 110,000 tons	P - end of 2007
TOTAL, incl old facilities:		C - 200-300,000 tons P – 310,000 tons	

Note: C –current production; P-planned production

**Current production of Bio-fuels is rather small:**

Based on existing regulations in Poland, bio-components can be added to fuels at a rate of 5 percent volume. According to the current regulation, the bio-component addition is not taxed.

Total diesel consumption in Poland is about 7 million tons. Diesel consumption grows on average about 6 percent annually. Bio-diesel production and use is very limited.

Bio-diesel current and forecasted production and use:

	2005	2006	2007
<b>Production (MT)</b>	63,878	100,000	200,000
<b>Imports ( extra EU) (MT)</b>	0	0	0
<b>Consumption (MT)</b>	2,122	20,000	50,000
<b>Exports (extra EU) (MT)</b>	48,599	90,000	100,000

Currently, ethanol is produced in inefficient processing plants, primarily from lower quality grains. These grains include rye (about 50 percent of raw material) and also some barley, triticale, wheat and potatoes. The current bio-ethanol production capacity is estimated at 200-300,000 tons per year:

Total gasoline use in Poland is about 4 million tons but declines annually at a rate of about 2 percent.

Current and forecasted bio-ethanol production and use:

	2005	2006	2007
<b>Production (MT)</b>	88,108	100,000	250,000
<b>Imports ( extra EU) (MT)</b>	3,500	3,000	6,000
<b>Consumption (MT)</b>	60,521	100,000	240,000
<b>Exports (extra EU) (MT)</b>	31,099	0	0