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## Hungary

### Bio-Fuels

### Bio-Fuels Conference in Budapest

### 2007

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**Report Highlights:**

On March 29, 2007 a consortium of the European Biopower Llc., TGG & Partners Llc. and M.I.O. Association arranged the "Central Eastern European Bio-Fuels Sustainable Day" conference in Budapest. The conference focused on bio-ethanol. About 300 experts from Hungary and 14 other countries attended the event. The conference was divided into four parts: 1) European Union and national strategies: General introduction of the European Union Energy Policy; 2) Bio-fuels: The Agricultural Perspectives; 3) The Technology: Possible production methods and utilization techniques of renewable resources with special focus on bio-fuels; and 4) A roundtable discussion with conference speakers.

At the end of the conference a group of participants established the Hungarian Bio-ethanol Association with the aim of integrating the producers, traders, users and developers of this kind of bio-fuel in order to lobby for their particular interests.

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Includes Trade Matrix: No  
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Speakers of the event included Jozsef Graf, Minister of Agriculture and Rural Development, Katrien Prins, Policy Officer of the DG Energy and Transport of the EU Commission, Hungarian Members of European Parliament, representatives of other GOH offices and international corporations active in the bio fuel-industry. The American lecturer, Steven Petersen, Monsanto, spoke about the potential of biotechnology corn varieties in the bio-ethanol production of the USA.

In his opening remarks, Minister Graf stressed that Hungary and neighboring countries have stable agricultural potential for increased bio-energy production. Market conditions, such as the surplus in grain production, the increasing environmental concerns and the new EU bio-energy directives put the emphasis on bio-ethanol production particularly much in Hungary. Beyond the coarse grain needs of the developing animal production of the country, an annual 2-2.5 million MT grain may be utilized for bio ethanol production in the long run. The GOH has established the necessary legislative frameworks for several areas of the bio-energy regulation (biogas, "green" electric energy) but some other issues such as the legislation governing the field production of energy crops, and the updated tax law for fuels have not been finalized yet.

GOH plans a two tier bio-ethanol investment policy. The large-scale bio-ethanol investments (200,000-500,000 MT ethanol output each) would be treated as venture capital investments of the private sector. These investments may only receive interest reduction on construction loans and other incentives available for all investors. GOH is planning a direct subsidy formula for small-scale (less than 10,000 MT/year) bio fuel production capacities for farms and their cooperatives. The complexity of the investments (adequate utilization of by-products and side energy/heat) and their contribution to the rural employment are also priorities for the GOH – said Minister Graf.

The Hungarian market for bio-ethanol is limited. This is why the majority of the product would be for export. Contracts for feedstock supply and for selling the bio ethanol are essential. Majority of bio-ethanol investments in Hungary are still waiting for the passage of final legislation. These new facilities start production in late 2008.