

This work examines a topic of interconnections within food, biofuel and fossil fuel markets. The first part provides a general description of biofuel types, related policy measures and a development of relevant legal framework in selected regions. Second part describes an analysis of long and short-term causal relationships between commodities. Furthermore, an impact of Energy Policy Act of 2005 on these relationships is examined. The analysis incorporates Johansen cointegration, error correction model, vector autoregression and Granger causality. A number of equilibrium relationships are found across the examined markets suggesting an interconnection of the studied markets. The results of the impact of EPA are inconclusive due to limitations of employed models.