

Chapter 11

Biodiesel Companies and Institutions in Mexico

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ABSTRACT

The objective of the chapter is to analyze the role of the institutions in the biodiesel industry in order to know if there is a relationship with the quality and maturity of the same with the ventures. Starting from a literary review, the framework of the current situation is identified, covering aspects related to formal institutions, laws, rules, regulatory bodies, and the theory that supports the relationship between institutions and entrepreneurship. It is thus concluded that the institutions in Mexico have increased their maturity and incentive to increase the number of producers and distributors of biodiesel, thus taking advantage of the growing market.

INTRODUCTION

The current situation of a shortage of natural resources requires the innovations and ventures in production sectors that help to reverse the situation, so the research seeks the stability of markets that achieve competitiveness and preservation of the environment.

The biodiesel market is in constant growth. By 2023 consumption is expected to reach more than 40 million liters around the world. According to OECD (2017) information, the United States, as well as European countries and some countries of South America such as Argentina, Brazil, Colombia and Chile stand out to have quickly added in this new project of an economy with a better vision of the preservation of the environment. This new change in the consumption trends of the people generates new markets that can be exploited by developed country economies as emerging countries that have the necessary resources for the production and supply of biodiesel.

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Entrepreneurship is given by several factors, some of which may be the best scenarios, such as unique opportunities, innovations that meet specific needs that were not counted in the past. These types of entrepreneurship are what the countries need because they get the most number of benefits, job creation, and sustainable economic growth. The boom in the demand for biodiesel at the global level could be one of those opportunities that must be taken advantage of. However, the opportunity to recognize a growing market alone does not ensure success because the planning and knowledge of the terrain in which entrepreneurs seek to enter, are flaws that could be had. Being a relatively new market few are those who have all the necessary information to say know or be experts in the competitive bioenergy market.

For this reason, formal institutions such as laws or bodies that govern the conduct of industry can be a tool that helps entrepreneurs to have a delimited vision of the actions that are possible to carry out, which can be observed as a knowledge which is transferred from the institutions to the entrepreneurs that helps them to generate success. In addition to the existence of formal institutions with sufficient quality and maturity as can be easy to apply legal frameworks and regulatory bodies with good planning and implementation of actions, such as aid in reducing taxes. This may provide financial support and development on the part of the researchers in a specific line of research, which serves to give rise to a greater degree of entrepreneurship in a specific sector that, has all the incentives.

The background check showed that there was a clear concern about the lack of rules in the game in this sector that made the market in Mexico unable to consolidate. However, there were already bodies that were looking to develop enough regulations to clarify the path of those interested in entering this new market that was emerging at a fast pace. Therefore, in this study, a theoretical analysis will be carried out, comparing the evolution of the biodiesel production companies in Mexico, in order to determine if there is a relationship with the formal institutions and they will solve the inefficiency that was seen in this sector in 2008.

BACKGROUND OF THE PROBLEM

The Mexican government promotes the production in several plants, their distribution and consumption of biofuels and among them biodiesel that promotes the use of clean and renewable energies as alternatives to fossil fuels as a response in a time when climate change has become in priority. Biodiesel is a mixture of monoalkyl esters of fatty acids that is obtained through processes such as the “transesterification” of industrial waste oils and fats. Biodiesel is a mixture of methyl esters of fatty acids that can replace diesel and is obtained from the reaction of vegetable oils or fats with methanol. Glycerin is obtained as a byproduct. Biodiesel is used mainly in Europe and the USA in mixtures with 5% or 20% diesel (B5, B20) or as pure biodiesel (B100). In Brazil and Argentina B5 is used.

In Mexico, in 2003 the Prospective of the use of bioenergy in Mexico was designed, highlighting that the infrastructure that Pemex uses to produce diesel can be used, considering that diesel engines would require minor adjustments to use pure biodiesel. In addition, it is considered that there has been an increase in the cultivation of oil producing plants in tropical and temperate climates and that there are fiscal incentives and subsidies to promote biodiesel. In 2007, a first study was conducted on the possibilities of bioethanol and biodiesel as transportation fuels in Mexico (SENER / BID / GTZ (Edit.), 2007).

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