

Mexico's New Legal Framework for Promoting a Circular Economy

On January 20th, 2026, the new General Law on the Circular Economy (“**LGEC**”), as well as several reforms to the General Law on Ecological Balance and Environmental Protection (“**LGEEPA**”) and the General Law on Waste Prevention and Comprehensive Management (“**LGPGIR**”) entered into force to establish a clear legal framework that promotes a circular economy in Mexico.

This new framework redefines the obligations of authorities, productive sectors, and waste generators as they transition from a linear model of production and consumption to a model oriented toward waste prevention, efficient use of resources, reuse, recycling, and material recovery, under criteria of environmental sustainability, extended responsibility, and inter-institutional coordination.

I. General Circular Economy Law

The General Law on the Circular Economy (LGEC) establishes the legal framework for the adoption of a sustainable production and consumption model, aimed at extending the useful life of products and optimizing the use of materials. To this end, it defines the objectives, principles, and scope of application of the circular economy, incorporating technical and public policy criteria applicable to production processes and waste management.

- **Key principles, criteria, and definitions.** The LGEC incorporates guiding principles of the circular economy, including sustainable development of a restorative and regenerative nature, efficiency in the use of resources, and the prolongation of the economic value of materials within the economy, orienting production processes toward more sustainable and efficient schemes.

It also introduces key technical definitions—such as circular design, life cycle analysis, secondary raw materials, and circular use—and incorporates circular economy indicators, including carbon and water footprints, which will serve as a basis for performance measurement, public policy design, and the eventual imposition of sectoral regulatory obligations.

- **National Circular Economy System and Program.** The LGEC creates the National Circular Economy System as the mechanism for coordination between the Federation, the states, and the municipalities for the implementation of public policy in this area. It also entrusts the Ministry of the Environment and Natural Resources with the development of the National Circular Economy Program, which will establish objectives, strategic axes and , goals, and indicators that will guide the transition to a circular economic model at the national level.
- **Extended Producer Responsibility and obligations of the productive sector.** The LGEC incorporates Extended Producer Responsibility as a central axis of the new regulatory model, attributing responsibility for their products throughout their entire life cycle to producers and importers. Under this scheme, the productive sectors must organize, implement, and, where appropriate, finance circularity systems, including the recovery, valorization, and reincorporation of materials, as well as the integration of secondary raw materials into their value chains>
- **Distinctions, incentives, and environmental auditing.** The Law provides for the creation of the National Circular Economy Label as a mechanism for recognizing products and processes that meet circularity criteria, which may generate competitive advantages, including in public procurement procedures. In addition, circular economy auditing is incorporated as a voluntary verification tool.

- **Entry into force and subsequent regulatory development.** Although the LGEC entered into force on January 20, 2026, its practical application will depend largely on the issuance of secondary provisions, including its Regulations, the National Circular Economy Program, and various general agreements. In this context, the implementation of the new regime will be gradual, but it requires companies to prepare in advance.
- **General agreements for the implementation of Extended Producer Responsibility.** Specific Extended Producer Responsibility obligations will be implemented through general agreements issued by the environmental authority, which will define the products subject to this regime, quantifiable targets, compliance deadlines, technical indicators, and direct or indirect compliance schemes. These instruments will constitute the main regulatory front for the industry in terms of the circular economy in the coming years.
- **Coordination with the LGPGIR and management plans.** The entry into force of the LGEC does not replace the management plans provided for in the LGPGIR; however, it introduces a new regulatory standard that will require progressive alignment with the principles of the circular economy, particularly in terms of recovery, traceability, and shared responsibility. In practice, circular management schemes may coexist with existing management plans.
- **Inspection, compliance, and penalties.** Although the LGEC does not establish an autonomous penalty regime, non-compliance may result in violations under the LGEEPA and the LGPGIR, including fines, corrective measures, and suspension of activities. Once the secondary provisions have been issued, it is foreseeable that the environmental authority will strengthen its inspection and verification activities, especially in priority sectors or those that generate large amounts of waste.

II. Reform of the General Law on Ecological Balance and Environmental Protection

The reform of the General Law of Ecological Balance and Environmental Protection (LGEEPA) expressly incorporates the circular economy approach into the environmental legal framework, establishing it as a binding regulatory parameter for the use of natural resources and the development of economic activities, in line with the LGEC.

- **Waste recovery.** The definition of "waste" is updated to recognize its recovery potential, allowing its use within circular economy schemes, provided that applicable environmental regulations are complied with.
- **Use of natural resources.** The obligation that the use of renewable resources guarantees their sustainability and incorporates, where appropriate, circular economy mechanisms is reinforced.
- **Virgin materials and environmental standards.** The use of virgin materials in economic activities must be subject to the principles and criteria of the circular economy, guiding companies to maximize the useful life of products and reduce their environmental footprint.

III. Reform of the General Law for the Prevention and Comprehensive Management of Waste

The reform of the General Law for the Prevention and Comprehensive Management of Waste (LGPGIR) reinforces the incorporation of the circular economy approach into the legal framework for waste, aligning it directly with the objectives and principles of the LGEC. As a result, waste management is no longer focused exclusively on control and final disposal but is consolidated as a strategic instrument of environmental and production policy.

- **Waste recovery and comprehensive management.** The reform broadens the concept of waste recovery, incorporating actions aimed at recovering economic value, such as reuse, remanufacturing, redesign, treatment, recycling, and recovery of secondary materials or energy.
- **Concept of product and circularity.** The definition of product is updated to expressly recognize the use of virgin and secondary materials, reinforcing the principle of circularity in production chains and applicable management plans.
- **Compliance and penalty system.** Waste management regulations must comply not only with the LGPGIR, but also with the LGEC and general agreements on Extended Producer Responsibility, expanding the list of violations, particularly for non-compliance with circular economy requirements during the management of hazardous waste.

These changes present both compliance challenges and opportunities to proactively assess and implement strategies aimed at optimizing processes, strengthen environmental management schemes, and anticipating regulatory risks. Should you have any questions or require further information, please do not hesitate to contact our experts:

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S I N C E R E L Y

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