

NEW OBLIGATIONS UNDER THE NEW GENERAL CIRCULAR ECONOMY LAW AND ENVIRONMENTAL COMPLIANCE REQUIREMENTS

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- The General Circular Economy Law, in force since January 2026, requires producing companies to adopt circular design schemes, product life-cycle assessments, and extended producer responsibility mechanisms, strengthening existing environmental obligations.
- The law establishes management, registration, and compliance mechanisms that will be triggered on a sector-by-sector basis, making it essential for companies to anticipate operational and strategic adjustments to ensure compliance and mitigate regulatory risks.

On January 19, 2026, the Decree enacting the General Law on Circular Economy ("LGEC") was published, which entered into force the day after its publication. The decree also amends the General Law on Ecological Balance and Environmental Protection ("LGEEPA") and the General Law on Waste Prevention and Comprehensive Management ("LGPGIR").

Although companies are already subject to obligations and responsibilities for the treatment and proper disposal of waste under the LGPGIR, the new LGEC incorporates additional obligations for manufacturing companies aimed at evaluating the materials to be discarded and determining whether it is possible to extend their useful life before final disposal. These specifications of obligations will be incorporated together with the LGEC Regulations and additional rules that will be issued in the course of time.

With this change, Mexico establishes a mandatory national framework requiring companies to transition from the traditional "produce—use—dispose" model to a circular economy model.

CIRCULAR ECONOMY:

- The circular economy seeks to ensure that products and materials are used to their maximum potential for a longer period of time, promoting reuse, repair, recycling, or recovery, with the aim of reducing waste, natural resource consumption, and environmental impact.
- The purpose of the LGEC is to extend the useful life of products, reduce waste generation, take advantage of and recover the waste that is generated, and create clear and measurable compliance mechanisms coordinated among the federal government, the states, and municipalities.

GUIDING PRINCIPLES:

The LGEC is based on principles that directly influence how products are designed and how waste is managed, including:

- Hierarchy: first prevent waste, then reuse and recover, and lastly dispose of it.

- Repairability and durability: products designed to last longer and be repairable.
- Traceability: knowing the origin, use, and final destination of materials.
- Graduality: the transition is progressive, but mandatory.

NATIONAL CIRCULAR ECONOMY SYSTEM:

- The LGEC creates a National Circular Economy System, coordinated by the Ministry of Environment and Natural Resources ("SEMARNAT"), which integrates various federal agencies and state governments.
- This system defines rules, technical criteria, and monitoring mechanisms to ensure that the circular economy is implemented uniformly throughout the country.

NEW OBLIGATIONS FOR PRODUCING COMPANIES:

The obligations do not apply automatically to all products; rather, they are triggered once SEMARNAT issues general agreements by sector or product type related to Extended Producer Responsibility ("REP"). Such agreement will be published within 180 days following the entry into force of the LGEC Regulations. In turn, the Regulations must be issued within 180 days following the publication of the LGEC.

Once the corresponding agreement is published, companies must:

1. Prepare their Circular Management Plan

This document must include, at a minimum, a life-cycle analysis of the product (from design to final disposal), the circularity mechanisms to be applied by the company (reuse, recycling, recovery, etc.), and clear and measurable goals using circular economy indicators.

2. Register in the Circular Economy Registry

The Circular Management Plan must be uploaded to the National Platform within the deadlines established in the applicable agreement.

The SEMARNAT may authorize, condition, or deny the registration. If the authority does not issue a response within 60 business days, the plan will be deemed automatically approved (affirmative administrative silence).

CIRCULAR DESIGN AND EXTENDED PRODUCER RESPONSIBILITY (REP):

Companies are required to:

- Design products using circular design criteria.
- Implement REP, which entails assuming responsibility for the environmental impact of their products, even after they are sold.
- Organize, promote, or finance recovery and valorization schemes for the waste generated by their products.

FORMS OF COMPLIANCE:

Compliance may be:

- Direct: the company implements circularity mechanisms itself.
- Indirect: through third parties, associations, collective schemes, or supply chains.

When direct compliance is not feasible, the law allows compliance through regulated environmental compensation, proportional to the environmental impact of the product, such as:

- Environmental restoration or reforestation
- Mitigation projects
- Certified green bonds or carbon credits

PROHIBITIONS AND SANCTIONS:

The LGEC expressly prohibits:

- Providing false or misleading environmental information
- Preventing the repair or extension of the useful life of products
- Using the National Circular Economy Seal or similar labels without authorization

Non-compliance may result in administrative sanctions, as well as liability for environmental damage or even criminal offenses, pursuant to the LGEEPA and other applicable legislation.

In conclusion, the LGEC establishes a new mandatory and practical circular economy framework, with clear, measurable, and verifiable rules for companies. This framework incorporates REP, as well as specific obligations related to management, registration, and product-level monitoring, together with incentives and coordination mechanisms among federal, state, and municipal authorities.

For companies, the immediate impact is both operational and strategic. It is therefore necessary to begin preparing and adjusting products, processes, and supply chains, incorporating circular design criteria, defining appropriate governance for REP schemes, and designing compliance strategies that may allow, where applicable, access to the National Circular Economy Seal and the economic instruments provided for under the legislation

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