Mexico Alert: General Law on the Circular Economy

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The Official Gazette of the Federation published the decree issuing the General Law on the Circular Economy (*Ley General de Economía Circular*, by its name in Spanish) ("LGEC") on Jan. 19, 2026.

The LGEC aims to promote a transition to a circular economy in which the environmental impact of manufactured products is reduced and a sustainable economic model is implemented.

This new regulation will have impacts on supply chains, product manufacturing and waste disposal, applying a new regulatory scheme for both producers and importers on a national level. The following are some of the relevant aspects:

A. Circular Management Plan and Extended Producer Liability

- Circular Management Plan: Consists of the strategies that shall be implemented by producers and/or importers in the manufacturing of products and their lifespan, with the aim of reducing their environmental footprint and achieving the most efficient usage of products, materials and residue.
- Extended Producer Liability ("REP"): The LGEC establishes that the producer and/or importer is environmentally liable for its products throughout their lifespan. REP is complementary to: (i) joint liability, (ii) consumer liability and (iii) the authority's liability, establishing that these different categories of liability are not mutually exclusive.

B. General Implementation Agreements and Differentiated Phases

- The Secretariat of the Environment and Natural Resources ("SEMARNAT") shall determine the mechanisms to gradually implement the obligations foreseen by the LGEC through general implementation agreements regarding REP ("AGI"). The AGIs may be by productive sector and/or by product.
- Once an AGI is published, the producers and/or importers shall draft and register their Circular Management Plan. The registration process also can be carried out by a "Coordinating Body."
- In regard to regulatory compliance, producers' and importers' economic, financial and technological capabilities may be taken into account.
- SEMARNAT will be empowered to enter into cooperation agreements with: (i) producers, (ii) importers and/or (iii) the "Coordinating Body."

C. Incentives and Other Obligations

- SEMARNAT shall be empowered to create a "Circular Economy National Label," which will identify products that comply with the principles and criteria of the circular economy.
- Economic incentives that promote the circular economy may be issued, and voluntary environmental audits shall be encouraged.
- Producers will be obligated to: (i) develop products with a circular design when it's environmentally, technologically and economically feasible, and (ii) implement circular

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economy policies, guidelines and principles under a REP scheme, pursuant to each AGI.

D. Penalties

In the event of breach to the obligations foreseen by the LGEC, the following penalties may be imposed: (i) fines ranging from 30 – 50,000 UMAs (currently, MXN $3,519.30 – MXN $5,865,500.00), (ii) temporary or permanent, total or partial closure, (iii) administrative arrest, (iv) seizure of products and/or (v) suspension or revocation of concessions, licenses, permits or authorizations.

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