

CLIENT ALERT

LEGISLATIVE
INITIATIVE FOR A
GENERAL LAW ON
CIRCULAR ECONOMY
AND WASTE
MANAGEMENT

ENVIRONMENTAL LAW



VEGA GUERRERO
& ASOCIADOS





LEGISLATIVE INITIATIVE FOR A GENERAL LAW ON CIRCULAR ECONOMY AND WASTE MANAGEMENT

On June 11, a legislative initiative was submitted to the Permanent Commission of the Mexican Congress proposing a General Law on Circular Economy and Comprehensive Waste Management for the Mitigation of Greenhouse Gas Emissions, which seeks to repeal the current General Law for the Prevention and Integral Management of Waste (LGPGIR).

The initiative has been referred to the Committee on Environment, Natural Resources, and Climate Change, which must first issue a draft opinion. If approved, the bill would then move on to discussion and voting in the Plenary.

Although the initiative is still in the early stages of the legislative process, its content signals a structural shift in the legal framework governing waste management and circular economy practices in Mexico.



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KEY HIGHLIGHTS OF THE INITIATIVE

1. New Category: “Strategic Waste”

The initiative proposes to classify certain waste streams as strategic for the circular economy and emissions mitigation. This federally regulated category aims to overcome the current fragmentation across state laws and facilitate investment in circular infrastructure.

2. New Entities: Waste Management Organizations and Waste Transformers

- The law recognizes and regulates **Waste Management Organizations (OGs)**: non-profit entities responsible for fulfilling legal obligations on behalf of producers and importers.
- A mandatory collaboration framework is established between OGs and Waste Transformers, requiring OGs to deliver waste under technical specifications that enable its recovery and reuse.
- Waste Transformers must hold official registration, demonstrate technical and financial solvency, and have certified environmental management systems.
- Transformers with internationally certified processes will be eligible for tax incentives, access to the *National Ecological Label*, and participation in *international carbon credit markets*.



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3. Anti-Greenwashing Measures: National Ecological Label

- A new official label will be granted to products and processes that integrate eco-design criteria and meet environmental standards.
- **Benefits** include tax deductions for sustainable investment, preferential access to financing, and priority in public procurement.
- The label will have a 4-year validity.
- International certifications aligned with the Paris Agreement may be automatically recognized.

4. Mandatory and Progressive Eco-Design

- A full chapter is devoted to eco-design in production processes, requiring:
 - Use of secondary raw materials
 - Product design enabling disassembly, repair, upgrading, and recycling
 - Gradual elimination of hazardous substances
- SEMARNAT and the Ministry of Economy will define applicable criteria, methodologies, and evaluation parameters.
- Differentiated requirements will apply to micro, small and medium-sized enterprises (MiPYMEs), and exceptions will be granted for strategic sectors (e.g., energy, defense, health) upon technical justification.

5. National Information System and Digital Traceability

- A digital national traceability system will be implemented, mandatory for OGs and Waste Transformers.
- Administrative penalties will apply for failure to submit required information.



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6. Extended and Shared Responsibility

- The initiative introduces the concept of Extended Producer Responsibility (EPR), requiring manufacturers and importers to assume legal, technical, and financial responsibilities for the waste generated by their products, including the establishment of approved financial guarantees, especially when waste management is outsourced.
- E-commerce platforms (e.g., Amazon) that introduce products to the Mexican market for end consumers will be considered obligated parties and must implement verifiable systems for the return, recycling, or recovery of packaging and distribution materials.
- The concept of Shared Responsibility is also reinforced, with a dedicated chapter outlining the obligations of various stakeholders (distributors, consumers, local governments) in waste management, including:
 - Enabling waste collection and storage points
 - Preserving waste quality for recovery
 - Supporting public awareness and education campaigns
 - Bearing the costs associated with their waste management responsibilities

7. Specific Measures on Landfills and Composting

- The use of landfills is explicitly prohibited, unless no technically or economically viable alternatives exist.
- Authorized landfills must include infrastructure for **biogas** capture, treatment, and utilization.
- A dedicated chapter regulates composting plants, recognized as key to emission reduction strategies.



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8. Management Plans

- Valid for 5 years
- Annual technical reports must be submitted to SEMARNAT and the Ministry of Economy, detailing compliance progress, results, corrective actions, and identified challenges.

9. Active Role for Municipalities and Consumers

- Municipalities may set reference prices for the sale of collected waste, establish treatment facilities, and participate in carbon credit markets.
- They are required to report progress annually and integrate into the national information system.
- Consumers are recognized as co-responsible actors in proper waste management.

10. New Rules on Unsold Goods and Food Waste

- Guidelines will be issued to authorize the sale, donation, or redistribution of unsold goods and food products to social programs, aiming to reduce waste.

11. Education, Awareness, and Environmental Culture

- Circular economy principles will be integrated into educational curricula at all levels.
- Public communication campaigns and fiscal or economic incentives are envisioned for individuals and organizations adopting outstanding waste reduction and recycling practices.



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RECOMMENDATION

Although the initiative is still in the early stages of the legislative process, its potential scope makes it advisable for companies to begin identifying risks and opportunities, and to review their production, logistics, and waste management processes under a circular economy approach.

Our team is closely monitoring the development of this proposal and is available to provide tailored guidance based on your industry or business model.



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