

Mexico's path to a circular economy

Key milestones in the transition

Mexico is a country with great cultural wealth, biological diversity and abundant natural resources. It is among the fifteen largest economies in the world, being the second in Latin America, and it contributes in an important way to trade and investment in the region.

Sea level rise, extreme weather events and other adverse effects of climate change, such as food shortages caused by failures in agricultural production, are the main challenges that the country is currently facing. To counter climate change, Mexico needs to find a way to adopt and implement more decisive actions.

Mexico is committed to moving towards cleaner energy production and better management of its natural resources, to achieve greater socio-economic benefits. Federal and state governments are implementing strategies and measures to mitigate climate change. These measures are translated into programmes aimed at protecting biodiversity and natural resources, promoting ecological practices and environmentally responsible activities in the tourism industry, or creating green cities, among others.



Circular economy is seen by public institutions in Mexico, both federal and state, as an ally for economic and sustainable development, as it brings new market opportunities and promotes social inclusion and the creation of green jobs. For this reason, Mexico intends to move towards a more resilient, green and circular economy aimed at mitigating vulnerability to climate change.

In short, Mexico has significant opportunities to develop a circular economy that can generate many economic, social and environmental benefits; but it still faces several challenges, such as limited access to finance, lack of awareness and knowledge, and insufficient infrastructure. Nevertheless, given the size of its economy, its cultural richness and its natural resources, the country has the potential to become a leader in the implementation of circular economy practices in the region.

The roadmap: How is Mexico's economy becoming circular?

- Mexico has always shown great concern for the protection of the environment and the preservation of its natural resources. In 1988, it established the [General Law of Ecological Balance and Protection of the Environment \(LGEEPA\)](#), where it introduces the management of waste - a starting point for a circular economy.
- The [General Law on Prevention and Integral Management of Waste \(LGPGIR\)](#) was launched in 2003, establishing

the instruments of the prevention policy and the integral management of waste, as well as management plans and social participation schemes. This Law has been updated over the years.

- In 2012, Mexico became the first developing country to have a [General Law on Climate Change \(LGCC\)](#) with the aim of reducing the negative impacts of current lifestyle such as waste generation.

- **The National Vision towards Sustainable Management, Zero Waste** published by the Ministry of Environment and Natural Resources in 2019, recognises the problem represented by waste in the whole country and features circular economy as one mitigation strategy.
- The **General Law of Circular Economy (LGEC)** was published in 2021 at the federal level, to promote efficiency in the use of products, services, materials, secondary raw materials, and by-products through reuse, recycling, and redesign, with circular economy criteria and facilitating technological development to achieve it.
- Likewise, several states and cities that have recently developed local policies – like Mexico City with its **Circular Economy Law for Mexico City** – are also applying or beginning to apply circular economy principles in their public policies and promoting the transition.
- Mexico's efforts to move towards a circular economy show a commitment to sustainable development and a recognition of the need to address the pressing environmental and social challenges facing the country.

Milestones of the transition to a circular economy



Drivers for the transition to a circular economy

Public sector leadership, both at the federal and state levels

The leadership of the public sector in the transition process towards the circular economy in Mexico, promoting a change in the regulatory framework, through the enactment of different laws and regulations, both at the federal and state levels, aimed at sustainable measures and policies, have allowed to build a solid legal basis.

Climate change and international commitments

Mexico, as a signatory to the Paris Agreement, is committed to reducing emissions of greenhouse gases and compounds and adopting adaptation measures to reduce vulnerability to climate change. Circular economy also appears as a means to meet Mexico's commitments in its 2030 Agenda.

Private sector initiative

The private sector as a whole, as well as business organizations and companies, are strongly committed to circular economy as a way to reduce the environmental impact of their activities, processes and products through the efficient management of resources and the reincorporation of waste into their production chains. Before Mexico had established any laws, regulations, or standards to handle waste, a series of food and beverage companies created a non-profit environmental civil association, [Ecology and Business Commitment AC \(ECOCE\)](#). On the other hand, the [Business Coordinating Council](#) and [Global Pact Mexico](#) developed the [Good Practices in Circular Economy](#) document that details the challenges of the private sector, as well as the actions that must be implemented to achieve the objectives in terms of circular economy.

Mitigation of the Climate change effects and resilience

Mexico, like other Latin American and Caribbean countries, faces simultaneous water shortages and floods, which strongly affect the different productive value chains and natural resources, threatening not only its economy but also its society and the environment. The circular economy model, waste prevention and integral management, with the goal of Zero Waste that is being applied in Mexico, both at the federal and state levels, contributes to mitigating the adverse effects of climate change and to strengthening climate resilience, through the promotion of the green economy and the construction of a sustainable development strategy.

Significant economic opportunities in renewable energies

Mexico's move towards green and circular growth offers significant economic opportunities for companies and investors that adopt sustainable and circular practices. Mexico remains a key player in the global renewable energy market, especially in wind and solar energy. As a result, it is attracting significant investment in the renewable energy sector.

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EU support for the circular economy transition in Mexico

The Delegation of the European Union to Mexico is actively encouraging the green transition with support for circular economy projects and other related initiatives.

EU-funded circular initiatives at a glance

- #### Circular Economy Forum for the Northern States of Mexico

This initiative consisted of a series of 8 webinars held in 2020, organized by the EU in collaboration with COPAMEX (Employers' Confederation of the Mexican Republic) to raise awareness about circular economy, evaluate how to implement circularity and identify opportunities in the region.

- #### Low Carbon Business Action

The initiative aims to increase collaboration and exchanges of good and innovative practices in circular economy between European and Mexican SMEs, establishing long-term business partnerships between SMEs and clusters from the EU and Mexico in the areas of circular economy and low-carbon technologies.¹

- #### Circular Economy Course - Mexico City

This activity was carried out in 2021 in Mexico City, financed and led by the EU and the Secretariat of Environment of Mexico City, with the aim of supporting the private sector in the dissemination, implementation and promotion of the circular economy model in their businesses.

- #### Green Transition Mexico

This *Team Europe Initiative* promotes exchanges and collaborations between different regions, sectors and key actors to move towards low-carbon development. In 2022, the new action plan focused on a green, notably circular transition was presented by the EUD Mexico. Under this initiative, various activities have been developed such as the [Forum 'Mexico - European Union Circular Economy'](#).

- #### LAIF (Latin America Investment Facility)

Its main objective is to promote additional investments and key infrastructures in the transport, energy and environment sectors, as well as to support private sector development in Latin American countries. It is an innovative financial blending mechanism that combines grants (non-reimbursable financial contributions from the EU), technical assistance and guarantees with development loans.

Lessons learned in the transition process towards a circular economy



The strong commitment of stakeholders, both public and private, in the transition processes towards a circular economy has been a key factor for the adoption of the circular economy in Mexico, at different levels of society, with the public and private sectors going in the same direction.



Citizen awareness and new consumption patterns. A variety of circular economy transition processes carried out at various government levels (federal, state and local), have demonstrated the importance of Mexican society being aware of the importance of preserving the environment and natural resources to guarantee a healthy standard of living, on the one hand, and on the other transforming their consumption model, to make it more conscious and sustainable.



Mexico's financial sector is fostering sustainable development by financial instruments, like issuing green bonds, specifically in the energy sector. Even if circular economy projects are not yet a priority, this financial instruments could be considered as a great opportunity to finance circular growth in the country. Mexico City was a pioneer in Latin America in 2017, issuing the [first municipal green bond](#) of the continent to finance energy efficiency projects.

¹ https://www.eeas.europa.eu/delegations/mexico/evento-de-lanzamiento-de-low-carbon-business-action-en-m%C3%A9xico_en

Future steps

Mexico is a large country and to take advantage of the opportunities offered by the circular economy requires systemic change, which presents a great challenge, for the whole country as its different levels of government, federal and state, and all the stakeholders involved, will have to make a sustained effort to support circular practices in the different sectors of the Mexican economy.

Mexico has several challenges for the future.² At the federal level, the [General Law on Circular Economy \(LGEC\)](#) has not yet been approved by the Mexican congress.

The Secretary of Environment and Natural Resources, SEMARNAT, is preparing the National Circular Economy Strategy and its Action Plan, with the support of the French Development Agency (AFD). The National Circular Economy Strategy is a public policy instrument that will transform processes and reduce the environmental footprint of the various production chains that make up economic activities in the country.

Mexico's productive systems and value chains have different specific characteristics in the different territories, so it is necessary to adapt the circular economy strategies to each environment with different characteristics and needs. Several circular economy actions are being carried out both at the state and local level, and must continue.

The [Mexico City Circular Economy Law](#) was approved in February 2023 by the government of Mexico City, and the challenge remains to develop the corresponding regulations.

In May 2023, Mexico City joined the Global Commitment for the New Plastics Economy, an initiative led by the United Nations Environment Programme (UNEP) and the Ellen MacArthur Foundation that poses a series of challenges to be achieved in the coming years, such as taking measures to move from single-use models to reuse models and to ensure that 100 % of plastic packaging is reusable, recyclable or compostable. Other states like Querétaro, Jalisco, Hidalgo and Baja California, and cities like Guanajuato, are developing actions related to the circular economy that need to be implemented.

² 210426 D.6.2_MEX_Hoja de Ruta EC_VFinal.pdf (ctc-n.org)