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Proposed new LGEEPA: Key Changes and Implications for Businesses and Investment Projects

The Bill would comprehensively replace the current LGEEPA and materially raise the standards applicable to environmental planning, recordkeeping, compliance, and enforcement response. Although the Bill is not yet in effect, its sponsorship by the Federal Executive Branch, formal submission, and the political priority assigned to environmental justice make it advisable for federally regulated projects and operations to begin preparing now.

I. Purpose and scope

This Legal Briefing analyzes the principal changes provided for the bill proposing a new General Law of Ecological Balance and Environmental Protection (the "LGEEPA" or the "Bill"), as well as their potential implications for the development, permitting, and operation of projects and for corporate compliance with environmental obligations.

This analysis is based on the text submitted on August 26, 2026. Although the Bill remains subject to debate and approval by the Mexican Congress and is therefore not currently in effect, it is expected to be enacted without material changes or with only limited revisions.

In all cases, the Bill may be amended during the legislative process. The conclusions in this Legal Briefing should therefore be revisited once the final text is published.

II. Executive summary

Topic	Proposed Change	Potential Implications
New LGEEPA	The current LGEEPA, in force since 1988, would be replaced in its entirety by a new statute rather than amended in selected respects.	Companies should review their permits, procedures, and internal controls to identify any necessary adjustments.
Strategic Environmental Assessment	A new instrument would assess certain national or strategic infrastructure programs and projects at the planning stage. The assessment would be submitted by the federal agency or entity responsible for the project.	The assessment could affect project feasibility, siting, and design, as well as the environmental measures applicable to the project, from an early stage.

Environmental Impact	Environmental Impact Statements (MIAs) would be required to address existing environmental conditions, interaction with other projects, and impacts that may accumulate over time. Environmental compensation and restoration requirements would also be strengthened.	Preparing an MIA may require more comprehensive studies, longer lead times, and additional costs.
Regularization of Projects	An Environmental Impact Authorization could be requested after construction or other project activities have begun or been completed. The application would require an environmental damage assessment and adequate financial assurance for the required measures.	This mechanism would not eliminate potential penalties for commencing a project without authorization and would therefore require a case-by-case analysis.
Environmental Inspections and Monitoring	The Bill would establish new investigative procedures and expand the tools available to regulators, including digital information, databases, aerial or satellite imagery, and information provided by third parties. It would also introduce interim measures to address imminent risks.	Companies could become subject to investigation even before an on-site inspection and should maintain organized, current evidence of environmental compliance.
Penalties and Liability	Fines would range from 80 to 2,000,000 Units of Measurement and Adjustment (UMAs). Companies could also be held liable for violations or damage caused by officers, employees, contractors, and other third parties acting on their behalf or for their benefit.	The potential financial consequences of noncompliance would increase substantially, requiring stronger oversight of people engaged in activities with environmental implications.
Environmental Violators Registry	The Bill would create a registry accessible exclusively to federal environmental authorities. Persons responsible for specified serious violations could be listed once a final, non-appealable resolution has been issued, and the listing could remain in effect for seven to 10 years.	A listing could be considered by regulators in subsequent proceedings and, in certain cases, require financial assurance to obtain new authorizations relating to the same project or activity.

III. Key changes

3.1 New environmental concepts and principles

The Bill proposes a comprehensive update to the federal environmental framework. In addition to retaining the principal instruments under the current LGEEPA, it incorporates and further develops concepts such as environmental compensation and restoration, ecosystem services, nature-based solutions, circular economy, and the economic valuation of environmental damage.

The Bill also expressly incorporates the precautionary principle, the pro natura principle, and the best interests of the environment. Government authorities would be required to consider these principles when evaluating projects, issuing authorizations, and resolving environmental proceedings.

In practice, demonstrating compliance with formal requirements alone would no longer be sufficient. Companies would need more comprehensive technical studies and administrative records supporting project siting, design, and environmental measures, particularly where potential impacts are uncertain or sensitive ecosystems may be affected.

3.2 Strategic Environmental Assessment

Articles 22 through 28 of the Bill establish the Strategic Environmental Assessment (SEA), a new mechanism for assessing the potential environmental impacts of certain national or strategic infrastructure projects from an early stage.

The SEA would be submitted to the Ministry of Environment and Natural Resources (SEMARNAT) by the federal agency or entity responsible for the project and would therefore not be filed directly by private companies. It would apply, among other matters, to large-scale or strategic national projects and to urban development or ecological land-use planning programs that provide for federally regulated projects or activities.

The assessment would address the environmental and social conditions in the relevant region, the project's combined effects with other activities, its relationship to climate change, and reasonable development alternatives. It would also establish the applicable environmental measures, the budget for implementing them, and the mechanisms for monitoring compliance. SEMARNAT would have up to 60 days to issue its determination, which would be taken into account in approving and developing the project.

An SEA would not necessarily require the project to obtain a separate environmental impact authorization at a later stage. Under Article 28, a favorable SEA determination could be deemed equivalent to that authorization for project stages that have been duly assessed. Material modifications, unassessed stages, and additional works would, however, remain subject to the applicable environmental review procedure.

3.3 Environmental Impact Assessment

The Bill retains Environmental Impact Assessment (EIA) requirements for projects and activities that may adversely affect the environment but expands the information that must be included in an MIA.

Under Articles 45, 51, and 57 of the Bill, an MIA would be required to address not only the project's direct impact but also existing environmental conditions in the area, the services provided by affected ecosystems, and the effects arising from the project's interaction with past or currently operating projects and activities.

The Bill also more clearly distinguishes among prevention, mitigation, compensation, and restoration measures. In particular, compensation measures would need to address impacts that cannot be avoided or reduced through prevention and mitigation.

Article 58 provides that SEMARNAT would have between 45 and 60 days to decide an application. This period could be suspended for up to 30 days if SEMARNAT requests clarifications or additional information and, in exceptional cases, extended for up to an additional 60 days where justified by the project's complexity or scale. Accordingly, preparing and reviewing MIAs may require longer lead times and more comprehensive technical studies.

3.4 Regularization of projects commenced without authorization

Article 53 of the Bill would permit a project sponsor to voluntarily apply for an Environmental Impact Authorization after construction or other project activities have begun or been completed. The responsible party would be required to submit an environmental damage assessment specifying the applicable compensation and restoration measures, together with adequate financial assurance for their performance.

Filing the application would not eliminate potential violations or prevent the authorities from exercising their inspection and enforcement powers. If the authorization is not obtained within six months after filing, the enforcement authority would be required to take appropriate action.

This mechanism would therefore provide a path to regularize a project's environmental status but would not release the responsible party from penalties or liability arising from commencing the project without the required prior authorization.

3.5 Biodiversity, restoration, and additional sources of pollution

The Bill strengthens biodiversity protection by establishing and updating various environmental conservation and restoration mechanisms. These include the National Biodiversity Strategy, biological corridors, designated conservation areas, and the National Environmental Restoration Program.

It also expands protection for certain ecosystems and natural resources, including wetlands, genetic resources, and pollinators, and recognizes the relationship between communities and their natural environment through the concept of biocultural heritage.

With respect to pollution control, the Bill retains obligations such as filing the Annual Operating Report (COA) and reporting information to the Pollutant Release and Transfer Register (RETC). It also more expressly regulates other sources of pollution, including artificial light, noise, and vibration.

These changes could create additional obligations for industrial facilities and urban developments, including monitoring requirements, preventive and control measures, and, where applicable, modifications to facilities and processes.

3.6 Environmental performance certification

The Bill replaces the voluntary environmental audit program with a voluntary environmental performance certification program. It would also replace the environmental auditor with an environmental performance evaluator.

Under the transitional provisions, references in other laws and regulations to environmental audits, auditors, and environmental quality certificates would be deemed to refer to the new mechanisms and roles. Secondary regulations would nevertheless be required to define the specific requirements and scope of the new framework.

In general, the change is intended to ensure that assessments consider measurable environmental results and corporate environmental performance, rather than being limited to formal compliance.

3.7 Highly hazardous activities and environmental insurance

The Bill provides that activities that may cause a significant adverse effect on the environment would require an environmental risk assessment and an accident prevention program.

It also requires environmental damage insurance, without prejudice to any other insurance or coverage required under applicable sector-specific legislation.

Companies that handle hazardous substances or materials should therefore determine whether their activities could become subject to this framework and confirm that their assessments, prevention programs, chemical inventories, and insurance coverage would be adequate under the new criteria.

3.8 Investigations, inspections, and interim measures

The Bill distinguishes between the investigative proceeding and the proceeding for imposing penalties for environmental violations. In conducting investigations, regulators could perform inspections, conduct document reviews and monitoring activities, and use databases, digital information, aerial or satellite imagery, and information provided by complainants, employees, or other authorities. These powers would not extend to the interception of private communications.

Regulators could also impose interim measures before or during a proceeding where there are indications of an imminent environmental risk. Any such measures would need to be supported by a reasoned decision and be necessary, proportionate, and temporary.

The measures would be lifted once the risk has ceased and, where possible, limited to the affected area or process rather than the entire operation. In practice, regulators could intervene at the earliest stages of an investigation. Companies should therefore maintain internal response procedures and current evidence of environmental compliance.

3.9 Corporate and third-party liability

Article 306 of the Bill provides that companies would be liable for violations of their environmental obligations and for environmental violations or damage caused by their representatives, administrators, managers, directors, and employees when acting within the scope of their duties or for the company's benefit.

Liability could also extend to conduct by contractors or other third parties engaged to perform activities associated with the environmental violation.

Companies should therefore strengthen their oversight of contractors, carriers, waste management service providers, operators, and other vendors whose activities may have environmental consequences. Although contractual provisions may allocate obligations and indemnification rights between the parties, they would not necessarily prevent regulators from holding the company liable.

3.10 Penalties and reduction or commutation of fines

Article 305 of the Bill substantially increases the fines for environmental violations, which would range from 80 to 2,000,000 UMAs. Based on the daily UMA value in effect for 2026, the maximum fine would be approximately MXN$234.6 million, or 40 times the current general maximum under Article 171 of the LGEEPA, which is equivalent to 50,000 UMAs, or approximately MXN$5.9 million.

In addition to fines, regulators could impose temporary or permanent closure, administrative arrest, forfeiture of assets, suspension or revocation of authorizations, cancellation of environmental certificates or labels, and, in certain cases, demolition of works or facilities.

In determining the appropriate penalty, Article 307 would require the authority to consider the seriousness of the violation, the damage caused and its economic value, the responsible party's financial capacity, recidivism, whether the conduct was intentional or negligent, and any benefit obtained. Correcting violations before a penalty is imposed would be treated as a mitigating factor. Good faith could also be considered where required measures could not be completed for reasons beyond the responsible party's control.

Articles 308 through 311 would permit a responsible party to seek a reduction or commutation of a fine if specified requirements are satisfied. To obtain commutation, the responsible party would be required to submit an environmental project that is separate from its existing obligations and from the measures ordered by regulators, with an investment of no less than the amount of the fine.

Commutation would replace only the payment of the fine and would not eliminate any other measures or penalties imposed. It would not be available to repeat offenders or where a temporary or permanent closure has been imposed.

3.11 Environmental Violators Registry

Articles 312 through 315 of the Bill establish the Environmental Violators Registry, which would be administered by the Federal Attorney for Environmental Justice. The Registry would be accessible exclusively to federal environmental authorities and would be required to protect personal data, confidential commercial information, and trade secrets.

A person could be listed only after a final resolution has been issued and no challenge remains pending. People whose violations are resolved through a settlement agreement with the relevant authority would not be listed.

The Registry would cover specified serious violations, including undertaking certain projects without an environmental impact authorization, causing damage in protected natural areas or to mangroves, committing certain forestry violations, and handling hazardous waste without the required authorizations. A listing would remain in effect for seven to 10 years and could be reduced by up to two years if the responsible party complies with the corrective measures and penalties imposed.

If a listed person applies for an authorization relating to the same project or activity that gave rise to the penalty, the applicant would be required, on a one-time basis, to provide financial assurance equal to the aggregate amount of the fines and the assessed economic value of the environmental damage. In addition, a listed person would be ineligible for public support or benefits granted by the Federal Public Administration while the listing remains in effect.

IV. Effective date and transition period

The effectiveness of the new LGEEPA would trigger a transition period during which questions may arise regarding the continued application of existing regulations and Mexican Official Standards (NOMs). The gradual issuance of new regulations and guidance could also result in differing interpretations and permitting delays.

In this context, the Bill provides as follows:

i) The new LGEEPA would take effect on the day following its publication in the Official Gazette of the Federation and would replace the statute in effect since 1988.

ii) Existing regulations and NOMs would remain in effect to the extent they do not conflict with the new LGEEPA. The Federal Executive Branch would have 365 days to amend the regulations.

iii) Proceedings, permits, licenses, concessions, authorizations, and administrative appeals initiated before the new LGEEPA takes effect would continue under the provisions in effect when they were commenced. Applicants could nevertheless elect to have the new LGEEPA apply.

iv) The Federal Attorney for Environmental Protection (PROFEPA) would be renamed the Federal Attorney for Environmental Justice.

v) The Federal Attorney for Environmental Justice would have up to two years to implement the Environmental Violators Registry, subject to budget availability.

vi) Mexican states would have one year to conform their legislation to the new federal framework.

V. Actions to prepare for the new LGEEPA

Because the Bill is expected to be enacted without material changes or with only limited revisions, companies should begin preparing for the new environmental framework by taking the following actions:

i) Identify planned or ongoing projects that may become subject to an SEA or the new environmental impact assessment requirements.

ii) Confirm that facilities and operations remain within the scope of existing environmental authorizations, including their location, footprint, equipment, capacity, processes, emissions, discharges, and waste streams.

iii) Update environmental studies for projects under development to address cumulative impacts, climate change, and potential compensation and restoration measures.

iv) Review internal procedures for responding to inspections, investigations, and information requests, and maintain organized, current evidence of environmental compliance.

v) Strengthen environmental oversight of directors, officers, employees, contractors, and service providers, as well as the environmental obligations set forth in the relevant agreements.

vi) Assess whether existing insurance policies and financial assurances are sufficient to cover potential environmental damage, restoration measures, and penalties.

vii) Monitor the legislative process and the subsequent issuance of implementing regulations, standards, and guidance. During the transition period, applicants should evaluate on a case-by-case basis whether to continue a pending proceeding under the current framework or elect application of the new LGEEPA.

VI. Conclusions

The Bill represents the most significant change to Mexico's federal environmental framework since the LGEEPA was enacted in 1988. Its principal changes include the creation of the SEA, strengthened environmental impact assessment requirements, expanded investigation and inspection powers, and substantially higher penalties.

New projects would need to address environmental considerations at the earliest planning stages, particularly when determining the project's location, design, schedule, and budget. Companies with existing operations should confirm that their activities remain within the scope of their environmental authorizations and that they maintain sufficient records to demonstrate compliance with their environmental obligations.

Companies should also pay closer attention to conduct by their directors, officers, employees, contractors, and service providers because the Bill expands the circumstances in which a company could be held liable for environmental violations or damage caused by third parties.

Because the Bill is expected to be enacted without material changes or with only limited revisions, companies should begin reviewing their projects, authorizations, internal procedures, contracts, insurance policies, and financial assurances. Doing so will help identify potential noncompliance and facilitate the transition to the new environmental framework once it takes effect.

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