

Uruguay's path to a circular economy

Key milestones in the transition

Uruguay is known among Latin American countries for its stable and steadily growing economy and for its commitment to achieving sustainable development. However, Uruguay faces a number of challenges. One of them is its vulnerability to climate change. Extreme events, such as droughts, floods, cold and heat waves, strong winds, tornadoes, hailstorms, frost, heavy rains, and severe storms, are affecting communities, infrastructure, ecosystems, biodiversity and, in particular, the agricultural sector. It has been proven that the erosion generated by changes in wave climate patterns and wind action is causing the retreat of the coastline, which is where 70 % of the population is concentrated and where tourism is most developed as the main source of income for the population.¹

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Uruguay's public entities consider circular economy as a climate change mitigation strategy. The transition to a circular economy entails numerous environmental benefits for the country, including optimising and reducing the use of resources, energy and CO₂ emissions, stimulating competitiveness, innovation, economic growth and creating employment. To promote the circular economy and to encourage changes in both the consumption habits and the

production systems, the public initiative '[Circular Economy Awards for Latin America and the Caribbean](#)' was launched in 2017. Following this, Uruguay's public sector introduced innovation-driven policies, with initiatives like the [Circular Economy Action Plan](#) and the '[Uruguay Circular](#)' Programme, developed by the National Development Agency (ANDE), which have contributed to the productivity and profitability of MSMEs, through sustainable business models.

The Roadmap: How is Uruguay's economy becoming circular?

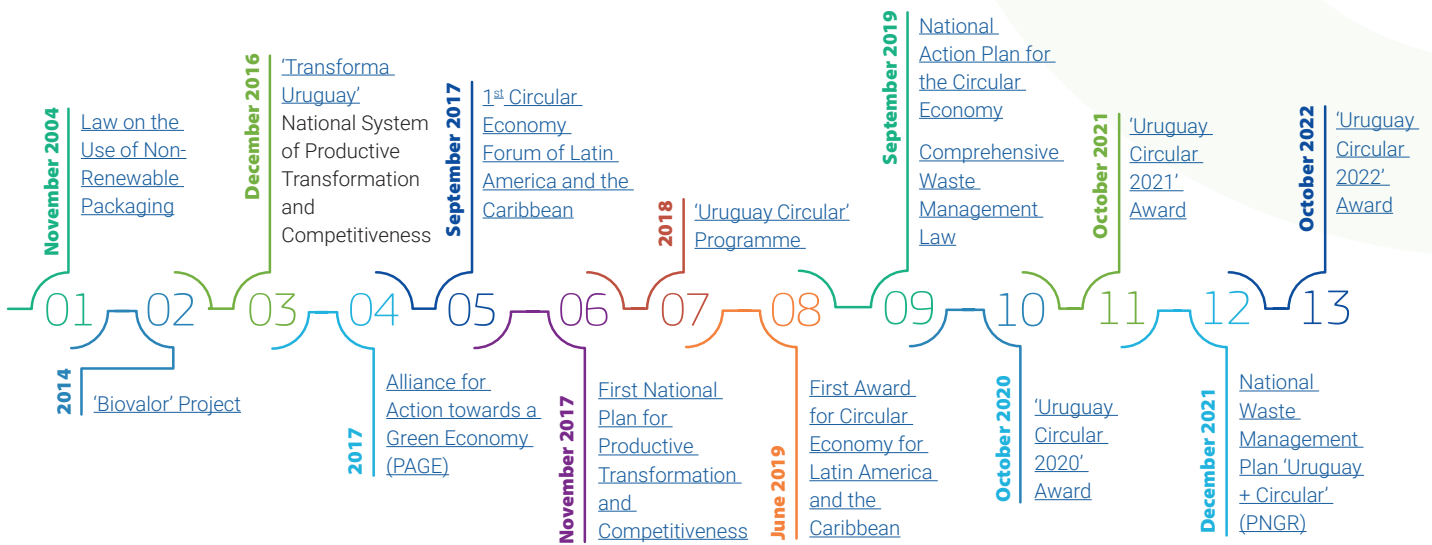
- Uruguay was a pioneer in extended producer responsibility (EPR) legislation in Latin America and the Caribbean, with the publication of the [Packaging Recycling Law](#) in 2004, and its [Rules of Procedure](#) in 2007. Its implementation began in 2007 with a pilot experience in the department of Canelones and, in 2012, in the city of Montevideo.
- Uruguay's commitment to circular economy continued in 2017 when it organized the [first Circular Economy Forum in Latin America](#) and, in subsequent years, the [Circular Economy Awards for Latin America and the Caribbean](#).
- In 2018, the National Development Agency (ANDE) launched the '[Uruguay Circular](#)' Programme through the 'Biovalor'

project, with the aim to promote circular economy initiatives and stimulate innovation among MSMEs in Uruguay.

- In September 2019, Uruguay launched its [Circular Economy Action Plan](#), with the purpose of promoting the productive and innovative socioeconomic development of the country, aligned with the principles of sustainable development and socio-environmental integrity.
- The circular economy model is integrated into public policies such as the [Law on Integral Waste Management](#) and the [National Waste Management Plan \(PNGR\) 'Uruguay + Circular'](#), to improve waste management within the framework of the transition towards a more circular economy.

¹ [Impacto del cambio climático | Ministerio de Ambiente \(www.gub.uy\)](#)

Milestones of the transition to a circular economy



Drivers for the transition to a circular economy

Adaptation to climate change impacts

Uruguay is a country particularly vulnerable to the impacts of climate change, so climate change adaptation and mitigation is a national priority. Adopting a circular economy model as a long-term strategic instrument is and has been a key factor in addressing the challenges of climate change and complying with the international commitments assumed with the ratification of the Paris Agreement, and the Nationally Determined Contributions.

Public sector leadership and social dialogue

The leadership of the public sector in the productive and innovative economic development of the country, exercised through a single body, the National System of Productive Transformation and Competitiveness, has been key in the transition process towards a circular economy, bringing together the work of the different ministries and public agencies.

Recognition and visibility of the circular economy

The annual **'Uruguay Circular' forums** and awards grant recognition, dissemination and visibility of circular economy initiatives in the country, showcasing successful circular business models and fostering new initiatives. The dissemination of knowledge, good practices, and specific tools to implement new circular business models in the different productive sectors of the country has helped companies and society to understand the future of the economy under a circular production model.

Productivity and profitability through promotion of circular economy initiatives

The promotion of initiatives that enhance circular economy in the country and the implementation of projects that promote an effective transition towards the circular economy, has contributed to improving the productivity and profitability of national companies. Likewise, these initiatives have managed to promote value-creating processes in national value-chains.

Generation of best practices and capacity building

The creation of successful national best practices references in circular economy has a significant leverage effect for the emergence of new cases in society and in the business ecosystem. In addition, the strengthening

of institutional and entrepreneurial capacities enables effective learning about circular economy and helps to progressively develop skills for the generation of circular business models and to reinforce national policies and objectives for the transition towards a circular economy.

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EU support for the circular economy transition in Uruguay

The rapid growth of the Uruguayan economy and significant improvements in social indicators led Uruguay to be considered a high-income country and, as such, no longer eligible for bilateral cooperation programmes with the European Union (EU) after 2014. However, Uruguay's participation in other regional cooperation programmes within Latin America remained open, including support programmes for civil society organizations, the European Instrument for Democracy and Human Rights, Horizon 2020, or Erasmus+.

Currently, the Delegation of the EU to Uruguay offers support to selected ministries, such as the Ministry of the Environment, for the adaptation of the productive sectors to the European Green Deal, working on the transition towards the Circular Economy and on the design of a policy for waste management, in collaboration with local actors.

EU-funded circular initiatives at a glance

- ◉ [Partnership for Action on Green Economy \(PAGE\)](#)

The UN-Partnership for Action on Green Economy (PAGE) Uruguay is co-funded by the EU. PAGE promotes the transition towards a green, notably circular economy that is socially, economically, and environmentally sustainable.

- ◉ [High Ambition Coalition to End Plastic Pollution 2040](#)

This is a global initiative where the EU takes measures to combat plastic pollution. The first meeting to discuss a global roadmap to end plastic pollution by 2040 took place in Punta del Este and featured more than 150 country representatives.

- ◉ [AL-INVEST Verde](#)

The '[Creation of a Circularity and Industrial Symbiosis Hub for the incorporation of sustainable, innovative and associative practices in industrial companies in Uruguay](#)', is implemented by the Uruguayan Chamber of Industries and is carried out within the framework of Component 1 of the EU-funded AL-INVEST Verde programme. Its objectives are for industrial MSMEs to incorporate environmental sustainability into their operations, through the development and improvement of products, processes and circular business models.

- ◉ [Comprehensive Waste Management and Circular Economy](#)

A significant project carried out by Uruguay's Congress of Mayors began in March 2023, in association with the National Development Agency (ANDE). The EU co-funded action aims to improve waste management with reduced climate and environmental impact and to promote circular economy.

Lessons learned in the transition process towards a circular economy



Uruguay has been a pioneer in introducing circular economy in its national policies, and has developed over the years a set of policies, legislative frameworks and good practices that are constantly evolving to facilitate the green transition, supporting innovative business initiatives and re-evaluating existing measures. This has been reinforced by **awareness-raising**, both at the business level and in society itself, which is an important key to the success of a circular approach.



An open and enabling dialogue between the different levels of decision-makers and stakeholders such as public bodies, the private sector and civil society, facilitates the implementation of concrete actions for the transition towards a circular economy. The [Circular Economy Action Plan](#) was achieved through social dialogue and public-private collaboration with a participatory approach, which is maintained in the implementation and monitoring of the objectives and actions planned for the transition to circular economy.



Increasing sustainable investment through funds or bond issuances, coupled with tax schemes and incentives for the transition to circularity, have encouraged local and foreign investors to reorient their businesses and to bet on greener and more sustainable projects.



Innovation can be understood, valued and implemented in all its dimensions to ensure that sustainable, inclusive, and circular growth remains a success in Uruguay. The promotion of best practices and business models with low carbon emissions, incorporating technological innovation and implementing the principles of circular economy along the value chain and in the different productive sectors of the country, fosters the preservation of the country's natural resources, increasing green employment opportunities, and integrating national and local realities into an inclusive circular economy.



Financial management system and incentives

The existence of a financial support system is key for entrepreneurs, companies and organisations linked to the promotion of circular economy that develop activities focused on raising awareness, designing, incubating, implementing, or consolidating circular projects. Uruguay has shown an inspiring strategy by increasing sustainable investment through funds or bond issuances. Additionally, a series of actions with tax schemes and incentives for the transition to circularity were introduced, encouraging local and foreign investors to reorient their businesses and betting on greener and more sustainable projects.

Future steps

Promoting the new regulatory frameworks and the design of the Uruguay 2030 circular economy roadmap is among the top priorities for the country.

From the Ministry of Industry, Energy and Mining in Uruguay, different actions will be promoted in different areas for the development and accompaniment of the business sector in the transition to circular economy and initiatives with circularity criteria will be supported through non-reimbursable funds.

Programmes such as the '[Circular Opportunities' programme](#), developed by ANDE, will be continued and reinforced to foster an effective transition to the circular economy, supporting entrepreneurs and MSMEs in taking up innovative circular economy business models, with improved productivity, sustainability and added value, and in promoting circular economy processes in their value chains.

The Ministry of the Environment maintains the proposal of [Uruguay + Circular](#) with a vision of circular economy in waste management, with the aim of eliminating or reducing it and, where appropriate, valorising waste as a resource.

