

CIRCULAR ECONOMY BUSINESS CASE STUDIES IN SOUTHEAST ASIA

Re-Craft Laos

-  Vientiane, Laos
-  Eco-friendly Lao handicraft
-  www.recraftlaos.com
-  Analysis period: 2021-2025

Turning Handicraft Waste into Valuable Circular Products

Business Spotlight

Re-Craft Laos is a social enterprise in Lao PDR that repurposes textile and handicraft production waste into circular, handcrafted products. The initiative responds to the growing volume of textile offcuts and surplus fabric generated by small-scale artisans and tailors, which are often discarded because of limited reuse options. By applying circular economy principles, Re-Craft Laos recovers these unwanted and unused materials and reintegrates them into the local value chain.

Working closely with women artisans and community groups, Re-Craft Laos repurposes unused textile left-over, a waste, into bags, accessories, home decor, and lifestyle products with market value. This reduces the amount of waste sent to landfill while creating supplementary income opportunities and strengthening practical skills among participating women. In addition to material repurposing, the initiative emphasises product redesign and storytelling to reach eco-conscious niche markets. Looking ahead, Re-Craft Laos aims to scale production, improve design quality and consistency, and build stronger partnerships with local producers, development initiatives, and responsible retailers supporting inclusive and circular businesses.

 Keywords

Surplus textile offcuts and fabric, Pre-consumer textile waste, Repurposing

 Innovation

Product/service design, Manufacturing, End of life management, Resource circularity



Context and baseline

Small-scale handicrafts and tailoring in Lao PDR generate significant textile fabric waste in the form of offcuts, rejected pieces, and surplus materials. The unused fabric pieces are usually discarded or burned, contributing to environmental pollution and missed economic opportunities. Moreover, women artisans, who dominate the handicraft sector, often operate with thin margins and limited access to markets or sustainable production practices.

Re-Craft Laos emerged from direct observation of these waste issues while working with community-based producers. The idea of this company originated from a desire to prevent unused, left-over fabric going to waste while simultaneously creating income-generating opportunities for women. Initial development involved informal collaboration with artisans and design experimentation, and was later expanded to partnerships with local craft groups and social development projects.

Innovation

Re-Craft Laos produces a range of circular textile products created predominantly or entirely from unwanted and/or unused fabric. Products include bags, pouches, accessories, and home decoration items. Compared to the baseline scenario, where the waste fabric materials had no economic value and were simply discarded, the company's innovation is grounded in designing products that can be made with recuperated fabric pieces to meet functional, aesthetic, and market requirements.

Beyond basic product design, Re-Craft's innovation addresses the manufacturing and end-of-life stages in the product lifecycle. The company has developed simple but effective design frameworks that allow artisans to work with irregular fabric pieces while ensuring product quality. While the concept of repurposing in itself is not new globally, Re-Craft Laos is pioneering this practice within the local Lao community and handicraft sector.

The initiative involves collaboration across the entire value chain, and includes waste suppliers – tailors and producers – along with artisans, designers, and sellers. This collaboration strengthens trust, improves material flow, and creates shared ownership of the circularity concept, including its practical applications.

Circular Economy impact

Re-Craft Laos contributes to the circular economy by repurposing unwanted, unused fabric into valuable products, illustrating resource circularity.

At the current scale of implementation, it is estimated that 70%–90% of materials used in Re-Craft products are sourced from unwanted, unused fabric, significantly reducing reliance on virgin materials. In addition, it is estimated that approximately 60%–75% of collected fabric offcuts and surplus materials are effectively utilised in final products, with the remaining portion accounting for unavoidable losses due to the non-standard shapes and sizes of the recovered fabrics. In absolute terms, this initiative is diverting an estimated 200–300 kg of textile waste per year from disposal as garbage. By repurposing fabric pieces, Re-Craft Laos avoids the environmental footprint associated with new textile production, including energy- and water-intensive processes such as fibre manufacturing, dyeing, and finishing. Although direct energy and water savings have not yet been quantified, indirect savings are being achieved through reduced demand for new material inputs.

Repurposing unused fabric offcuts and surplus fabric also reduces pressure on landfills and open dumping sites while preventing uncontrolled burning, all of which help to limit environmental pollution. By lowering reliance on virgin textile materials, Re-Craft Laos is reducing the upstream negative impacts related to land use, water extraction, and chemical inputs associated with textile production.



Business and market impact

By using fabric scraps as their primary input, Re-Craft Laos lowers material costs while increasing product differentiation. The company enables the artisans to generate additional income using skills they had already mastered. While the enterprise operates on a modest scale, early sales indicate growing demand for eco-friendly and socially responsible products such as those being produced by Re-Craft.

The payback period for product development was short due to low capital requirements. Scaling efforts will focus on improving design efficiency, packaging, and storytelling to reach higher-value markets. Future growth will depend on a stable and predictable supply of pre-consumer fabric waste combined with access to extended markets and broader distribution channels.

Stakeholders

Key stakeholders include women artisans, small tailoring businesses, handicraft producers, and local communities. Re-Craft Laos engages an estimated 5–10 women artisans working as seamstresses, and collaborates with approximately 10–20 tailoring and handicraft shops that are supplying fabric offcuts and surplus materials. Artisans contribute skills and craftsmanship, while suppliers provide materials that would otherwise have limited economic use. This collaborative model supports local livelihoods and strengthens linkages across the value chain, contributing to a more inclusive circular production system.

The initiative supports women's livelihoods by providing flexible income opportunities while building or improving skills related to sustainable production. And although still relatively small, Re-Craft Laos is contributing to job creation at the community level and fostering pride in environmentally responsible craftsmanship.

Implementation

Implementation challenges include the inconsistent quality of recovered fabric, limited design capacity, and small production volumes. Sorting systems, simple design guidelines, and ongoing experimentation are dealing with these issues.

Opportunities for scaling include partnerships with development projects, NGOs, and ethical retailers. Barriers include limited financing, market access, and logistics. Replication potential is high, as the model can be adapted to other waste streams or communities within Lao PDR and the wider ASEAN region.



Takeaways

Re-Craft Laos demonstrates that small enterprises can adopt circular economy principles without complex technology or large financial investments. By recognising that pre-consumer waste is an unutilised resource and placing communities at the centre, circular solutions can simultaneously generate both environmental and social value. The Re-Craft experience can serve to encourage other small businesses along with policymakers to support locally rooted, inclusive circular economy initiatives.





Funded by
the European Union

Acknowledgements

This business case study was prepared for the ASEAN Circular Economy Business Alliance (ACEBA) within the framework of the Technical Advisory project: Mobilising Business Action for Circular Economy in the ASEAN countries under the EU SWITCH-Asia Policy Support Component for the sole purpose of documenting and analysing business experiences with circular economy. ACEBA is an ASEAN-centric and business-led initiative that fosters business leadership and action on circular economy in Southeast Asia. ACEBA is an initiative of ARAIBA Sdn Bhd, a not-for-profit business organization that promotes responsible and inclusive business, in collaboration with national business membership organizations and with technical advisory of the EU SWITCH-Asia Policy Support Component.

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Disclaimer

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