



ASEAN Circular Economy Business Alliance

Circular Economy: an Opportunity for Business in Laos



SPOTLIGHT

Around Lao PDR, a number of enterprises and other organisations have captured the opportunity for innovation and collaboration in their processes and value chains that avoid waste and improve the efficiency and longevity of materials use. HOMM Souvannaphoum Luang Prabang and Tiger Trail are championing plastic-free tourism, through changes in hotel operations and production of refillable bamboo Jungle Jars as alternative for single use plastic water bottles. Discover Laos is pioneering electric vehicles (EVs) in its operations and installed roof top solar panels and battery energy storage. Chocolate Dream set up regenerative cocoa farming and artisanal production of single origin chocolate bars. These and other initiatives are exemplary for the Circular Economy – and a call-to-action for businesses and other organisations in Lao PDR and beyond.

CIRCULAR ECONOMY

The Circular Economy (CE) is positioned as the opposite of the current linear economy, which is based on taking materials from nature, making and using these in products, and discarding these products after their useful life. This linear extraction and use of materials is unsustainable, as it – globally - causes 60% of climate emissions, contributes up to 90% of loss of nature on land, and 40% of particulate matter pollution.¹ Materials use continues to increase rapidly – the Global Materials Flow Database estimates that the total per capita material consumption of Lao's economy more than quadrupled over the past 25 years while the per capita material footprint also more than doubled over the same period.² Plastics use and pollution vividly illustrate the shortfalls of the linear economy; however, they are only a part of the bigger problem of the wasteful use of all materials.

1 International Resource Panel (2024), Bend the Trend: Global Resources Outlook 2024, see: https://wedocs.unep.org/bitstream/handle/20.500.11822/44901/Global-Resource-Outlook_2024.pdf?sequence=3&isAllowed=y

2 International Resource Panel (2025), Global Materials Flow Database, <https://www.resourcepanel.org/global-material-flows-database>

The CE concept has diverse roots, which has given rise to divergent definitions, each highlighting different elements, such as nature's principles, circularity practices, circular business models, and sustainable materials resource management. In operational terms, CE envisions **circular value chains**, that bring the net use of virgin materials as well as the net disposal of waste as close as possible to zero (see Figure 1). This invokes the application of three material resource management strategies in all circular value chain stages, respectively: repeatedly recovering and reusing end-of-life materials (**resource circularity**); using materials more efficiently and longer (**resource efficiency**); and switching to renewable materials and energy (**resource substitution**). CE starts with developing circular products and value chains, then fosters materials efficiency and longevity of use of materials in all value chain stages, and ends with recovering and recycling the end-of-life materials that could not – yet - be avoided.

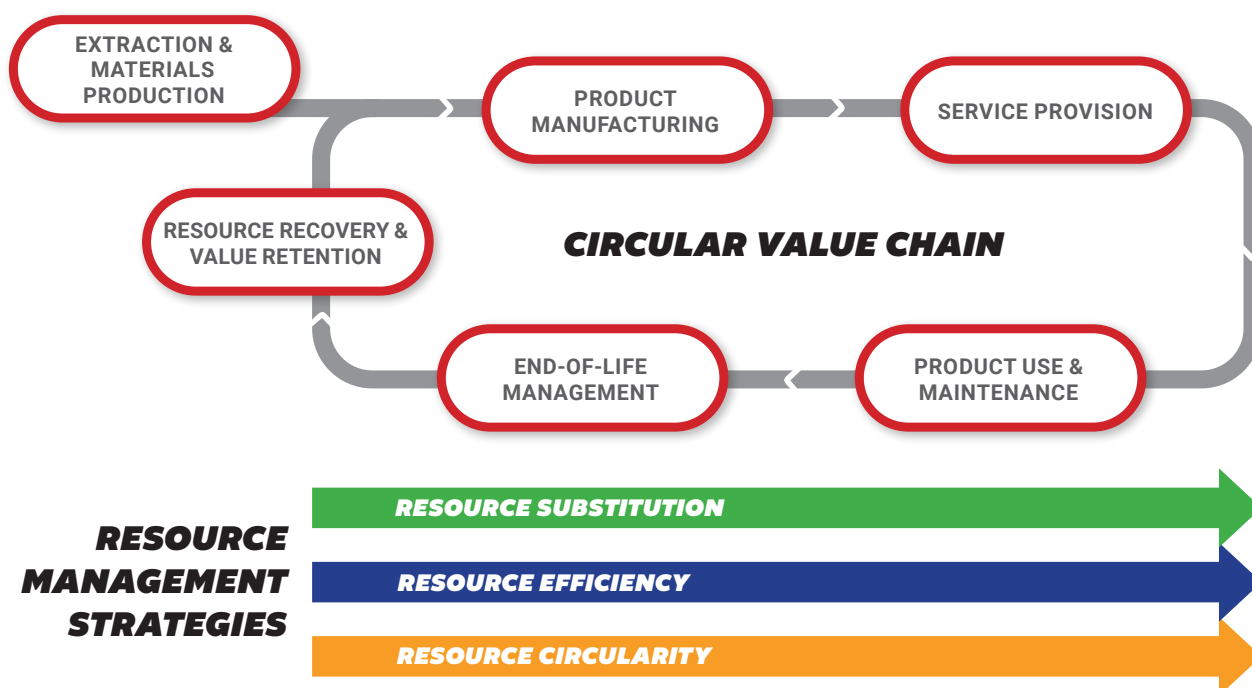


Figure 1: Circular Economy: circular value chains driven by resource management strategies³

POLICY PRIORITY

CE is a regional and national priority in Southeast Asia and other regions.⁴ The Association of South-East Asian Nations (ASEAN) adopted its CE Framework in 2021 in support of ASEAN's regional economic integration. Seven ASEAN Member States have adopted further specific CE national roadmaps and/or action plans: Cambodia, Indonesia, Lao PDR, Malaysia, Singapore, Thailand, and Vietnam. Even though not specifically targeting CE, policy and plans for Sustainable Consumption and Production (SCP), waste management and energy and resource efficiency in the region further enable the core strategies of resource circularity, efficiency and substitutions.

As a starting point for CE in Lao PDR, the United Nations Development Programme (UNDP) supported in 2017 an economy wide material metabolic assessment with suggested key circularity opportunities in the tourism, manufacturing and environment sectors.⁵ The 2022-2025 National Roadmap for Sustainable Consumption and Production in Lao PDR, amongst others, prioritised development of eco-friendly (including circular) products and of sustainable waste management systems, each of these provides further incentive for CE in Lao PDR.⁶ The National Plastic Action Plan 2024-2030 amongst others focuses on reducing the use of Single Use Plastics, through policy, improved data and monitoring and awareness raising.⁷

3 Van Berkel, R (2025), Circular Economy: An Introduction and Overview, https://www.aceba.co/site/assets/files/1430/ce_background_note_final.pdf

4 <https://circulareconomy.earth/>

5 https://www.undp.org/sites/g/files/zskgke326/files/publications/undp-lecb-circular-economy-strategies-for-laos-pdr-20170911_0.pdf

6 https://www.switch-asia.eu/site/assets/files/3475/scp_roadmap_lao_pdr_2022-2025.pdf

7 https://www.switch-asia.eu/site/assets/files/4237/lao_npap_eng_5sep2024.pdf

BUSINESS OPPORTUNITY

CE provides a responsible business opportunity. Firstly, using materials, energy, and water more efficiently and longer reduces business costs. Secondly, circular products and services can unlock access to new markets or consolidate and grow current markets. Thirdly, as countries and societies gradually transition to circularity, businesses need to get prepared with alternatives particularly for single-use products, fast-moving consumer goods, and other products and services that are genuinely problematic from a circularity perspective.

A growing number of businesses are already benefitting from CE. The ASEAN Circular Economy Business Alliance (ACEBA)⁸, with support from the EU SWITCH-Asia Policy Support Component⁹, documented this far seven business cases from Lao PDR, as summarised in below table. Comparable sets of CE relevant business cases are already available for Cambodia, Indonesia, Malaysia, Myanmar, Philippines, Thailand and Vietnam – and are regularly being expanded.¹⁰

Table 1: CE business cases in Lao PDR

Title	Company	Circular Economy practices
Regenerative cocoa agriculture	Chocolate Dream	Establishment of local cocoa farming in regenerative, zero waste agroforestry system and artisanal processing of cocoa beans into single-origin Lao chocolate bars.
Pioneering renewable energy and electric vehicles in tourism	Discover Laos	Operates a fleet of electric vehicles for guests and hotel operations, with on-site charging station and repair service. Installed rooftop solar panels with battery storage system that meets all backup power needs and supplies 25% of total electricity use.
Championing plastic-free tourism in Laos	HOMM Souvannaphoum Luang Prabang	Minimisation of single-use plastics, minimisation and increased recycling of all hotel waste and partial change to solar energy.
Traditional weaving repurposes discarded plastic bags into durable woven products	Made New	Production of recycled plastic thread from discarded plastic bags for use in handloom weaving with a cotton warp to produce totes, bags and other woven products.
Materials recovery in handicraft textiles	Ock Pop Tok	Recovery of textile waste for repurposing into textile handicrafts incorporating traditional local designs, incorporating recycled - aluminum - discs as accessories.
Turning plastic waste into durable consumer goods	PatiHoub	Recycling of post-consumer plastic wastes into molded boards for manufacturing of furniture, panels and other durable consumer goods.
Circular bamboo bottles for sustainable tourism	Tiger Trail	Handcrafting of refillable water bottles made from locally-abundant bamboo, as alternative to single use plastic bottles in particular in tourism sector, and as additional income source for local communities.

⁸ ACEBA website: <https://www.aceba.co/aceba/>

⁹ SWITCH-Asia (2023), ASEAN Circular Economy Business Alliance (ACEBA): Mobilising Business Action for Circular Economy in ASEAN. <https://www.switch-asia.eu/our-work/multi-country/asean-circular-economy-pact-acep-mobilizing-business-action-for-circular-economy/>

¹⁰ ACEBA Business Cases: <https://www.aceba.co/aceba/business-case/>

GUIDING PRINCIPLES FOR BUSINESS

CE presents an ambitious agenda to bring the use of natural resources back within planetary boundaries. This is contingent on developing circular products, services, and processes by businesses and other organisations. To facilitate business leadership and action, ACEBA developed five guiding principles for business and CE, upon extensive engagement with the business sector in Cambodia, Indonesia, Malaysia, Philippines and Thailand, during 2023-25. These guiding principles position CE as responsible business, conducted with an environmental lens, through innovations that improve material and resource use, and foster socio-economic progress.



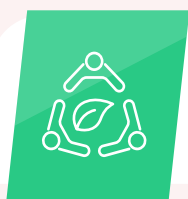
1. Net Zero for Climate, Nature and Environment

Circular Economy advances the net zero target by addressing the unsustainable extraction and use of materials and natural resources as common root cause of the triple climate, nature and pollution crises.



2. Resource Circularity, Efficiency and Substitution

Circular Economy targets closed loop use of materials and other natural resources through resource circularity, resource efficiency and resource substitution.



3. Responsible Business

Circular Economy demonstrates business taking its responsibility for the impacts on environment and society of the materials and other natural resources that are used throughout the lifecycle of its products and services.



4. Ideation and Co-creation

Circular Economy frames ideation and co-creation by business and in its value chains to innovate and develop circular product and service solutions.



5. Net Benefits

Circular Economy aims for net socio-economic benefit, including from de-risking the economy and society from the impacts of unsustainable extraction and use of materials and other natural resources.

Figure 2: Guiding principles for business action on Circular Economy¹¹

11 EU SWITCH-Asia and ASEAN CSR Network (2023), Towards a Unifying Framework for Business Action for the Circular Economy in ASEAN. https://www.aceba.co/site/assets/files/1086/working_paper_business_action_ce_asean_final.pdf

ACEBA: ASEAN CIRCULAR ECONOMY BUSINESS ALLIANCE

ACEBA was launched in July 2024 as an ASEAN-centric, business-led CE initiative, with the endorsement of the ASEAN Business Advisory Council (ASEAN BAC), the ASEAN Secretariat, and the European Union Delegation to ASEAN. ACEBA is an initiative of ARAIBA Sdn Bhd¹², a purpose-driven, not-for-profit business organisation that works to promote and facilitate responsible and inclusive business practices in ASEAN. The activities of ACEBA are further supported by a Technical Advisory under the SWITCH-Asia Policy Support Component.

ACEBA brings together companies and other business organisations that [pledge](#) to lead by example. These participating companies agree to (1) promote CE in their business networks and advocacy; (2) consider and adopt appropriate CE solutions in their products and operations; and (3) share CE achievements and experiences. ARAIBA, in partnership with national and regional business organisations, supports participating companies with accessing appropriate CE knowledge and tools and relevant CE solutions, and promoting their achievements through knowledge sharing and networking activities.

ACEBA encourages CE leadership by enterprises—from large corporates to MSMEs, start-ups, and social enterprises—and business associations in ASEAN Member States. Specifically, ACEBA:

- Provides visibility and voice to [participating companies](#);
- Documents and showcases [CE business practices and solutions](#);
- Facilitates [peer-learning and sharing](#) among participating companies and other leading businesses; and
- Promotes operational [CE tools and metrics](#) appropriate to ASEAN businesses.

ACEBA invites businesses and other organisations in Lao PDR from all sectors to participate, as CE is applicable across business sectors. In its knowledge sharing and networking, ACEBA is though prioritising eight sectors that are of key economic importance in the region, have large participation of MSMEs, and have demonstrated good CE potential.



Figure 3: Identified priority sectors of ACEBA¹³

12 ARAIBA website: <https://www.araiba.org/araiba/>

13 EU SWITCH-Asia and ASEAN CSR Network (2023), Towards a Unifying Framework for Business Action for the Circular Economy in ASEAN. https://www.aceba.co/site/assets/files/1086/working_paper_business_action_ce_asean_final.pdf

BUSINESS LEADING THE CHANGE

The future of irreversible climate change, loss of nature, and pollution is already with us. There is no pause button as their negative impacts on livelihoods, society, economy and business are on the rise. Ignoring these signs is a risky business affair. We all need innovative, circular, and low carbon solutions, and business is in the driving seat to provide these. Getting more circular does not have to put firms out of business, as there is good potential for cost savings, new products and markets, and new competencies.

Get involved and started—one responsible step at a time business can lead the change towards a sustainable future and livable planet.



[Join the Alliance](#)



[Contribute a Business Case](#)

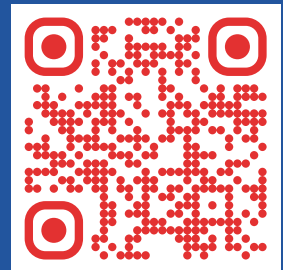


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ACEBA is an initiative of
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