

## New trends in the AAC market in China

Looking back on the development of the AAC industry in China, it can be concluded that the vigorous development of the industry today is the result of the joint efforts of countless people in the industry. The 60 years of development of the AAC industry in China started with the import of European AAC equipment and technology. This was first followed by gradually establishing the ability to do independent research and development, then by localized production. Nowadays, China has progressively become one of the globally largest countries with respect to AAC production and consumption.

In 1958, the Chinese Academy of Building Research organized the first successful trial production of AAC products. Seven years later, China introduced the first AAC plant with Siporex technology in Beijing. Subsequently, the AAC industry entered a slow development stage in China. Until 1992, China accelerated the pace of innovation for materials used for construction of walls. At the same time, the government established a series of policies to ban the mining of clay and to promote the development of new materials for wall construction. Due to the high energy consumption and high pollution associated with the production of clay bricks, AAC gradually began to replace solid clay bricks as the environmental choice of material for wall construction. Based on these developments, some Chinese companies started to import European AAC equipment to establish their AAC business. Mr. Xu, the founder of Suremaker, who was then the Engineer of the Wuhan Building Materials Design Institute, was responsible for the

*Asi AAC & Ublok Group strives to become one of the leading AAC enterprises in the Asia Pacific region.*



*The new plant of HGA in Guangdong, powered by Keda Suremaker, was put into production this year.*

technical upgrading of imported second-hand European AAC plants between 1994 and 2003, aiming at adapting the equipment for smooth AAC production in China. Since 2004, Suremaker has carried out localized production, manufacturing, and exporting of its own brand of AAC block equipment and has provided supporting equipment for imported AAC plants in China. After cooperating with Keda Industrial group, Keda Suremaker is now paying more attention to the research of the AAC production process.

As the vice president of the China Aerated Concrete Association (CACA), Keda Suremaker takes the initiative to undertake relevant responsibilities such as industry standardization, scientific research, and training, and to promote the development of the AAC industry in China. In 2011, the first high-automation level AAC panel production line in China manufactured by Keda Suremaker was put into production in the Shandong Province. After that, the AAC products in China gradually transitioned from blocks to panels. The demand for production capacity has now changed from 100,000 cbm/year to 400,000 cbm/year and more.



*National 13th five-year AAC project powered by Keda Suremaker.*

According to incomplete statistics, there are about 2400 AAC production lines in China in 2021. Among them, there are about 350 AAC panel production lines. In China, with the rapid development of pre-fabricated buildings and the establishment of carbon neutrality as a national strategy, AAC has now entered a golden period of development as a new green material for wall construction. Especially the AAC panel has become the most popular construction material in the market with its low carbon and eco-friendly characteristics, easy construction, heat insulation, and other advantageous characteristics.

With the developments in product application and the improvement of labour costs, the market's requirements for product quality and factory intelligence levels are increasing these years. The Chinese government begun requiring the elimination of backward production capacity and no longer supports new enterprises to put into operation production lines with an annual output of less than 200,000 cbm. In August 2021, the updated Chinese National standards for AAC blocks and panels revised by Keda Sure-

maker came into effect. These standards set higher requirements for the quality of AAC blocks and panels, which aims at realizing more standardized production and testing of AAC products in China.

The current development trends of China's AAC production enterprises are outlined in the following sections.

### **Strategic planning of professional group enterprises**

During the development of the Chinese AAC industry in recent years, several large conglomerates have emerged, such as Keda's strategic partners Asi AAC & Ublok Group and HGA Group. Asi AAC & Ublok Group now has 26 AAC plants and the total annual capacity is about 10 million cbm. HGA Group has 24 AAC production lines with total annual capacity of 9.6 million cbm and they plan to invest into 50 AAC plants within 5 years. These groups distribute AAC plants all over China to realize their strategic plan in China's building materials industry. After thorough market



*The "super" capacity AAC plant is a new trend of the AAC market in China.*

research, they all show great interest in the Yangtze River Delta and Pearl River Delta regions where the construction industry is more developed, as well as the regions with more potential for the development of the construction industry, such as the Sichuan and Chongqing regions.

#### State-owned enterprises supported by the government

With the support from the government, some state-owned enterprises show great interest in the AAC industry. Nowadays, many state-owned enterprises of the iron and steel sectors have begun to invest in AAC projects. Last year, five China national 13<sup>th</sup> five-year AAC projects were completed by Keda Suremaker.

#### "Super" capacity plants in hot spots

In addition to powerful groups and national enterprises, some local customers choose to install "super"

AAC plants to meet the growing demand for large capacity. For example, Xiangwang Group, Keda Suremaker's customer in the Anhui Province, has invested in a plant with annual production capacity of 900,000 cbm through a double line with a configuration of 18 autoclaves.

#### Turn waste into treasure

Due to the requirements of environmental protection policies, the government strongly supports the treatment of solid waste. The Keda Suremaker Process Technology Experiment Center has been committed to the utilization of different solid wastes, as some solid wastes can be used to produce autoclaved aerated concrete, and some enterprises cooperate in AAC production lines for solid waste treatment. For example, Heyue Group has cooperated with Keda since 2015. Their raw material consists of ceramic tailings, and now they have signed a 3-phase strategic cooperation with Keda Suremaker.

#### New entrants across industries

Due to the rapid development of the AAC industry in China and the high return on investment of AAC projects in China, many cross-industry customers have been attracted. Some of the cross-industry customers are entering the building materials industry for the first time, and through customized design services and guidance to meet local customers' needs for end products, Keda Suremaker helps customers to achieve more market recognition.

The Deli project is a successful example of this type of service. The Deli Group is well known in China for its high quality office supplies, and the company chose to enter the AAC industry in 2017. The Deli Group's AAC plant is now a model production line of an intelligent factory in the Yangtze River Delta region, and Deli has already cooperated with Keda Suremaker for the second phase.



*AAC sample blocks produced from different solid wastes as raw materials.*

*The Deli Group is well known in China for its high quality office supplies. The company chose to enter the AAC industry in 2017 now also operates a second plant.*



The rapid development of the Chinese AAC market has put forward higher requirements for the industry, and Keda Suremaker has always supported the market to strengthen innovation and to create more value for customers. Outside of China, Keda Suremaker hopes to combine the successful experience in the Chinese market with the international market environment to make breakthroughs. In recent years, Keda Suremaker has built several new AAC plants in India, Indonesia, Turkey, Uzbekistan, and other countries - one after another.

The upgrading of building materials is a global trend, especially low-carbon environmental protection has become the unified consensus of human beings all over the world. The international project operation needs more understanding of the customer's national conditions and needs. The global epidemic has not yet receded, and the operation of international projects has encountered great challenges. However, Keda Suremaker and its customers are always confident that all difficulties will be solved as long as they support each other.



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Keda Suremaker  
2887, Tianmen Rd  
Economic and Technological Development Zone  
Maanshan City, Anhui Province, China  
T +86 0555 2113600  
[info@keda-suremaker.com](mailto:info@keda-suremaker.com)  
[www.keda-suremaker.com.cn](http://www.keda-suremaker.com.cn)



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