

# Chinese pressure pushes bitcoin below \$30,000

June 22 2021

---



Bitcoin is coming under pressure from the fact that "mining" it requires huge amounts of electricity.

Bitcoin fell below \$30,000 Tuesday for the first time in more than five months, hit by China's crackdown on the world's most popular

cryptocurrency.

Just before 1400 GMT, [bitcoin](#) sold for around \$28,890, a level last seen at the beginning of the year, with analysts citing Chinese efforts to curb trading and mining operations.

It later rebounded slightly to around \$30,133 for a daily decline of 7.5 percent.

It has lost about 50 percent of its value since hitting an all-time high of \$64,870 in mid April.

"Concerns mount over China's ongoing clampdown and fears that widespread acceptance of bitcoin and other digital currencies will be delayed because of concerns about their [environmental impact](#)," noted analyst Fawad Razaqzada at trading site ThinkMarkets.

Bitcoin faces a green backlash because so-called mining often uses electricity produced from fossil fuels, especially coal, he noted.

Bitcoin and other cryptocurrencies are mined by solving puzzles using powerful computers that consume enormous amounts of electricity.

China has now extended a crackdown on its massive cryptocurrency mining industry with a ban on mines in a key southwestern province.

The science journal Nature recently published a study showing that Chinese bitcoin mines represented a risk to the country's climate goals.

Chinese mines power nearly 80 percent of global trade in cryptocurrencies despite a domestic trading ban since 2017, but several provinces have recently ordered mines to close as Beijing considers the industry with a critical eye.

Authorities in the province of Sichuan ordered the closure of 26 mines last week, according to a notice widely circulated on Chinese social media and confirmed by a former bitcoin miner.

Sichuan, a mountainous region in southwest China, is home to many cryptocurrency mines, basically huge centres with racks upon racks of computer processors, owing to the large number of hydroelectric power plants there.

"Bitcoin needs to expedite transitioning mining out of China," remarked Edward Moya, an OANDA market analyst.

"The cryptocurrency [mining](#) community is rushing to get out of coal-fired power plants but losing clean energy sources is extra bitter," he added.

Razaqzada said that "with confidence shaken, it looks like crypto investors are in need of some fresh catalyst to encourage them to step back in—perhaps something similar to Elon Musk's influence."

Musk has essentially moved the market several times since February by tweeting that his automaker Tesla would, or would not, or would accept bitcoin as payment once the virtual currency gains greener credentials.

Institutional investors have taken an interest as well, as has online payment site Paypal.

Bitcoin's origins date from the 2008 [economic crisis](#), when a nine-page paper called "Bitcoin: A Peer-to-Peer Electronic Cash System" was published by someone called Satoshi Nakamoto, whose real identity is still a mystery.

Citation: Chinese pressure pushes bitcoin below \$30,000 (2021, June 22) retrieved 26 April 2024 from <https://techxplore.com/news/2021-06-chinese-pressure-bitcoin.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.