

Cheap electricity a boon for bitcoin mining in cash-strapped Venezuela

September 1 2021, by Andrea Tosta



In Venezuela, a country in recession and contending with the world's highest inflation of nearly 3,000 percent in 2020, crypto mining presents a rare opportunity for making money.

On a factory floor in Caracas, the din of dozens of computers working non-stop is deafening. This is the sound of a bitcoin mine—one of

several in a country where cheap electricity has made crypto mining a rare profitable endeavor.

At the enterprise called Doctorminer, in eastern Caracas, nearly 80 computers—worth about \$400 apiece and each the size of a shoebox—generate some \$10,000 in bitcoin equivalent per month.

The process produces intense heat, which require the constant cooling power of four large fans.

The electricity bill for all this? "I think not even \$10 a month," said Theodoro Toukoumidis, CEO of Doctorminer, founded to erect crypto mines countrywide and provide the required machines.

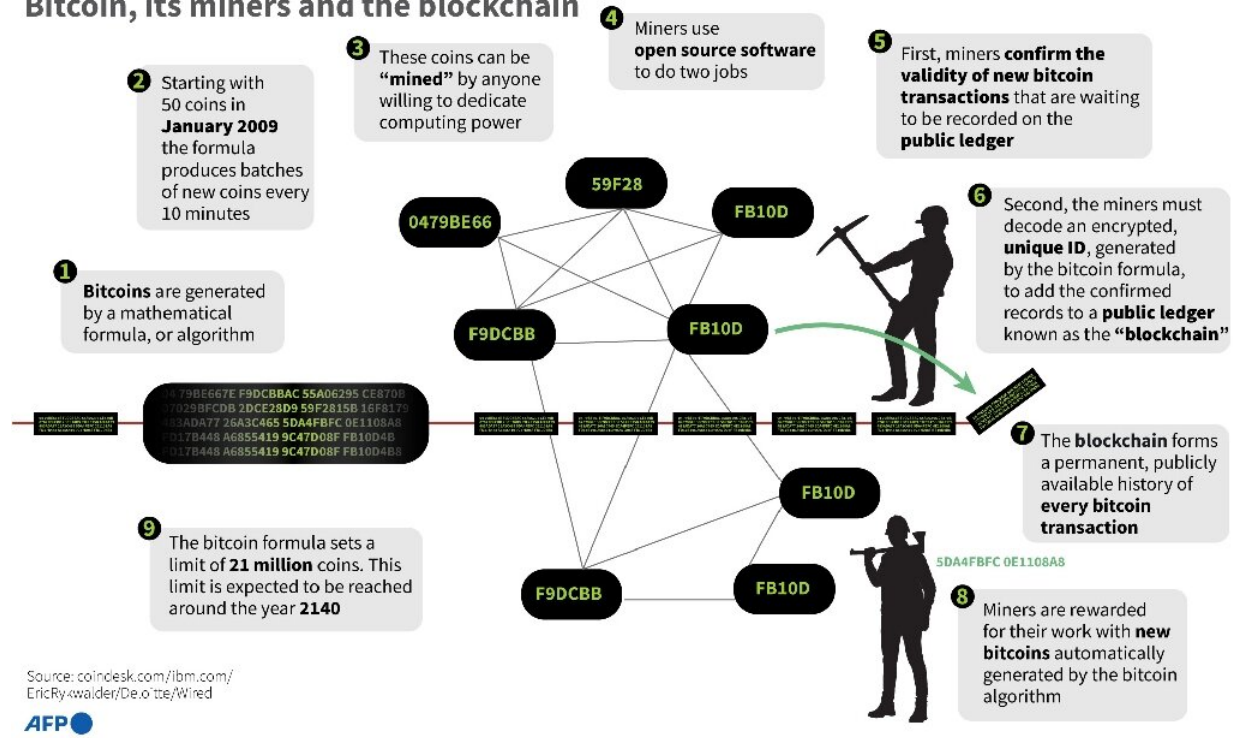
"We have discovered a way to generate income effortlessly... transforming energy into money," he told AFP.

In a country in recession and contending with the world's highest inflation of nearly 3,000 percent in 2020, crypto [mining](#) presents an economic opportunity for a lucky few.

This is made possible by one of the world's lowest electricity prices: the commodity is heavily subsidized by the Venezuelan government.

"Mining" is one way of raising crypto currency, putting high-powered computers to work to solve complicated mathematical problems—and the price of electricity is a major obstacle for miners in many countries.

Bitcoin, its miners and the blockchain



Main points on the blockchain and how the cryptocurrency is 'mined'.

Confronting economic crisis

But in Venezuela, the rock-bottom rate overrides most other considerations, including power cuts— frequent in a country where public services have all but collapsed, but less spotty in the capital Caracas than elsewhere.

Nor are cryptopreneurs in Venezuela put off by Latin America's third-lowest fixed broadband internet speed.

"To mine you don't need super-high-speed internet," crypto researcher and economist Aaron Olmos told AFP.

Toukoumidis sold his car and his partner a motorcycle, each to buy a mining computer. In 2016, in the dining room of his house, the pair began to build computers to sell.

The venture proved popular, with many people wanting to invest, even "without understanding anything at all" about crypto mining, said Olmos.

Today, Doctorminer has some 1,500 miners connected to its grid, according to the company's website.

As the value of the bolivar has been decimated by years of [economic crisis](#), bitcoin has become increasingly accepted as currency in Caracas.



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"Having crypto money is a way out of hyperinflation... an extra tool for confronting the crisis," said Olmos.

According to Olmos's consulting outfit Olmost Group Venezuela, transactions with cryptocurrency peaked at \$303 million in Venezuela in 2019, before the coronavirus epidemic.

And this is nowhere near the full value of crypto money in circulation, said the analyst, as it does not factor in the currency generated by mining.

"There is a massive economic activity that is unseen," Olmos said.

Pedro, a miner, bought two "video cards" with which to mine crypto currency in 2017 for \$800.

He told AFP he made his money back in three months, and estimates he has earned some \$20,000 in all.

'Better not to talk'

But the windfall brought about unforeseen difficulties—the reason Pedro declined to give his full name.



Venezuelan crypto businessman Theodoro Toukoumidis sold his car to buy his first mining computer.

The currency and the practice of mining it are legal, but police frequently arrest miners for failing to jump through bureaucratic hoops.

Reports of extortion are rife in the country that ranks a lowly 176 out of 180 on Transparency International's Corruption Perceptions Index, and where public officials demanding bribes is a common problem.

Many Venezuelan miners end up behind bars for lacking paperwork, according to specialist websites such as CriptoNoticias.

"It is something that is better not to talk about," added Pedro of his line

of work.

The government of Nicolas Maduro has also tried to get in on the action, launching the Petro currency in 2018. It was banned by the United States and widely branded a scam.

The same year, Venezuela launched a crypto regulator named Sunacrip, which has since introduced a register of crypto miners in the country.

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