

# Kazakhstan moves to reel in crypto mining

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Cryptocurrency mining operations require lots of electricity.

Kazakhstan, one of the world's leading locations for cryptocurrency mining, has moved to reel in the power-hungry industry that has often burdened the ageing energy grid of the Central Asian country.

The ex-Soviet country's lower house of parliament on Wednesday passed

legislation which introduced a tax and a mandatory license for companies mining cryptocurrencies among other measures, state news agency Kazinform reported.

In recent months, Kazakhstan, the region's largest economy, has looked to promote the expansion of cryptocurrency mining while cracking down on [illegal mining](#) farms.

"The goal of the bill is to eliminate illegal mining and create an adequate legal environment for legal entrepreneurs," lawmaker Yekaterina Smyshlyayeva, who introduced the bill, told AFP on Thursday.

She added that this activity is a "capital intensive business and the risks are very high".

"Miners will only be able to buy electricity from the general electricity network in the event of a surplus," she said Wednesday as quoted by Kazinform.

According to data from the University of Cambridge, Kazakhstan was the world's third-largest miner of cryptocurrency as of January 2022, behind the United States and China.

Mining for cryptocurrency, such as bitcoin, requires [powerful computers](#) to solve complex mathematical puzzles, resulting in the consumption of huge amounts of electricity.

Kazakhstan has many benefits for the industry, including some of the cheapest [electricity](#) in the world and a [cold climate](#) favourable for cooling computers.

It has also seen an influx of miners from neighbouring China, where the mining of cryptocurrency is officially banned.

Kazakhstan's energy system dates back to the Soviet era and, despite investments, remains dilapidated and regularly experiences energy deficits.

In March, the Kazakh government announced the closure of some 100 illegal mining farms, including those belonging to the brother of the former president Nursultan Nazarbayev.

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