

Kazakh Government Resigns, Shuts Down Internet amid Protests, Causes Bitcoin to Tumble

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Last Wednesday, Kazakhstan, the second-largest country in the world when it comes to Bitcoin (BTC) mining speed (hash rate), experienced unprecedented political unrest due to a sharp rise in fuel prices. As a result, the country's presiding cabinet resigned, but not before the state-owned telecommunication company, Kazakhtelecom, shut down the nation's internet, causing network activity to plunge to 2% of daily heights. The country accounts for 18% of the Bitcoin network's hash activity. No timeline exists as to when the internet will switch back on in the second-biggest Bitcoin mining country in the world. Bitcoin is very volatile and **set a record** at more than \$64,000 in April 2021, but fell below \$30,000 in July 2021.

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The move dealt a severe blow to Bitcoin mining activity in the country. As per data **compiled** by YCharts.com, the Bitcoin network's overall hash rate declined 13.4% in the hours after the shutdown from about 205,000 petahash per second (PH/s) to 177,330 PH/s. The country accounts for 18% of the Bitcoin network's hash activity.

Just days prior, the Kazakh government removed price caps on liquefied petroleum gas used for car fuel to align with market conditions, which doubled its price overnight, sparking violent protests. At the time of publication, the internet remains inaccessible in Kazakhstan. If extended, the consequences could be severe as internet services aside,

the Data Center Industry & Blockchain Association of Kazakhstan expects the country to generate **\$1.5 billion from legal cryptocurrency mining** (and another \$1.5 billion in illicit) activities over the next five years.

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