



China Aims to be Global Leader in Blockchain Technology

OE Watch Commentary: China appears to be setting its sights on becoming a global leader in blockchain technology. According to the accompanying article, in October, the Chinese Ministry of Industry and Information Technology published an 82-page white paper, which stated that China wanted to be at the forefront globally in blockchain technology, encouraging businesses to strive to set global technical standards. This followed the Ministry's launch of a "trusted blockchain alliance" to "speed up study of the digital ledger" in September.

At the same time, the country is also trying to reign in cryptocurrencies. Chinese officials shut down dozens of Bitcoin exchanges and stopped at least one industry conference from taking place in Beijing. In addition, the People's Bank of China has been leading the effort to crack down on Bitcoin exchanges and Initial Coin Offerings (ICO), which *Investopedia* defines as "an unregulated means by which funds are raised for a new cryptocurrency venture." According to the article, the Bitcoin boom and the quick spread of ICOs "alerted the Chinese government that cryptocurrencies were becoming tools of speculation and even crime."

It is worth noting that China has banned Bitcoin and Ethereum, the most popular digital currencies, and it wants to issue its own digital currency, presumably backed by a basket of commodities or equities. It will be interesting to see where this leads as cryptocurrencies are underpinned by blockchain. We have yet to see how much influence and control China will have over this up-and-coming, yet still widely speculative technology. **End OE Watch Commentary (Hurst)**

Source: "Is China Still Keen to Develop a Sovereign Digital Currency After Ban on Bitcoin Trading?" *South China Morning Post*, 25 September 2017. <http://www.scmp.com/news/china/economy/article/2112578/china-still-keen-develop-sovereign-digital-currency-after-ban>

As dozens of Bitcoin exchanges in China were told to shut down and at least one industry conference was forced to flee Beijing for Hong Kong, the Ministry of Industry and Information Technology last week launched a "trusted blockchain alliance" to speed up study of the digital ledger.

The IT ministry in October published an 82-page white paper announcing its desire to be at the forefront globally in blockchain technology and encouraging Chinese businesses to become involved in setting global technical standards.

The central bank, meanwhile, has set up a special institute to study digital currency, and Zhou Xiaochuan, its governor, told a press conference in March that the central bank encouraged the development of technologies such as digital currency and blockchain.

The Bitcoin boom and the quick spread of initial coin offerings, however, alerted the Chinese government that cryptocurrencies were becoming tools of speculation and even crime.

It banned ICOs [Initial Coin Offerings] earlier this month, defining them as illegal fundraising, and told exchanges of Bitcoin and other digital currencies to shut down trading.

While the PBOC [People's Bank of China] is leading government agencies in a crackdown on ICOs and Bitcoin exchanges, the central bank is trying to separate ICOs from blockchain technology, even though many coin offerings are designed to fund blockchain-based projects.

However, the jury is still out on whether China can embrace blockchain by banning Bitcoin and ethereum, the most popular digital currencies.

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The People's Bank of China headquarters in Beijing, 2016.

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