Cryptocurrency boom breathes life into Alpine village

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Tiny village, huge mining power: Gondo in Switzerland is firmly on the crypto currency map

Up until a century ago, the southern Swiss village of Gondo was famous for gold mining, but the industry closed and Gondo fell on harder times.

Now the miners are back and helping revitalise the tiny village on the Italian border, only they are no longer looking for gold.

Tucked away in a windowless bunker in Gondo, 900 graphic cards bombinate incessantly as they "mine" virtual currencies.

"It is very interesting from a historical perspective," Gondo's deputy president, Paul Fux, told AFP.

"We had gold mines that were famous all over the world... Now we have a new breed of miners," he laughed.

He was referring to a group of young men who have descended on the village which today counts only around 50 inhabitants with a business few locals understand: mining cryptocurrencies.

"What we are doing is very much like the gold rush back in the day," Alpine Mining's 26-year-old chief executive Ludovic Thomas told AFP, his voice barely audible over the din from the machines behind him.

He was standing in the company's main high-tech mining site, situated in a secured bunker in an undisclosed location.

Measuring 96 square metres (1,033 square feet), the low-ceilinged space is jam-packed with metal racks lined with hundreds upon hundreds of graphic cards—the equivalent of 150 computers.

They are all buzzing in unison as they calculate the ever more complex blockchain algorithms needed to emit encrypted digital coin units for cryptocurrencies like bitcoin.

Fux admitted he did not really understand what Thomas and his partners were talking about when they first approached the municipal authorities

asking to set up shop in Gondo.

Trying to keep cool

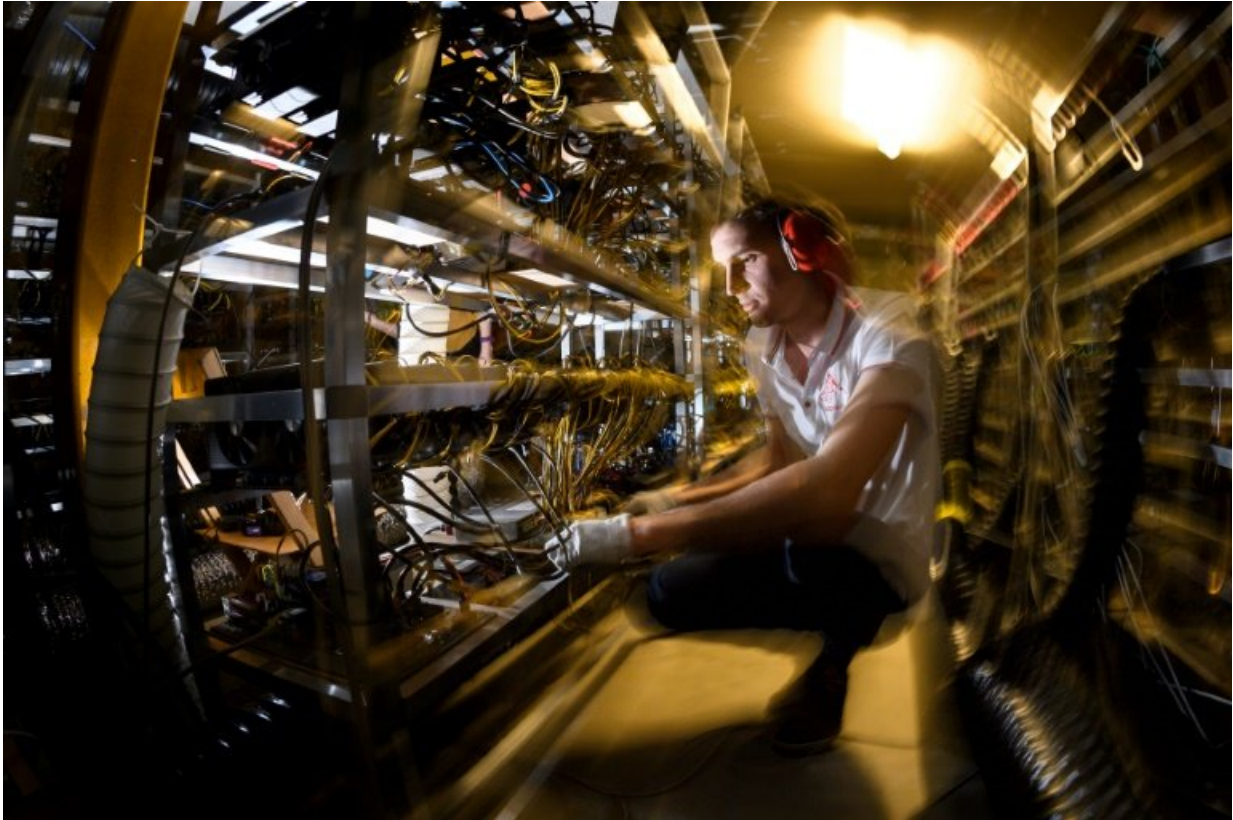"I had never heard the word blockchain before. I had to google it," he said.

A blockchain is like a public ledger where cryptocurrency emissions and transactions are logged. Mining involves using massive computational resources to verify the transactions within that ledger.

This allows for the development of transparent peer-to-peer payment systems, but all of this calculation comes at a price.

More than a dozen large plastic tubes fill the spaces between the racks in Alpine Mining's computing lab, pumping some 30,000 cubic metres of air into the room each hour in a bid to cool off the space.

Nonetheless, the room, crowded with humming machines with flashing orange and green lights, feels like a sauna, with the digital thermometer showing 41 degrees Celsius (105.8 degrees Fahrenheit).

The company is also in the process of setting up a second computing centre in Gondo, with higher ceilings and better ventilation, but still humming and hot.

They used to mine for gold in these parts, now it's for bitcoin

Thomas, whose tattoos and urban style stand in stark contrast to the practical mountain garb of the locals, admits that cheap hydropower and the cool Alpine climate were Gondo's main attractions for his company, as it strives to bring down cooling costs.

Life after tragedy?

When it arrived seven months ago, the tech start-up was also offered tax advantages and cheap rents in the village, which has seen its population shrink dramatically since disaster struck nearly two decades ago.

Following a torrential rain storm in 2000, part of the cliffside overhanging the tiny village crumbled, washing away buildings and leaving 13 people dead.

Ever since, Gondo has been struggling in vain to attract businesses and stave off the complete demise of the village, Fux said.

Last year, the customs administration which had long served as an employer in Gondo moved to a neighbouring municipality and one of the village's three petrol stations recently shut down.

Gondo had become a ghost village, serving mainly as a thoroughfare for long haul truckers, with some 400 trucks a day rambling through, municipal worker Simon Squaratti told AFP.

Fux said he was thrilled that Alpine Mining's six employees had already significantly swelled the village population, and voiced hope they would stay.

"They have already survived a first winter, which is not easy" in Gondo, he said, adding that other cryptocurrency-related firms had been looking into settling in the village.

'Crypto-rush'

"People are happy to see young people, that life is coming back," Thomas said.

He acknowledged there was not much to do in the village, which has no school, shop, bakery or cafe.

Alpine Mining's arrival meanwhile appears to have inspired the opening of the village's first restaurant this March.

Amid the ongoing cryptocurrency boom, Thomas said his company expects to grow exponentially in coming months.

But it will likely need to seek beyond Gondo to do so, since the [village](#) only has one electrical transformer and Alpine Mining is already consuming a full third of the power it pumps out.

Getting the required permits and building another transformer would take months—time Thomas said his company did not have.

"Mining is often compared to the gold rush. Right now, there is a crypto rush," he said.

"We're not prepared to wait six to eight months for a new transformer," he said, adding that the company was looking at other places in the southern Swiss Alps with cheap hydropower that might be able to accommodate the company.

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