

FREE NEWSLETTER

A Chinese-made Internet?

The blockchain revolution is coming. And China wants to be at the center of it.

JULY 24, 2022



Good evening. China banned cryptocurrencies, but it's all in on blockchain. This week, [our cover story follows the man behind China's version of 'Web3'](#) — the state-backed, blockchain-powered internet revolution. Elsewhere, we have [infographics on China's domestic tourism industry](#), which (as you might expect) isn't doing too hot; an [interview with Sebastian Mallaby](#) on the evolution of venture capital in China; [a reported piece on one of America's biggest renewable energy projects](#) — and why China is still at the center of it; and [an op-ed about the high costs of disengagement](#) for China. If you're not already a paid subscriber to *The Wire*, [please sign up here](#).

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Illustration by Luis Grañena

New Kid on the Block

Thanks to He Yifan, China is pioneering its own state-backed version of Web3, internet infrastructure that runs on blockchain. But [as Chang Che reports in this week's cover story](#), now that He's network is ready to go international, many are wondering how the West will react to a Chinese-made internet.

Hainan's Tourism Boom

The southern island of Hainan is one area of China that has done comparatively well on tourism during the pandemic. Tourists are drawn to its sandy beaches and duty free shopping, with the island serving as an alternative to Hong Kong for shopping amid the latter's strict travel restrictions.

Officials upped tourists' duty-free quota from 30,000RMB to 100,000RMB last year in an effort to promote consumption. By 2023, the entire island will be a designated duty free zone.

Sanya Haikang Bay Duty Free Shopping Center
Managed by state-owned China Tourism Group Duty Free Corp., the 1.5 million sq. foot mall markets itself as the biggest duty-free complex in the world. Shuttle buses deliver tourists from nearby international resorts.

Haikou International Duty Free City
The sprawling complex, ten times the size of Sanya's duty free complex, is scheduled for completion this year. Haikou, on the north side of the island, is Hainan's capital and its largest city by population.

Wenchang Space Launch Site
More than a dozen of China's space missions have been launched from this site, which local authorities hope to transform into a major tourist destination — the equivalent of NASA's Kennedy Space Center in Florida.

Data: media reports

The Big Picture: China's Tourism Tumble

Airports in Europe and North America are buckling under the weight of the summer holiday surge. Meanwhile, China's long-suffering tourism industry continues to struggle to keep the lights on, having never recovered since the start of the pandemic. This week, [our infographics by Eliot Chen](#) look at the state of China's tourism industry: why it's struggled during the pandemic and the questionable hopes for its recovery.

A Q&A with Sebastian Mallaby



Sebastian Mallaby is a senior fellow at the Council on Foreign Relations and an experienced financial journalist. He is the author of five books, most recently *The Power Law: Venture Capital and the Making of the New Future*. In this week's [Q&A with Dan Xin Huang](#), he talks about the evolution of American venture capital in China — from its role in the rise of Alibaba to the split today over China's politics.

Sebastian Mallaby
Illustration by Lauren Crow



Credit: ACES Delta

Powering Utah, with China's Help

In Utah, two companies are planning one of the world's largest renewable energy storage hubs, with \$504 million in backing from the U.S. Department of Energy. But a vital input at the center of the clean hydrogen project will be shipped in from Tianjin, China — demonstrating, [as Isabella Borshoff reports this week](#), the challenges of decoupling from China in the clean energy space.



Xi Jinping visits Wuhan Xinxin Semiconductor Manufacturing Corp. in Wuhan, Hubei. 26th of April 2018. Credit: Xinhua/Ju Peng via [Alamy](#)

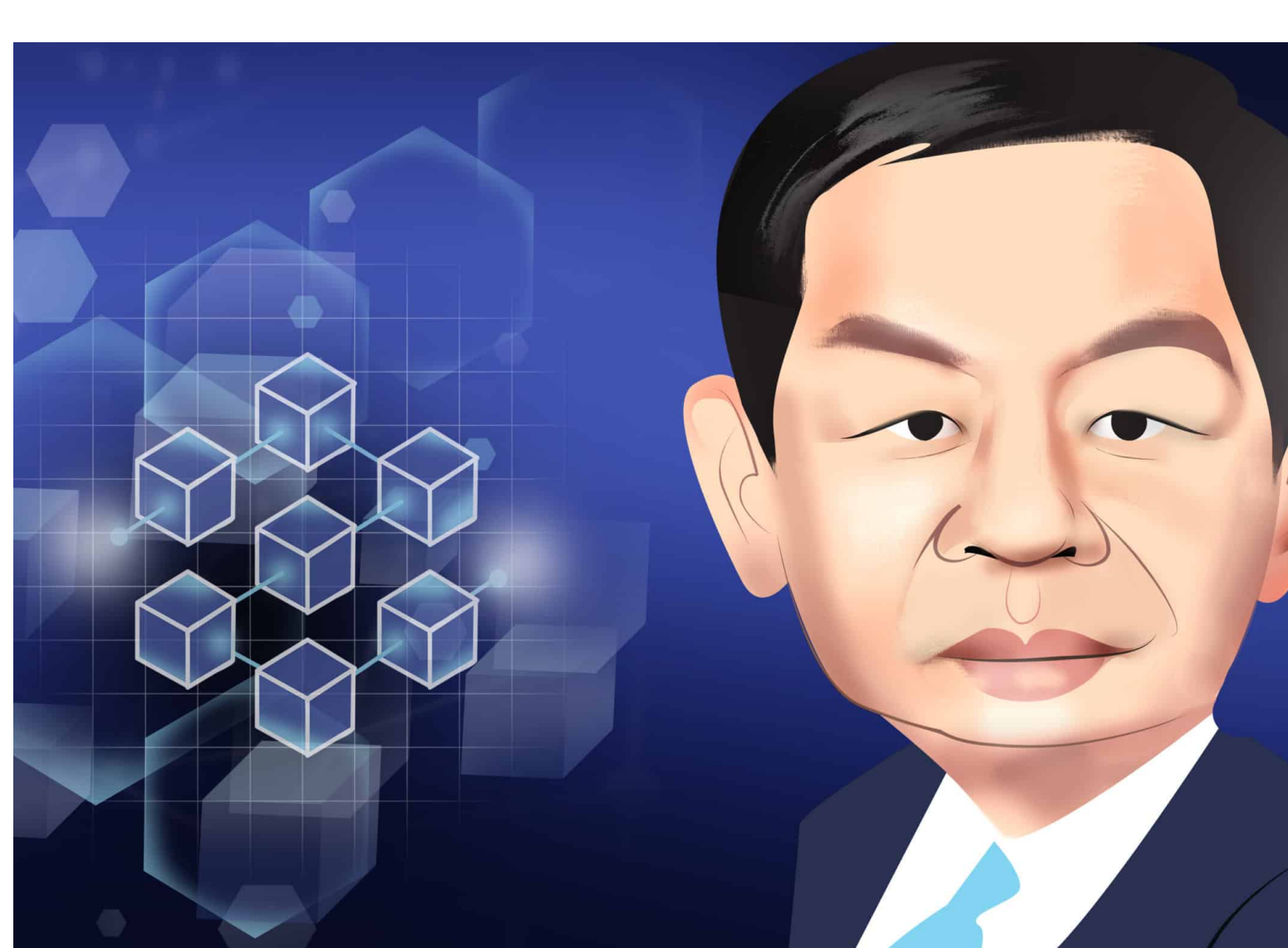
The High Costs of Disengagement for China

In this new era of strategic competition between China and the West, disengagement is the order of the day. But [as George Magnus argues in this week's op-ed](#), while this trend will impede economic growth, increase business costs, and raise prices for everyone, the economy that loses the most may well be China's.

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COVER STORY



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BY CHANG CHE

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THE BIG PICTURE



China's Tourism Tumble

BY ELIOT CHEN

A look at the state of China's tourism industry.

Q & A



Sebastian Mallaby on American-style Venture Capital in China

BY DAN XIN HUANG

The financial journalist talks about the evolution of American venture capital in China — from its role in the rise of Alibaba to the split today over China's politics.



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