Blockchain: a forward-looking trade policy

2018/2085(INI) - 13/12/2018 - Text adopted by Parliament, single reading

The European Parliament adopted by 433 votes to 25, with 92 abstentions, a resolution on the blockchain: a forward-looking trade policy.

Blockchain technology may provide all parties involved in trade, be they public or private, with permanent real-time access to an immutable, time-stamped database holding documents pertaining to transactions, thus helping to build confidence, avoid compliance issues and tackle the use of counterfeited goods or fake documents.

Members recalled that there are at least 202 government blockchain initiatives in 45 countries around the world and economies in regions of Asia-Pacific, the Americas and the Middle East, in particular, are investing in blockchain technologies for trade.

EU trade policy

Recognising that the Union's free trade agreements (FTAs) remain under-exploited, Parliament is of the opinion that the blockchain could in particular:

- enhance and improve EU trade policies, such as Free Trade Agreements (FTAs), Mutual Recognition Agreements (MRAs), particularly of Authorised Economic Operators (AEOs), data adequacy decisions and trade defence measures;

- assist in establishing the economic nationality of a good and in the Union’s proportionate use of trade defence instruments by providing transparency over the provenance of goods entering the European market and an overview of the influx of imports to ensure a more level playing field for businesses;

- support the trade and sustainable development agenda by providing trust in the provenance of raw materials and goods, transparent production processes and supply chains, and in their compliance with international rules in the field of labour, social and environmental rights.

External aspects of customs and trade facilitation

According to Members, blockchain could enable customs authorities to automatically obtain the required information for a customs declaration, reduce the need for manual verification and paper trails, and provide a precise update on the status and characteristics of goods entering the EU to all relevant parties simultaneously.

The blockchain may:

- enable customs authorities to automatically obtain the required information for a customs declaration, reduce the need for manual verification and paper trails, and provide a precise update on the status and characteristics of goods entering the EU to all relevant parties simultaneously;

- monitor the origin of goods and their manufacturing conditions, reduce the costs of transactions, insurance and logistics, remove intermediaries, increase trust between transacting parties, and combat contraband and the entry of illegal goods;

- improve transparency and traceability throughout the supply chain, raise the level of participant trust in a given network;

- reduce the costs of supply-chain management by removing the need for intermediaries and their associated costs, along with the physical requirement to produce, transport and process paper documentation;

- improve the application of correct duty and VAT payments and revenue collection within trade policy, and g. reducing the total time goods are in transit by automating tasks that are typically accomplished through manual means.

Recognising the challenge posed by the relationship between blockchain technologies and the implementation of the EU **data protection** framework, namely the General Data Protection Regulation (GDPR), Members stressed the need to ensure that blockchain fully conforms with the EU’s data protection framework and fully respects the principles set out in EU law. They highlighted the benefits blockchain could bring to SMEs by allowing peer-to-peer communications.

Conclusions

Parliament called on the EU and its Member States to **play a leading role** in the process of standardisation and security of blockchain and to work with international partners and all relevant stakeholders and industries to develop blockchain standards.

The Commission is invited, inter alia, to:

- follow developments in the area of blockchain, in particular the ongoing pilots/initiatives in the international supply chain, and the external aspects of customs and regulatory processes;

- produce a **horizontal strategy document** involving relevant DGs on adopting blockchain technologies in trade and supply-chain management as well as in the area of intellectual property and in particular regarding the fight against counterfeiting;

- assess the judicial and governance aspects of blockchain;

- develop a set of **guiding principles** for blockchain application to international trade;

- work with the Member States to launch and supervise pilot projects using blockchain technology in international trade, in order to test its benefits;

- set up an advisory group within DG Trade on blockchain and to develop a concept note for private permissioned pilot projects on the end-to-end use of blockchain in the supply chain;

- conduct policy investigations into how blockchain can modernise the Union’s trade defence policies to strengthen their legitimacy and enforcement;

Parliament welcomed the launch of the ‘EU Blockchain Observatory and Forum’. It requested that the Commission explore the possibility of expanding the mandate of the EU Blockchain Observatory and Forum and involve relevant local and global stakeholders to address upcoming challenges and foster the support of decision-makers.