

cryptographic techniques and of their decentralized and distributed nature, blockchains are said to be highly resilient.

Originally developed as the technology underpinning the digital currency Bitcoin, blockchain applications soon started to spread beyond cryptocurrencies. The transparent, secure and immutable nature of Blockchain has sparked the interest of the private sector and government authorities alike. The number of proofs of concepts and pilot projects is skyrocketing, and applications touch all sectors of the economy and society, from finance to e-commerce, food safety, supply-chain management and even voting – with many such applications being “permissioned” blockchains that require authorization to transact on the ledger. Billions of funding dollars are being poured into blockchain companies, and blockchain-related patents are on the rise. Venture-capital funding for blockchain startups has been growing steadily and reached US\$ 1 billion in 2017 (CB Insights, 2018), and the rate of blockchain patent applications tripled that year (Noonan, 2018). Is the hype justified?

An innovation, a game-changer, a revolution, a monument of untapped potential, the solution to all the problems, a silver bullet for some; old wine in a new bottle, a zero-sum game, much ado about nothing, a solution looking for a problem to solve, a pipe dream, the most overhyped technology for others. The list of hyperbolic statements making the headlines of blockchain-related literature is long. No technology has stirred up so much popular passion since the advent of the internet, and none has sparked so much controversy beyond the confines of the mysterious universe of information technology (IT) specialists. Everyone has an opinion, yet few understand what it is all about.

This publication seeks to demystify the Blockchain phenomenon by providing a basic understanding of the technology and its main functionalities.¹ It showcases some trade-related applications and analyses the relevance of this technology for international trade by reviewing how it is currently used or can be used in the various areas covered by the WTO. It provides a glimpse of whether the widespread adoption of this technology could affect cross-border trade transactions and, if so, to what extent, and it discusses various challenges that must be addressed before the technology can be used on a wide scale.²

Endnote

1. The present study focuses on the technology itself, not on cryptocurrencies.
2. The information provided in this publication is valid as of September 2018.