

3 Can Blockchain revolutionize international trade?

The number of headlines claiming that Blockchain can revolutionize various areas of international trade, from trade finance to customs procedures and intellectual property, are legion. The transparent, decentralized and immutable nature of Blockchain has sparked the interest of private actors – and governments – to explore the potential of this technology to enhance the efficiency of trade processes, and a myriad of proofs of concepts and pilot projects using Blockchain have been developed in virtually all areas of international trade.

Does Blockchain really have the potential to revolutionize international trade? This chapter explores the relevance of Blockchain for cross-border trade transactions. It examines how blockchain technology can affect the various steps involved in international trade in goods, from trade finance to customs procedures, certification, and transportation and logistics, and help move toward greater digitalization of trade. It also discusses Blockchain's potential in other areas covered by the WTO, with a particular focus on some key services sectors, intellectual property and government procurement.

1. Towards paperless trade?

International trade transactions involve a multitude of actors and continue to rely extensively on paper. In 2014, shipping company Maersk followed a refrigerated container filled with roses and avocados from Kenya to the Netherlands to document the maze of physical processes and paperwork that impact every shipment. The numbers speak for themselves: they found that around 30 actors and more than 100 people were involved throughout the journey, with the number of interactions exceeding 200. The shipment took about 34 days to go from the farm to the retailers, including 10 days waiting for documents to be processed. One of the critical documents went missing, only to be found later amid a pile of paper (Park, 2018).