

Although it is difficult to assess the overall impact that the deployment of blockchain technology could have on trade costs, it could be significant. As seen in Section 3.1(b), the use of blockchain technology could help with the implementation of the WTO TFA, which aims at easing customs procedures. The WTO has estimated that the average trade cost reduction for all merchandise exports resulting from full implementation of the TFA could amount to 14.3 per cent, with an average decrease of 18 per cent for manufactured goods and 10.4 per cent for agricultural products (WTO, 2015c).

A look at some estimates in the financial sector and the shipping industry can give a further idea of the potential impact of this technology on trade costs.

In a recent study, Accenture and operations benchmarking specialist McLagan estimate that the deployment of blockchain technology in investment banks could bring 30 per cent of savings by establishing more efficient processes and improving transparency and compliance (Accenture, 2017). Likewise, the use of blockchain technology for trade-related processes, including import and export procedures, and procedures to obtain licenses and certificates, could generate considerable savings, with benefits split among the agencies involved – because less time and fewer resources would be required to administer requests – and traders – who would gain time and save money as a result.

Significant savings can also be expected in the shipping industry, a sector that transports around 90 per cent of goods traded internationally.⁸ IBM calculated that moving a container of avocados from Mombasa to Rotterdam costs approximately US\$ 2,000, of which US\$ 300 were associated with paperwork. According to IBM, digitalization of the process could save up to 15 per cent of the cost of international maritime transport, and going entirely digital could save shipping carriers about US\$ 38 billion per year (Allison, 2017b). While digitalization can be achieved through other means than blockchain, the specific features of the technology make it a particularly interesting tool to advance digitalization efforts, as the various examples mentioned in Section 3.1 demonstrate.

McKinsey & Company estimates that Blockchain's strategic short-term value is, in fact, mainly in reducing costs before creating transformative business models. Based on a quantification of the monetary impact of more than 90 use cases, McKinsey & Company finds that approximately 70 per cent of the value at stake in the short term is in cost reduction (Carson *et al.*, 2018).