

Further research is needed to try and quantify the potential impact of Blockchain on the various types of costs that affect international trade transactions. Preliminary indications at hand tend to point to a notable impact, with the World Economic Forum estimating in a recent study conducted in collaboration with Bain & Company that the removal of barriers due to Blockchain could result in more than US\$ 1 trillion of new trade in the next decade (WEF, 2018). However, careful consideration needs to be given to the costs of transiting to and maintaining a blockchain-based system. Establishing a blockchain platform is a complex endeavour that requires complicated integration processes. In fact, a large part of the cost reductions to be derived from a blockchain may not be linked to the technology itself, but rather to the integration and streamlining work that is necessary to move to a blockchain system.

The reductions in trade costs that the use of blockchain technology could potentially permit open particularly interesting opportunities for micro, small and medium-sized enterprises (MSMEs), which face proportionally higher fixed costs than bigger companies, in particular when they are small producers from developing countries.

(c) Opportunities for MSMEs and small producers from developing countries

MSMEs are key economic actors. They account for more than 90 per cent of companies worldwide and for two-thirds of total employment in developing and developed countries alike. Yet their participation in international trade is low, with exports accounting for 7.6 per cent of manufacturing sales in developing countries, compared to 14.1 per cent for large manufacturing enterprises. The numbers are slightly higher in developed countries, with MSMEs accounting for 34 per cent of exports on average (WTO, 2016c).

Surveys of firms conducted by various governmental and international organizations⁹ point to various factors to explain MSMEs' limited participation in world trade: high tariffs; multiple non-tariff measures; lack of transparency and cumbersome customs procedures; difficulties in accessing trade-related information; difficult access to distribution networks; a lack of skills and technology; logistics and infrastructure costs; and insufficient access to trade finance. These difficulties are common to all MSMEs, from both developed and developing countries, but they tend to impact small firms and small producers from developing countries particularly heavily.

As shown in Chapter 3, blockchain technology can help to address several of these challenges and can be a powerful tool in facilitating the participation of MSMEs in international trade.