

More importantly, the technology is still maturing, and many challenges, including technical, interoperability and legal issues, need to be addressed before the technology can be used to its full potential. In particular, technical solutions need to be developed to address the “digital island problem” and ensure that blockchains can speak to each other, and rules need to be drafted to clarify applicable laws and regulate responsibilities. Without this regulatory layer, Blockchain will likely be confined to proofs of concept and pilot projects.

Where the blockchain adventure will ultimately lead us is difficult to project. Are we likely to witness a complete overhaul of our economies because of distributed ledgers in the near to medium term? Probably not. A hybrid approach, in which distributed ledgers complement existing systems, is more likely. The technology itself is still evolving and could look somewhat different in a few years. New “superior” distributed ledger technologies are already emerging that are quicker, more secure and less energy-intensive than the original blockchain. Whether the future of distributed ledger technology is Blockchain as originally developed, or another higher performing distributed ledger technology, one thing is clear: the technology is worth investigating, and if this technology is to be given the opportunity to realize its full potential, collective solutions that address key existing challenges, while providing the flexibility necessary for the technology to thrive, are needed.

Given the potential of Blockchain, companies, civil society organizations, software developers, academics, governments and intergovernmental organizations should work hand-in-hand to assess the practical and legal implications of the technology and to develop collective solutions to existing challenges. This is particularly true when it comes to international trade. Blockchain could make international trade smarter, but smart trade requires smart standardization – and smart standardization can only happen through cooperation. If we succeed in creating an ecosystem conducive to the wider development of Blockchain, international trade could well look radically different in 10 to 15 years.