European Parliament

2014-2019

Committee on Industry, Research and Energy

8.11.2018

OPINION

of the Committee on Industry, Research and Energy

for the Committee on International Trade

on blockchain: a forward-looking trade policy
(2018/2085(INI))

Rapporteur (*): Cristian-Silviu Buşoi

(*) Associated committee – Rule 54 of the Rules of Procedure

EN

United in diversity

EN

PA_NonLeg

EN

SUGGESTIONS

The Committee on Industry, Research and Energy calls on the Committee on International Trade, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

A. whereas distributed ledger technology (DLT) is a general-purpose technology which could have great potential for trade transactions through appropriate encryption and control mechanisms; whereas blockchain is one of several types of DLTs, which could potentially have a disruptive impact on multiple industries;

B. whereas DLTs, and in particular blockchain, a technology characterised by automatic tracing, recognition, verification and supervision, could optimise transparency and traceability, build confidence, foster competitiveness and capacity for innovation, and develop new patterns of cooperation in the EU; whereas the potential benefits are accompanied by several challenges, including energy consumption and cybersecurity;

1. Supports the principles of technology neutrality and business model neutrality when dealing with emerging technologies such as DLTs in the area of trade and supports an innovation-friendly ecosystem that provides flexibility; stresses that legislating for the technology on the basis of its applications would limit innovation and the creation of new applications;

2. Notes the potential of the integration of DLTs with other technologies such as the Internet of Things, Artificial Intelligence and quantum computing, and calls for further enhanced collaboration with relevant stakeholders to foster research into their applicability to the digital transformation and automation of international trade as well as the public sector, in particular under the Digital Europe programme;

3. Notes that blockchain is becoming an important tool across various sectors and industries, notably in the financial sector, and in supply chain modelling;

4. Underlines that smart contracts can be a key enabler of decentralised applications in international trade operations, but warns that, at the moment, this technology may not be sufficiently mature to be considered legally enforceable within any sectoral regulation, and that further assessment of risks is needed; encourages the development of technical standards for smart contracts and for mutual recognition of digital signatures throughout the EU;

5. Notes the important role that this technology could play in the completion of the EU energy union; recognises the challenge that energy consumption poses when using this technology; notes that blockchain could provide part of the solution by using more efficient algorithms, improving the efficiency of energy exchanges, enhancing the design and use of energy grids and decentralised energy production and contributing to the transformation of energy markets;

6. Stresses the potential of DLTs in global trade to monitor the origin of goods and their manufacturing conditions, reduce the costs of transactions, insurance and logistics, remove intermediaries, increase trust between transacting parties, and combat contraband and the entry of illegal goods; notes that the majority of applications that

employ DLTs in trade to date are based on permissioned ledgers; calls on the Commission to explore best practices and collaborate with Member States' customs and tax authorities in coordinated actions using DLTs to improve monitoring, control, security and verification mechanisms in order to fight unlawful payments, facilitate anti-money laundering policies and detect misappropriation of assets; calls on the Commission to consider the role of blockchain in the development of smart IP rights; notes that the technology can provide an alternative to the central supervisory authority in models where this authority cannot be trusted;

7. Urges operators to ensure that DLT consensus mechanisms are environmentally friendly and energy-efficient; emphasises that DLTs are data sensitive and that GDPR provisions should be applied;

8. Stresses that cybersecurity is critical for DLT-based applications, including for international trade, and notes that technological developments can introduce new challenges; calls on the Commission to explore security challenges, assess technological risks and undertake actions to address these challenges; calls for advances to be made on quantum cryptography;

9. Underlines that efficiency in international trade requires the setting of global standards and interoperability between DLTs, as well as between DLTs and legacy operating systems; calls on the Commission to enhance collaboration with the International Organisation for Standardisation (ISO) and other relevant standardisation bodies and to further promote international programmes to educate the EU's trading partners;

10. Highlights the fact that the rise of a new industry around blockchain comes with potential for high efficiency and increased productivity; underlines the potential benefits of blockchain, such as a reduction of administrative burdens for SMEs and the creation of new employment opportunities in industry; calls for measures to encourage SMEs and start-ups to explore the use of DLT to improve international trade operations and the development of an innovation ecosystem that reduces entry barriers and facilitates access to financing;

11. Emphasises the fact that blockchain can be used in applications of regulatory technologies (RegTech), significantly reducing compliance costs;

12. Welcomes the launch of the 'EU Blockchain Observatory and Forum' and encourages it to study applications aimed at facilitating international trade; hereby requests that the Commission explore the possibility of expanding the mandate of the EU Blockchain Observatory and Forum and involve relevant local and global stakeholders to address upcoming challenges and foster the support of decision-makers.

INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

Date adopted	5.11.2018
Result of final vote	+: 46 –: 1 0: 4
Members present for the final vote	Zigmantas Balčytis, Bendt Bendtsen, José Blanco López, Jonathan Bullock, Cristian-Silviu Buşoi, Jerzy Buzek, Jakop Dalunde, Pilar del Castillo Vera, Ashley Fox, Theresa Griffin, Rebecca Harms, Seán Kelly, Jeppe Kofod, Jaromír Kohlíček, Peter Kouroumbashev, Miapetra Kumpula-Natri, Paloma López Bermejo, Edouard Martin, Tilly Metz, Dan Nica, Morten Helveg Petersen, Miroslav Poche, Carolina Punset, Massimiliano Salini, Neoklis Sylikiotis, Dario Tamburrano, Patrizia Toia, Evžen Tošenovský, Vladimir Urutchev, Kathleen Van Brempt, Lieve Wierinck, Anna Záborská, Flavio Zanonato, Carlos Zorrinho
Substitutes present for the final vote	Amjad Bashir, Mario Borghezio, Rosa D'Amato, Jens Geier, Benedek Jávor, Werner Langen, Marian-Jean Marinescu, Rupert Matthews, Gesine Meissner, Clare Moody, Markus Pieper, Sofia Sakorafa, Giancarlo Scottà, Davor Škrlec, Pavel Telička
Substitutes under Rule 200(2) present for the final vote	Michael Gahler, Ulrike Rodust

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

46	**+**
ALDE	Gesine Meissner, Morten Helveg Petersen, Carolina Punset, Pavel Telička, Lieve Wierinck
ECR	Amjad Bashir, Ashley Fox, Rupert Matthews, Evžen Tošenovský
EFDD	Rosa D'Amato, Dario Tamburrano
ENF	Mario Borghezio, Giancarlo Scottà
PPE	Bendt Bendtsen, Cristian-Silviu Buşoi, Jerzy Buzek, Pilar del Castillo Vera, Michael Gahler, Seán Kelly, Werner Langen, Marian-Jean Marinescu, Markus Pieper, Massimiliano Salini, Vladimir Urutchev, Anna Záborská
S&D	Zigmantas Balčytis, José Blanco López, Jens Geier, Theresa Griffin, Jeppe Kofod, Peter Kouroumbashev, Miapetra Kumpula-Natri, Edouard Martin, Clare Moody, Dan Nica, Miroslav Poche, Ulrike Rodust, Patrizia Toia, Kathleen Van Brempt, Flavio Zanonato, Carlos Zorrinho
VERTS/ALE	Jakop Dalunde, Rebecca Harms, Benedek Jávor, Tilly Metz, Davor Škrlec

1	**-**
EFDD	Jonathan Bullock

4	**0**
GUE/NGL	Jaromír Kohlíček, Paloma López Bermejo, Sofia Sakorafa, Neoklis Sylikiotis

Key to symbols:
+ : in favour
- : against
0 : abstention

EN