



2018/2085(INI)

15.11.2018

OPINION

of the Committee on Civil Liberties, Justice and Home Affairs

for the Committee on International Trade

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

Rapporteur (*): Ana Gomes

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

PA_NonLeg

SUGGESTIONS

The Committee on Civil Liberties, Justice and Home Affairs calls on the Committee on International Trade, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Underlines that blockchain represents a new paradigm of data storage and management that is capable of decentralising forms of human interaction, the markets, banking and international trade; emphasises that the rise of blockchain presents both opportunities and challenges in terms of data protection, transparency and financial crime, as the data is immutable once it has been inputted and is shared with all the participating parties, which also ensures its security and integrity; requests that everything possible be done, including at national level, to guarantee the non-falsifiable and immutable character of the technology and to ensure that the fundamental right to data protection is not put at risk;
2. Acknowledges the opportunities, including for SMEs, deriving from the introduction of blockchain technology as part of the EU's trade policy, which could bring, among other benefits, lower transactional costs and greater efficiency, and offers the potential to improve trust and confidence in the current trade system by providing an immutable record of transactions; recognises, however, that in cases that fall outside the scope of the EU's trade policy, the application of this technology may present risks of money laundering and facilitate the financing of organised crime;
3. Welcomes the fact that INTA's draft report recognises the challenge posed by the relationship between blockchain technologies and the implementation of the EU data protection framework, namely the General Data Protection Regulation (GDPR), and recalls, that as a result, this relationship could reveal a clash between the protection of fundamental rights, on the one hand, and the promotion of innovation on the other, an issue that must be addressed in the final report; suggests the need to ensure that blockchain must fully conform with the EU's data protection framework and fully respects the principles set out in EU law, particularly in relation to the processing of personal data as a fundamental right under Article 8(1) of the Charter of Fundamental Rights and Article 16(1) of the Treaty on the Functioning of the European Union;
4. Stresses, furthermore, that blockchains, partly as a result of the clash described above, by no means automatically support data sovereignty, and must therefore be specifically designed to do so, given that they can also present risks to data protection;
5. Underlines that, if adequately designed, blockchain technology should be in line with the principle of 'data protection by design', which serves to give data subjects more control over their data in line with the GDPR; stresses, moreover, that personal data in a blockchain is normally not anonymous, which brings it within the scope of the GDPR; insists that blockchains should be fully compatible with EU law, including when they are used to process personal data; recommends, in this respect, that blockchains and applications should integrate mechanisms that ensure that data can be fully anonymous, thereby guaranteeing that they only store data that does not relate to an identified or identifiable natural person;
6. Underlines that future blockchain applications should implement mechanisms that protect personal data and the privacy of users and ensure that data can be fully anonymous; calls

on the Commission and the Member States to fund research and innovation, in particular academic research, on new blockchain technologies that are compatible with the GDPR and based on the principle of data protection by design, such as zk-SNARK (zero-knowledge succinct non-interactive arguments of knowledge);

7. Takes the view that, in order to prevent the infringement of the fundamental right to the protection of personal data, blockchain technology should not be used for the processing of personal data until the user organisation is in a position to guarantee compliance with the GDPR and to specifically ensure that the rights to the rectification and erasure of data are protected;
8. Highlights the fact that blockchain users may be both data controllers, for the personal data that they upload onto the ledger, and data processors, by virtue of storing a full copy of the ledger on their own computer;
9. Notes that the immutable nature of some blockchain technologies is likely to be incompatible with the 'right to erasure' set out in Article 17 of the GDPR, in cases where the blockchain contains personal data;
10. Notes with concern that the proliferation of copies of data in a blockchain is likely to be incompatible with the data minimisation principle set out in Article 5 of the GDPR, in cases where the blockchain contains personal data;
11. Invites the European Data Protection Board to issue guidelines and recommendations to ensure that blockchain technology is compliant with EU law;
12. Notes with concern the lack of any reference to the serious implications, of how blockchain technology is applied, particularly in areas such as the fight against money laundering, tax evasion and the financing of terrorism; deems that any utilisation of blockchain technologies should be anticipated by delineating what will be stored on and off the chain, with personal data stored off the chain;
13. Calls on the Commission to take the lead on the assessment and further development of blockchain technologies, including in specific sectors, such as those covered by the EU's trade policy, and to set up an advisory group on blockchains, which should include experts on anti-money laundering, tax evasion, data protection and organised crime.

INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

Date adopted	15.11.2018
Result of final vote	+: 36 -: 3 0: 1
Members present for the final vote	Asim Ademov, Heinz K. Becker, Monika Beňová, Malin Björk, Michał Boni, Caterina Chinnici, Agustín Díaz de Mera García Consuegra, Tanja Fajon, Raymond Finch, Romeo Franz, Kinga Gál, Brice Hortefeux, Filiz Hyusmenova, Eva Joly, Dietmar Köster, Cécile Kashetu Kyenge, Roberta Metsola, Claude Moraes, József Nagy, Péter Niedermüller, Ivari Padar, Soraya Post, Judith Sargentini, Giancarlo Scottà, Birgit Sippel, Csaba Sógor, Helga Stevens, Bodil Valero, Marie-Christine Vergiat, Harald Vilimsky, Josef Weidenholzer, Kristina Winberg, Tomáš Zdechovský, Auke Zijlstra
Substitutes present for the final vote	Miriam Dalli, Barbara Spinelli, Axel Voss
Substitutes under Rule 200(2) present for the final vote	Karine Gloanec Maurin, Patricia Lalonde, Julia Pitera

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

36	+
ALDE	Filiz Hyusmenova, Patricia Lalonde
ECR	Helga Stevens
ENF	Giancarlo Scottà
GUE/NGL	Malin Björk, Barbara Spinelli, Marie-Christine Vergiat
PPE	Asim Ademov, Heinz K. Becker, Michał Boni, Agustín Díaz de Mera García Consuegra, Kinga Gál, Brice Hortefeux, Roberta Metsola, József Nagy, Julia Pitera, Csaba Sógor, Axel Voss, Tomáš Zdechovský
S&D	Monika Beňová, Caterina Chinnici, Miriam Dalli, Tanja Fajon, Karine Gloanec Maurin, Dietmar Köster, Cécile Kashetu Kyenge, Claude Moraes, Péter Niedermüller, Ivari Padar, Soraya Post, Birgit Sippel, Josef Weidenholzer
VERTS/ALE	Romeo Franz, Eva Joly, Judith Sargentini, Bodil Valero

3	-
EFDD	Raymond Finch
ENF	Harald Vilimsky, Auke Zijlstra

1	0
ECR	Kristina Winberg

Key to symbols:

+ : in favour

- : against

0 : abstention