European Parliament

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Committee on Civil Liberties, Justice and Home Affairs

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

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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, capable of decentralising forms of human interaction and markets, banking and international trade and the rise of which poses both opportunities and challenges in terms of data protection, transparency, and financial crime, due to the inputting being immutable and shared with all the participating parties, thus also ensuring the security and integrity of data; requests to do everything possible, including at national level, to guarantee the non-falsifiable and immutable character of the technology and to ensure the fundamental right to data protection is not put at risk;

2. Acknowledges the opportunities, also for the SMEs, deriving from the introduction of blockchain technology as part of the EU's trade policy, which may bring, amongst other benefits, lower transactional costs and greater efficiency, and offers the potential to improve the trust and confidence of the current trade system by providing an immutable record of transactions; however, recognises that, in cases outside the scope of the EU's trade policy, the application of this technology may present the risks of money laundering and the facilitation of the financing of organised crime;

3. Welcomes the fact that the 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's (GDPR), and recalls that, as a result, this relationship might reveal a clash between the protection of fundamental rights, on one hand, and the promotion of innovation on the other hand that has to be addressed in the report; suggests the need to ensure that the blockchain must be fully in conformity with the EU's data protection framework and fully respects the principles set out in EU law, in particular in relation to the processing of personal data as a fundamental right under Article8(1) of the Charter of Fundamental Rights and Article 16(1) of the Treaty of the Functioning of the European Union (TFEU);

4. Stresses, furthermore, also resulting from that clash (between the protection of fundamental rights, on one hand, and the promotion of innovation on the other hand) that blockchains by no means automatically support data sovereignty but rather must be purposefully designed to do so, given that blockchains can also present risks for data protection.

5. Underlines that, if adequately designed, blockchain technology should be in line with the "data protection by design" provisions contributing to give data subjects more control over their data in line with the General Data Protection Regulation (GDPR); stresses also that personal data in a blockchain are normally not anonymous, which makes them personal data within the scope of the GDPR; insists that blockchains should be fully compatible with Union law including when they are used to process personal data ; in this respect recommends that blockchains and applications should integrate mechanisms that ensure that data can be fully anonymous, hence ensuring that they only store data that does not relate to an identified or identifiable natural person;

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6. Underlines that future blockchain applications should implement mechanisms that protect the person 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 avoid infringement of the fundamental right of protection of personal data, blockchain technology should not be used for processing personal data until the user organisation is in a position to guarantee compliance with the General Data Protection Regulation and specifically to ensure observance of the rights of rectification and erasure of data;

8. Highlights that users of blockchains may at the same time be data controllers for the personal data that they upload onto the ledger, and data processors by virtue of storing the 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, 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, where the blockchain contains personal data;

11. Invites the European Data Protection Board to issue guidelines and recommendations to ensure that the blockchain technology is in accordance with EU Law;

12. Notes with concern the lack of any reference to the serious implications, of how blockchain technology is applied, in particular in sectors 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 the delineation of what will be stored on and off the chain, with personal data being 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 in the case of the EU's trade policy and to set up an advisory group on blockchain which should include experts in the field of anti-money laundering, tax evasion, data protection and organised crime.

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INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

Members present for the final vote	Asim Ademov, Heinz K. Becker, Malin Björk, Michał Boni, Caterina Chinnici, Agustín Díaz de Mera García Consuegra, Tanja Fajon, Raymond Finch, Romeo Franz, Kinga Gál, Brice Hortefeux, Eva Joly, Dietmar Köster, Cécile Kashetu Kyenge, Juan Fernando López Aguilar, Roberta Metsola, Claude Moraes, József Nagy, Péter Niedermüller, Ivari Padar, Soraya Post, Judith Sargentini, Giancarlo Scottà, Birgit Sippel, Csaba Sógor, Helga Stevens, Bodil Valero, 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	Patricia Lalonde, Julia Pitera

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