



COMMITTEE ON
SCIENCE, SPACE, & TECHNOLOGY
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Statement by Chairwoman Barbara Comstock (R-Va.)

Leveraging Blockchain Technology to Improve Supply Chain Management and Combat Counterfeit Goods

Chairwoman Comstock: In February, we heard from witnesses about the non-bitcoin applications of blockchain technology during a joint hearing. While we learned much from that panel, it became evident that there are many more potential applications of this technology to examine. Today we delve into some of the potential and proven applications of this ledger technology, namely in the areas of shipping, logistics and customs.

The global marketplace has added complexity to modern supply chains and complicated their effective management. The supply chain of a given product can span several stages and geographical locations.

Modern supply chains typically consist of several individuals and entities, involve multiple payments and invoices and can take months for a product to move from beginning to end.

As manufacturing becomes increasingly more globalized in nature, managing modern supply chains will become increasingly complex.

While this has implications for the speed, efficiency and accuracy of goods ordered, a larger concern is the authenticity of an ordered item as counterfeit products increasingly saturate the modern consumer market.

According to one of our witnesses today, each year, more than \$16 trillion worth of products cross international borders. Yet by some accounts, counterfeit and pirated goods are expected to siphon \$4.2 trillion from the global economy by 2022.

Despite living in an age where we can have almost anything delivered in 24 hours—or less—we still deal with such questions of accuracy and authenticity when it comes to the goods ordered.

It's a side effect of having access to an international supply chain as we can never be quite sure of the origin of the product purchased.

Today's hearing will provide some insight on how blockchain technology may help tilt the scales in favor of the consumer with better tracking and transparency of the supply chain.

Maersk for example, represented at our hearing today, began a collaboration with IBM earlier this year to digitize the global supply chain.

A few months ago UPS, also represented today, announced it would join the Blockchain in Transport Alliance. The alliance provides a “forum for the development of blockchain technology standards and education for the freight industry,” with hopes of jumpstarting standards development for the shipping industry by implementing a secure blockchain system.

Even the federal government is involved as we will hear about programs within the Department of Homeland Security’s Science and Technology Directorate relative to blockchain technology.

I hope these efforts will prove fruitful. When consumers are faced with a deal that seems too good to be true, they should feel confident to have found a deal that is a bargain and not a counterfeit product.

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