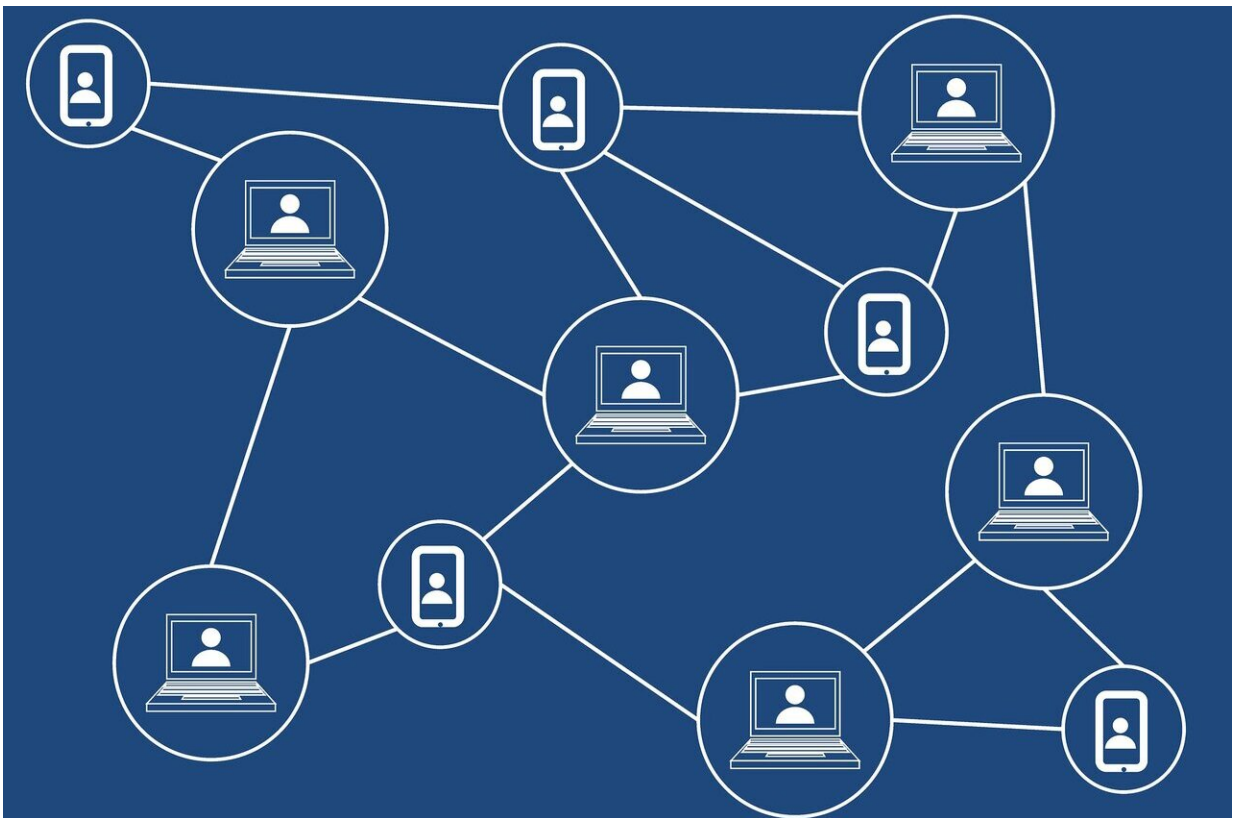


Action needed to tackle 'regulatory gap' for blockchain supply disputes, experts warn

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The growth in use of new technology means there is a "regulatory gap" for firms to solve global supply chain disputes involving blockchain, experts have warned.

It is estimated much of the world's global supply chains will employ blockchain as the underlying technology by 2026 to make them faster, more efficient and economical. The technology can also help companies deal with [common problems](#) such as counterfeit or non-certified products.

Governments also encourage blockchain in [global supply chains](#) and it has become the de facto standard in providing the track-and-trace capabilities that allow businesses to comply with regulations.

But new research show firms using blockchain feel they are left to their own devices when solving disputes. They are concerned about how the system will work without human intervention, especially when things go wrong.

Experts say appropriate mechanisms are needed for resolving disagreement, conflict, and disputes due to growing use of the technology, especially if such technology will become more mainstream in the future.

The study, published in the journal *Business Horizons*, was carried out by Patricia Živković, from the University of Aberdeen, Denise McCurdy, from the Georgia State University, Mimi Zou, now at the University of Exeter and Anjanette H. Raymond from Indiana University.

Professor Zou, who is an expert member of the International Institute for the Unification of Private Law (UNIDROIT)'s Working Group on Digital Assets and Private Law, said, "The blockchain-driven [global supply chain](#) should embrace the real possibility that dispute resolution of the future may be fully driven by technology. Issues remain, and further conversations must occur within the tech-legal community and regulators."

The study draws on findings from 20 supply chain practitioners responsible for blockchain deployments and puts forward some best practices. For example, those closely involved in the operations of the business and legal teams should be involved early on when discussions about using blockchain begin.

The study says from a legal perspective, supporting the widespread adoption of smart contracts still requires significant work.

Those in industry told researchers they believed blockchain would become as pervasive and foundational as the internet:

One CEO of a small health and life sciences firm said, "It is like the internet. A company that is not on the internet would just be strange, right? It would be hard to imagine how they are doing business. So, I think eventually that is how pervasive participation in a blockchain network and the data-sharing that will be enabled by it will be."

One boss of a large IT firm said, "I think the [blockchain](#) is going to be 5 to 10 years from now where e-commerce is today. We are not even going to think about it. It is just going to be running in the background."

More information: Patricia Živković et al, Mind the gap: Tech-based dispute resolutions in global supply blockchains, *Business Horizons* (2021). [DOI: 10.1016/j.bushor.2021.10.008](https://doi.org/10.1016/j.bushor.2021.10.008)

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