

and GVC companies to become more cost-efficient, stable and successful, which explains why demand for SCF solutions is expected to continue growing over the coming years.

Unfortunately, supply-side issues are likely to limit the access to SCF solutions in all major markets over the near to medium term. Even sizeable GVC anchors with robust balance sheets and high trading volumes may find it difficult to obtain the amounts of SCF support they require due, in part, to banks' limited desire to hold large trade finance exposures. As we have seen, a number of additional issues curtail even further the availability of SCF in Canada. These include the restrained appetite of Canadian banks for SCF and the reported reluctance of some global banks to include Canadian exporters in supplier payment programs. A shortage of SCF could jeopardize the export sales of some Canadian exporters that sell to U.S. or foreign-based GVC anchors. It could also hamper the competitiveness of Canadian segments of GVCs by preventing Canadian suppliers and sub-suppliers from accessing new technology platforms and cost-efficient forms of short-term capital. For these and other reasons outlined in this paper, a public policy response could be in order to help correct the observed gaps in the availability of SCF solutions in Canada. Future research in this area would ideally aim to quantify the current SCF gap as well as the costs associated with the existence of this gap.