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## Economic Statecraft Through a Gendered Lens:

### *A Risk Assessment for Canada*

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#### **Introduction**

Economic statecraft is central to great power competition. Although states have long used economic coercion to promote their foreign policy goals, both the technological rise of China and the Chinese Communist Party's (CCP) willingness to manipulate trade has raised concern from Canadian economists, political scientists, and defence practitioners. This policy brief highlights the human cost of economic coercion through a gendered lens. It begins by assessing three economic threats that Canada will face within the next twenty years, highlighting how Canadian men and women may be impacted by these threats in different ways. It proceeds by discussing how Canadian sanctions may have different impacts on men and women in target countries. Finally, it concludes by providing five policy recommendations to the Department of National Defence and Global Affairs Canada. At the heart of this policy brief, is the claim that economic coercion will impact people of different genders in different ways. Responding to this threat effectively and equitably requires a whole-of-government response.

#### **Economic Coercion: Twenty-Year Threat Assessment**

Over the next twenty years, Canada will face three significant economic threats from foreign actors. First, Canadian firms will face increased competition from state-supported firms. Chinese firms often share close ties with the government and are not responsible to shareholders in the same way that Canadian firms are (Carvin 2021, 145). Instead of being profit-driven, these firms seek to promote the Chinese government's long-term political goals, reflecting an overlooked facet of existing corporate social responsibility issues. Because they can sustain short-term economic losses, Chinese firms can undercut Canadian businesses and develop a monopoly on critical economic inputs (Business Council of Canada 2023). It follows that Canada's adversaries will likely weaponize trade to promote their political objectives. These countries can limit Canadian access to their domestic markets, significantly limiting Canada's export economy, or restricting access to important supply chains. Given that Canada is strategically dependent on China for at least 367 categories of goods, including 83 categories related to Canada's



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critical infrastructure, trade weaponization could have a significant impact on Canadians (Rogers et al. 2020). Finally, Canada is at risk of becoming dependent on states like China for rare earth elements. These minerals are at the heart of Canada's green transition and states like China know it. China has been hoarding these minerals and currently processes nearly 90% of the world's rare earth elements (Baskran 2024). In December 2023, China banned exports of rare earth processing technology, which is one part of its strategy to gain a supply chain monopoly on these minerals (Baskran 2024). If Canada does not secure its rare earth element supply chain as the green transition continues, there is a risk of ceding to China's political demands to gain access to these minerals.

As states use their economies to compete and demand political concessions, Canadians will almost certainly feel the effects. Although predictions about which identity groups will suffer the most are untenable, this policy brief highlights the importance of including gender-based impact assessments in all the Government of Canada's policies. To illustrate how economic coercion may impact men and women in different ways, consider two scenarios: an economy-wide downturn and supply chain weaponization.

Economy-wide downturns impact different genders in different ways. In three out of four of the last recessions, more women lost their jobs than men (Chan 2011, 17; Alini 2020). Whether men or women lose their jobs more is largely determined by the sectors they work in. For example, during the recession that was triggered by the COVID-19 pandemic, more female-dominated sectors were the first to be impacted (schools, childcare centres, hotels, and restaurants) (Alini 2020). Contrastingly, during the 2008 financial crisis, young men were most likely to lose their jobs, as male-dominated jobs in construction and manufacturing were disproportionately impacted. As workers were laid off, unpaid labour increased nationwide. Though both men and women performed more unpaid labour than before the recession, traditional gender roles meant that women took on a disproportionate amount of unpaid work (MacPhail 2017). The uptake in a woman's proportion of unpaid labour in households reflects existing traditional gender norms, wherein men might not even notice the extra work taken on by the women in their lives, as they have simply always done it. An increased burden of unpaid labour during a recession can limit positive outcomes for women, as it can narrow job prospects, due to a more constricted, part-time schedule, or take time away from building cultural and thus financial capital. These examples illustrate that economic downturns usually impact specific sectors more than others. Based on the gender composition of these sectors, men and women are impacted in different ways. Even when male-dominated sectors are hit the hardest, recessions interact with traditional gender norms. If Canada becomes the target of economic coercion, the Canadian Government must apply a gender-sensitive analysis to the sectors most impacted. A gender-sensitive analysis must go deeper than simply assessing whether more men or women lose their jobs. It must assess how sector-specific layoffs change the gender dynamics in Canadian households, and how we can shift the burden and stigma of unpaid labour.

Although it is unclear whether male-dominated or female-dominated sectors will bear the brunt of future economic coercion, there is some evidence that the average Canadian woman will be disproportionately impacted. Across Canada, women tend to earn less money than men; women are over-represented in the bottom 20% of Canadian income earners and as income brackets increase, their representation decreases (Nekoufar 2020). For instance,

women comprise 63% of Canada's lowest earners and only 36% of Canadians in the top 20% bracket (Nekoufar 2020, 4). To make matters worse, although women are more likely to save than men, women tend to have less money in their savings accounts and tend to earn less money in their investments (Lehrer 2023). The income gap in Canada between men and women means that if a state like China targets Canada's economy to demand economic concessions, women are less likely to have an economic cushion to 'buffer' the impact of the attack. The absence of said economic cushion also makes it more difficult for women to leverage their own skills and capital due to gendered household burdens, making it even more difficult to raise their personal wealth.

If countries like China restrict Canada's access to important supply chains, Canadian men and women may be impacted in different ways. Canada is critically dependent on China for goods such as food additives and pharmaceuticals. If China restricts Canada's access to these important goods, their cost to Canadian consumers will increase because Canada will have to source these goods from other, more expensive suppliers. Given that households with a female major income earner are more likely to face food insecurity than their male counterparts, women will likely be disproportionately affected by trade restrictions (Uppal 2023). Food insecurity is also worse for female lone-parent families than for male lone-parent families. According to a recent survey, 41% of female lone-parent families faced food insecurity compared to 24% of male lone-parent families (Uppal 2023). Because of traditional gender roles, women often bear the burden of food preparation, including shopping and cooking. Increased food prices may make women's unpaid labour a greater burden as they may need to visit several grocery stores or outlets far away just to get affordable food.

Similarly, Canada is critically dependent on China for pharmaceuticals (Rogers et al. 2020). Anything that decreases the supply of pharmaceuticals will impact Canadians, but the unique health needs of women leave them more vulnerable to price increases, as women are more likely to be prescribed medication than men (Fang and Gupta 2024). Furthermore, both insured and uninsured women are less likely to fill their prescriptions because of their cost (Fang and Gupta 2024). Although this policy brief does not predict whether economic coercion will disproportionately impact men or women within the next twenty years, it does illustrate that when economic coercion is applied to certain categories of goods, the average Canadian man and woman feel the effects differently. As Canada responds to economic threats, the government must provide a comprehensive assessment of how sector-specific vulnerabilities, as well as gendered burden of goods impact men and women in different ways.

### ***The Gendered Impact of Canadian Sanctions***

Although the gendered impact of economic coercion on Canadians is largely sector-specific, the evidence is clear that Canadian sanctions disproportionately impact women in three ways. First, Canadian sanctions against developing countries will almost certainly have a disproportionate impact on the labour market participation of women. Because of traditional gender roles, women in poorer countries have lower access to education and often work as unskilled labourers in export industries (Drury and Pesken 2014). When Canadian sanctions limit the market access of export-driven industries, these businesses are often the

first to shut down, leading to massive layoffs of unskilled female labourers (Drury and Pesken 2014). Furthermore, in many countries, it is an expectation that men are providers and that the woman's job to provide childcare or homemaking. These regressive norms mean that even between equally qualified men and women in the same industry, women are often the first to lose their jobs after a country is hit with economic sanctions.

Second, economic hardships brought on by sanctions tend to reduce the protection of women's rights. For example, after American sanctions against Burma, roughly 180,000 women in the export-driven textile industry lost their jobs. To provide for their families, many women turned to prostitution or the illegal entertainment industry. Women who were single parents or already precariously employed were impacted the most (Seekins 2005). While sex work can provide an income for many women across the world, the precarious nature of the industry often leaves women much more vulnerable to sexual violence and human trafficking. If many women turn to sex work during economic downturn, especially in countries where women's rights are not valued equally, they face a disproportionate threat of sexual violence and abuse. This example illustrates a broader phenomenon. Using a dataset with twenty-five years of sanction data, Drury and Pesken (2014) found that sanctions were consistently associated with the deterioration of women's rights, with women in the poorest countries impacted the most. Indeed, economic sanctions can have a significant on women's rights.

Finally, economic sanctions have a disproportionate impact on women's health. According to a recent study, UN-approved sanctions reduced the life expectancy of the average woman significantly more than the average man (Perry 2022). Not only are women in developing countries more likely to experience health risks, but when they do, sanctions decrease the likelihood that they will receive treatment or healthcare (Guttman et al. 2021). Importantly, even when humanitarian goods are exempt from sanctions, women's long-term health is more likely to suffer. To the general public, sanctions appear to be targeted at countries to cause states to change their behaviour. However, harm to civilians is the mechanism through which sanctions cause states to change their behaviour. As these three findings illustrate, sanctions from Western countries like Canada are likely to have a disproportionate impact on women in developing countries.

### ***Policy Recommendations***

This policy has made three central claims. First, economic coercion is an important component of hybrid warfare and must be understood as a threat to Canada's national security. Trade weaponization, supply chain manipulation, and the hoarding of critical minerals may significantly impact Canada's prosperity and its ability to meet its carbon-neutral goals over the next twenty years. Second, within the next twenty years, economic coercion will have a gendered impact on Canadians. In other words, it will impact men and women in different ways, depending on which sectors are impacted the most, and which supply chain vulnerabilities are exploited. Finally, Canadian sanctions will likely have a disproportionate impact on women, particularly in developing countries. The following policy recommendations focus on how Canada should best address the gendered impact of economic coercion.

1. Sanctions should be specific, targeted, and used sparingly. Although sanctions are part of Canada's foreign policy toolkit, they are largely ineffective and can cause significant harm to civilians living in sanctioned countries. At best, they work between one-third and one-half of the time (Drezner 2021). . Often, the demands associated with sanctions are tantamount to regime change and, in many cases, sanctioned countries adapt to life under sanctions. Furthermore, it is likely that over the next twenty years, sanctions will become even less effective as states like China and Russia form partnerships with sanctioned countries to advance their political goals. To increase their effectiveness whilst reducing the impact on women across the globe, sanctions should be used sparingly with the understanding that targeted sanctions with narrow goals and specific criteria for lifting the sanctions will be more effective than long-term sanctions with big demands (Drezner 2021).
2. Although Canada's Feminist International Assistance Policy (FIAP) is an important step toward promoting gender equality and addressing sexual violence, it must complement short-term funding for initiatives to enhance women's economic opportunities, with policies designed to combat traditional gender roles. Even when men and women hold the same job, traditional gender roles mean that women are often the first to be fired after sanctions begin against a target country. Furthermore, FIAP tends to justify gender equality by claiming that it is a smart economic decision (Bouka et al. 2021). Canadian policymakers should not lose sight of the fact that gender equality is normatively valuable and is an end in itself.
3. The Department of National Defence should adopt a human-centric, gender-based understanding of supply chain weaponization and conduct a comprehensive analysis of the goods that Canada is critically dependent on its foreign adversaries for. This analysis should focus on how withholding access to these goods would influence Canadian citizens, with a particular focus on whether some gender, ethnic, or racial groups are impacted more than others. This policy brief has highlighted how two of Canada's supply chain vulnerabilities may have different impacts on men and women, but a comprehensive human-centric, gender-based analysis of Canada's supply chain vulnerabilities is beyond the scope of this policy brief.
4. To mitigate the potential gendered impact of a limited market for Canadian exports in countries such as China, Canada should identify which industries are most vulnerable to China's pressure and diversify the access of these goods to emerging markets. Although Canada benefits from a close economic relationship with China, diversifying the market access of Canadian goods will make Canadians less susceptible to economic coercion from Beijing and any future adversaries.
5. Canada must clarify its feminist foreign policy. Although Canada includes gender provisions in new free trade agreements and has developed the FIAP program, these initiatives should not be conflated with Canada's long-awaited feminist foreign policy. In an era of great power competition, hybrid threats will impact people of different genders in different ways. To respond to the gendered impacts of hybrid threats effectively and equitably, Canada must clarify its feminist foreign policy.

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