Sanctions, Value-Chain Rupture and Labour Power in Iran

Ida Nikou, Hamburg Institute for Advanced Study (HIAS) and University of Kassel, Germany

Abstract

Research on sanctions documents losses in output and household welfare and uneven effects on employment, but pays less attention to workers' power within production. This article examines how sanctions-driven value-chain rupture interacted with Iran's existing labour regime to reshape marketplace, workplace and associational power – a process it terms *recomposition*. It combines descriptive macroeconomic data with a structured qualitative comparison of HEPCO, an import-dependent heavy-equipment producer, and Campaign 1400, a 2021 strike wave among contract workers across energy projects. At HEPCO, sanctions compounded a crisis rooted in privatisation, debt and import policy. Intermittent production limited the additional cost of stoppages and directed workers' claims towards public authorities. Campaign 1400 unfolded across active, time-sensitive projects. Coordinated withdrawal delayed project completion and forced employers to mobilise reserve labour and offer selective concessions, resulting in uneven returns across sites. In both cases, sanctions contributed to weaker marketplace power by eroding real wages. Workplace leverage turned on whether work was still underway or project deadlines were approaching. Employment insecurity and restricted representation then constrained how far gains could be sustained.

Keywords

economic sanctions; labour power; Iran

Introduction

Economic sanctions alter labour relations by disrupting the financial and trade connections on which production depends. In Iran, restrictions on cross-border payments and access to foreign exchange have made it harder for firms to procure imported inputs, made production schedules less reliable, and made export revenues harder to realise, a recurrent impairment this article calls value-chain rupture. Sanctions are increasingly analysed as a mode of economic warfare in their own right, waged through financial and commercial infrastructures rather than armed force; this article asks what that form of coercion does specifically to labour's bargaining power. Sanctions generally weaken workers' capacity to absorb income loss, raising living costs while eroding employment security. Their effects on workplace leverage, however, vary with production conditions: a strike adds little cost when missing

inputs have already left a plant idle, whereas coordinated withdrawal can impose real pressure where employers or the state need operations to continue. Strategic location alone, then, determines neither workplace leverage nor how long any resulting advantage lasts.

Research on sanctions in Iran documents falling output and household welfare alongside inflation, currency depreciation and rising poverty (Laudati and Pesaran, 2023; Nosratabadi, 2023; Farzanegan and Batmanghelidj, 2024). Employment effects are less uniform, largely a matter of scale. In the aggregate, Salehi-Isfahani (2023) finds that devaluation and falling real wages helped sustain employment by supporting import-competing production. Disaggregated by sector, Moghaddasi Kelishomi and Nisticò (2022) identify much larger losses in labour-intensive manufacturing and industries dependent on imported inputs. The effects were also political: cross-national research links sanctions to deteriorating labour rights and repression (Perry and Peksen, 2024), while in Iran, labour protest has prompted state intervention intended to preserve production at selected firms (Kalb, 2024). This literature shows that the effects of sanctions vary across households and sectors, but it gives less attention to how differences in production continuity shape workers' capacity to impose costs and enforce claims.

A related literature treats informalisation – unregistered activity, movement into unprotected employment, and informality within formally organised firms – as a mode of adjustment. Sanctions raise the cost of formal transactions, pushing trade-exposed manufacturing workers towards informal employment and expanding reliance on feminised unpaid or underpaid labour (Early and Peksen, 2019; Farzanegan, 2013; Moghaddasi Kelishomi and Nisticò, 2024; Abdi, 2025). This work establishes where workers go as formal employment shrinks, but, like the sectoral literature, it stops short of the workplace, where the question is not only employment status but whether production still runs. The cases examined here are formally organised industrial sites employing workers on temporary and subcontracted terms – informality inside formal production rather than outside it. The analysis therefore leaves households and social-reproductive effects aside.

To specify this, the analysis draws on labour power scholarship (Wright, 2000; Silver, 2003; Schmalz et al. 2018). It distinguishes among marketplace power, workplace power, and associational power as three levers of labour power, and uses the term *recomposition* to describe changes in the conditions under which exit, disruption, and collective organisation translate into bargaining outcomes. HEPCO (Heavy-Equipment Production Company) entered a protracted crisis after its 2006 privatisation. Sanctions compounded this crisis by restricting access to imported parts, while production became intermittent and wage arrears recurred. Workers' mobilisations show why work stoppages lose leverage at a plant already close to idle. Campaign 1400 (named for the Iranian year 1400, 2021-2022) was a coordinated strike wave among contract and project workers at energy sector sites. Skilled workers' withdrawal halted project execution until employers mobilised replacement labour, while short contracts and financial pressure pushed workers back before all demands were secured. The campaign shows the inverse: leverage is available where production must continue, but short contracts and restricted representation prevented it from yielding a legally recognised or enforceable sectoral bargaining structure.

The article contributes to labour-power analysis by showing how weak outside options can coexist with sharply different forms of workplace leverage, and how employment arrangements and state regulation shape whether collective organisation endures. The next section develops the framework,

followed by a discussion of Iran's labour regime and the research methods, before presenting the empirical comparison.

1. Framework

Labour power

Labour power is relational, grounded in workers' positions in labour markets and production and in their collective organisation. Following Wright (2000) and Silver (2003), this article distinguishes marketplace and workplace power as forms of structural power, and associational power as workers' capacity to organise collectively. Marketplace power concerns workers' outside options and their ability to withstand the loss of employment or wages. It rises when comparable jobs exist, workers can survive without income, or scarce skills make replacement difficult; it falls where jobs are scarce and subsistence costs leave little room to refuse deteriorating conditions. It shapes the credibility of exit and how long workers can sustain a stoppage.

Workplace power arises from workers' capacity to impose costs by withholding cooperation at the point of production – through strikes, slowdowns, sit-ins, or the refusal of specific tasks. Its strength depends on how production is organised and on the consequences of interruption. Downtime creates more leverage when operations are continuous and employers cannot defer output or substitute labour; less where tasks can be decomposed, outsourced, or idled without penalty. Workplace power therefore depends on the additional costs that workers can impose, rather than on industrial location alone. The analysis uses observed disruptions and employer responses to assess whether and to what extent workers exercised this capacity.

Associational power is the capacity to coordinate action and reproduce organisation over time (Wright, 2000; Schmalz et al., 2018). Formal union membership provides an incomplete measure where independent organisation is restricted (Atzeni, 2021; Nowak, 2021). The analysis examines coordination across worksites and employment categories. It asks whether workers sustain participation during a dispute and preserve collective capacity after mobilisation subsides (Brookes, 2018). This relational definition encompasses formal and informal organisation without assuming that either necessarily produces effective bargaining power. These three capacities are interdependent: outside options condition how long workers can sustain action, while organisation conditions whether workplace disruption is coordinated and its gains are preserved. Recomposition therefore cannot be read off any one of them.

Sanctions as uneven value-chain rupture

Sanctions reshape labour power by disrupting the financial and commercial linkages through which firms organise production and realise revenues, and their reach extends beyond transactions explicitly prohibited by law. Farrell and Newman's (2019) concept of weaponised interdependence captures this logic: sanctioning states exploit their centrality in global financial networks to compel compliance from firms and states that are not themselves the legal target. Enforcement risks then lead banks and other

intermediaries to withdraw from legally permissible transactions (Farrell and Newman, 2019; Ruys and Ryngaert, 2020; Early and Peterson, 2024). Research on correspondent banking finds that loss of payment services reduces firms' exports and revenues, carrying financial exclusion into production (Borchert et al., 2023).

Value-chain rupture refers to recurrent impairment of access to inputs, payment services and markets. It concerns the reliability of these linkages rather than their complete severance, and can coexist with continued trade and output. Rupture is uneven, since firms differ on two dimensions. Exposure is how far production relies on sanction-sensitive payment channels, imported inputs and services, or foreign markets; buffering capacity is the ability to preserve or reroute these connections through established trade relations, intermediaries or state support. Firm-level studies support this: losses concentrate among firms dependent on trade finance and foreign services, while established trading relations, indirect routing, and state support let others continue operating (Crozet et al., 2021; Ahn and Ludema 2020). Because states decide which firms receive protection, buffering is partly political.

Sanctions and buffering shape production continuity before workers act. Continuity here includes active projects and scheduled maintenance as well as current output. Where procurement failures have already made output intermittent, a stoppage adds little to existing losses. Where production or time-sensitive project work continues, coordinated withdrawal can impose more immediate costs. Marketplace power shapes how long workers can sustain that pressure, while associational power shapes whether they coordinate it and preserve collective capacity afterwards. Production continuity therefore connects uneven value-chain rupture to the recomposition of labour power.

2. Iran's Post-War Labour Regime

The sanctions mechanisms outlined above operated through a labour regime already reshaped by three decades of post-Iran-Iraq War restructuring, which had differentiated firms' capacity to sustain production, generalised insecure employment, and confined workplace representation to state-supervised channels. From 1989, successive governments liberalised prices and reduced direct public ownership. Privatisation accelerated after the reinterpretation of Article 44 in the mid-2000s (Valadbaygi, 2021). Many assets remained within the wider state through transfers to banks, pension funds, foundations, and military-linked entities – an arrangement Harris (2013) describes as a 'subcontractor state'. HEPCO's 2006 privatisation occurred within this pattern of ownership transfer and continuing state intervention. Energy-sector procurement followed the same pattern, with military-linked contractors expanding into projects vacated by foreign firms under sanctions (Valadbaygi, 2021, 2022).

The 2012 sanctions escalation intensified the economic segmentation this ownership structure had created: as foreign exchange grew more tightly rationed, subsidised currency and import licences became more valuable. Firms with administrative access to these channels were better placed to secure imports. Established links to third-country intermediaries also allowed some enterprises to reroute procurement, while less-protected producers faced higher costs, longer delays and greater exposure to input shortages. Sanctions therefore increased the rents attached to state allocation and widened differences in firms' capacity to maintain production and employment (Farzanegan and Batmanghelidj,

2024; Zamani et al. 2021; Farzanegan and Habibpour, 2017). This is buffering in the sense set out above.

Ownership restructuring had also altered employment relations before the escalation of sanctions. A 1995 Labour Ministry directive allowed fixed-term contracts for permanent work. Temporary contracts reportedly rose from about six per cent in 1990 to more than 90 per cent by 2020 (Maljoo, 2017b; ISNA, 2020). Labour contracting and third-party hiring, spreading from the mid-1990s, exposed workers to non-renewal under fixed-term contracts and placed them in the same workplace under different employers and pay scales – fragmenting organisation and dispersing responsibility for claims (Maljoo, 2007, 2017a, 2017b; Kheirollahi, 2018).

Representation was similarly constrained by design. Chapter VI of the 1990 Labour Code recognises Islamic Labour Councils (ILCs), guild associations and workers' representatives as workplace bodies (Labour Law 1990, Chapter VI). Found mainly in larger workplaces, ILCs can transmit grievances and sometimes secure limited gains (Kalb, 2025), but management has a seat, candidates are vetted, and the Labour Ministry supervises elections and registration (Islamic Labour Councils Law 1985, Arts 1–3). Oil workers faced a further barrier: Article 15 made the timing of council formation in large state firms, expressly including Ministry of Petroleum subsidiaries, contingent on a Supreme Labour Council decision. Maljoo (2013) reports that no general authorisation was granted until 1998 and argues that temporary contracting had, by then, reduced the permanent workforce covered by ILC rules.

Administrative and contractual barriers nevertheless persisted. Six months after a Ministry-supervised election in 2022, Bushehr gas-industry guild-association still lacked credentials, and South Pars refinery managers refused to recognise it (ILNA, 2022). Third-party workers at the National Iranian Drilling Company reported in 2024 that a dozen meetings with labour officials since 2017 had secured no recognised representative, citing rotation across temporary contracts as the obstacle (Sam-Gis, 2024).

Independent unions also lack stable legal recognition; organisers have faced dismissal and prosecution, and autonomous labour organising has long been treated as a security threat, a pattern predating the 2012 sanctions escalation (Nomani and Behdad, 2012; Abazari and Kheirollahi, 2016). Workers have nevertheless organised through informal workplace ties and temporary strike committees (Morgana, 2022). Campaign 1400 made this pattern visible. Contract workers coordinated across firms and worksites through the Council of Coordination of Oil Contractor Workers, a grassroots body without legal registration.

In this context, currency depreciation and procurement disruption made insecure employment more consequential. Firms could shift adjustment costs to workers through non-renewal and wage delays, while contraction in import-dependent manufacturing narrowed alternative employment opportunities (Moghaddasi Kelishomi and Nisticò, 2022, 2024). Under resistance-economy policies, the number of licensed ILCs increased, and protests at some strategically important firms prompted state intervention against owners seen as threatening productive capacity (Kalb, 2024, 2025). These responses sought to preserve production and channel labour disputes through formalised institutions. Sanctions therefore deepened material insecurity and expanded state management of labour conflict where production continuity carried greater political weight.

3. Methodology

This article combines a structured qualitative comparison with descriptive analysis of official macroeconomic data. It traces how sanctions-related payment and procurement constraints interacted with production continuity under different ownership and employment arrangements. The unit of comparison is the bargaining configuration: HEPCO provides a firm-level trajectory, Campaign 1400 a multi-site strike wave.

Sanctions periodisation

Iran has faced recurrent sanctions since 1979. The analysis treats the 2012 financial measures as the first threshold because they made compliance risk a persistent constraint on cross-border payments and trade. The 2015 nuclear agreement provided partial relief from 2016 until the United States reimposed sanctions in 2018, increasing risks for third-country firms and financial intermediaries. The twelve-day war between Iran and Israel in June 2025 and the subsequent reactivation of UN and EU nuclear-related sanctions through the snapback mechanism further tightened settlement conditions. Because this period falls at or beyond the edge of the case evidence presented below, it is treated here as context for the employment data in Figure 2. These thresholds mark changes in payment access and third-party compliance risk. They organise the periodisation and let the analysis track sanctions escalation against outcomes over time, without claiming to isolate sanctions' independent causal effect.

Case selection

The comparison holds the national sanctions and labour-law regime constant and varies production continuity. Cases were selected on this condition rather than on mobilisation outcomes. HEPCO is an import-dependent heavy equipment producer whose crisis began before the 2012 sanctions escalation. Privatisation left unresolved debt and governance problems, and changes in import policy increased competition, before sanctions restricted foreign-exchange access and compliance risk disrupted component procurement. The case examines labour power where production was already intermittent and a strike could impose only limited additional costs.

Campaign 1400 was a coordinated strike wave among project and contract workers across energy-sector worksites in 2021. Many targeted worksites were in phases of construction or scheduled maintenance, where stoppages could delay project deadlines without immediately reducing aggregate crude output. The case examines workplace leverage in time-sensitive project work and coordination across contractors. The comparison identifies mechanisms rather than a sectoral effect; where national series cannot detect worksite-level disruption, employer and state responses are read as evidence of it.

The analysis draws on a purposive corpus of publicly available Persian- and English-language sources, covering HEPCO from its 2006 privatisation to 2021 – drawing on a protest-event dataset compiled by the author, with closer attention to protests after 2017. Campaign 1400 is covered from June 2021 through the employer responses that followed. Company and industry sources establish history and supplier relations; labour reporting, worker correspondence and statements by the Council of Coordination of Oil Contractor Workers establish demands; official records and human rights reporting document repression. Operational claims required separate evidence from employer

correspondence or company notices and were checked against aggregate production data where relevant. Contested and single-source claims remain attributed.

Associational power is assessed through coordination across worksites and employment categories, continuity of participation during disputes, and the survival of organisational forms afterwards. The article also constructs a Real Wage Index (RWI)[1] and a Food Affordability Index (FAI)[2], deflating the annual minimum wage by the consumer price index (CPI) and by food price series, respectively, using data from the Statistical Centre of Iran and the Central Bank to describe the livelihood constraints shaping marketplace power.

4. Empirical Comparison

4.1. Marketplace power under sanctions

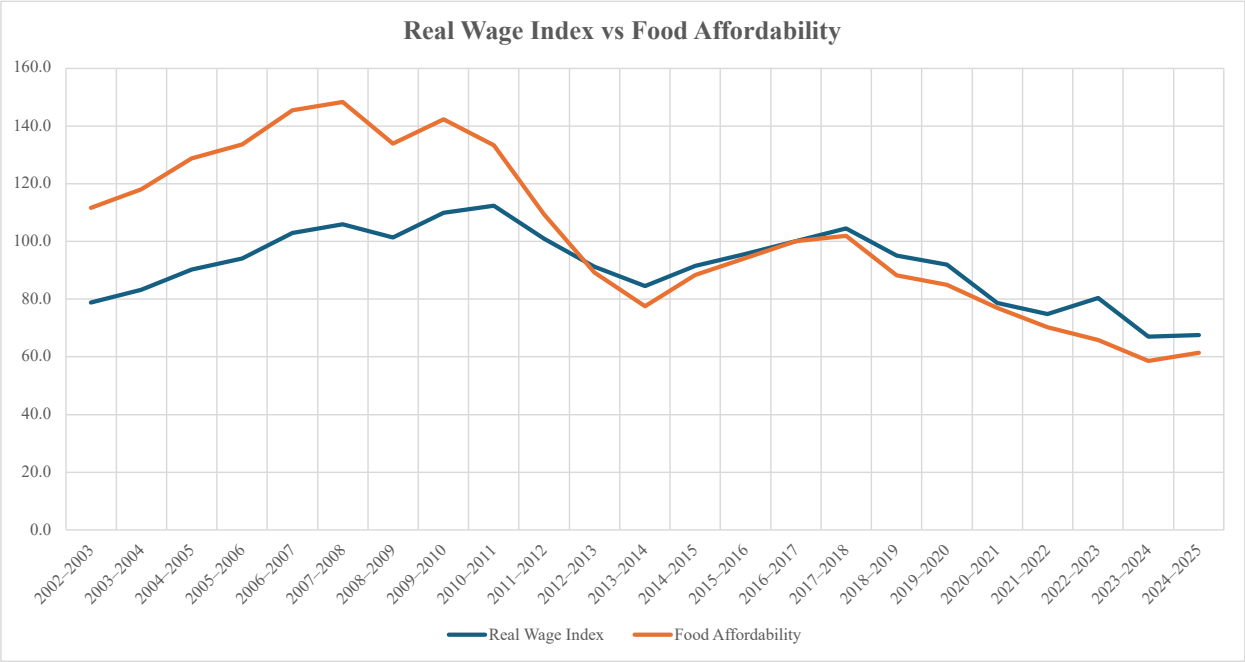
Sanctions affect marketplace power through household budgets and labour demand. Restrictions on foreign exchange and cross-border payments raise import costs and contribute to currency depreciation. Firms facing procurement and credit constraints may reduce hiring, particularly in import-dependent manufacturing.

Figure 1 plots a Real Wage Index (RWI), tracking the wage series relative to headline consumer prices, and the Food Affordability Index (FAI), tracking the same series against food prices, both indexed to 2016/2017=100, annually from 2002/2003 to 2024/2025. Both indices fell sharply from 2010/2011 to 2013/2014, partly recovered by 2017/2018 and declined again after 2018. From 2018/2019 onward, food affordability fell further than the real wage index, and the gap between the two widened towards the end of the series, indicating that the post-2018 squeeze bore more heavily on subsistence than on overall purchasing power. The post-2018 decline began before COVID-19 but continued through the pandemic and other domestic economic disruptions. The figure should therefore be read descriptively rather than as an estimate of sanctions' independent effect. As wages purchase less, especially food, households have fewer resources to absorb arrears or income loss during a strike. Quitting becomes less credible and the period for which workers can sustain a stoppage shortens.

[1] Real Wage Index (RWI), base =100 $RWI_t = \frac{\text{Nominal Wage}_t}{CPI_headline_t} \times 100$

[2] Food Affordability Index (FAI), base =100 $FAI_t = \frac{Nominal\ Wage_t}{CPI-food_t} \times 100$

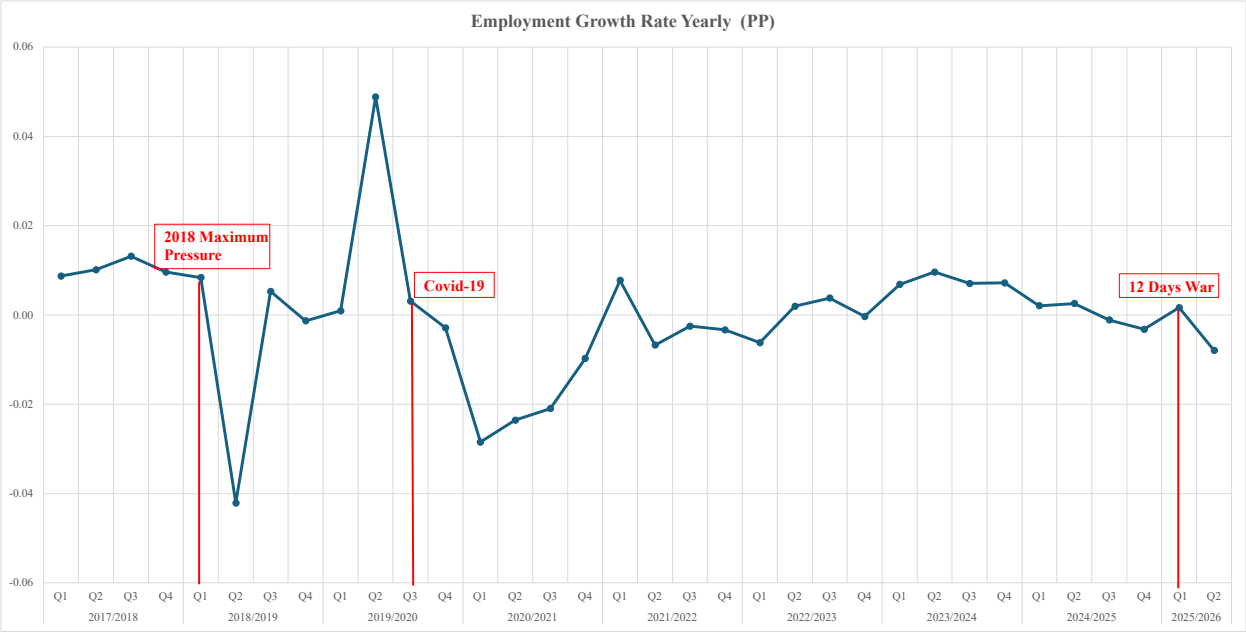
Figure 1: Real wage index vs Food Affordability Index, 2002/03–2024/25 (2016–2017=100)



Source: Author's calculation based on Supreme Labour Council minimum-wage data and consumer-price data from the Central Bank of Iran and Statistical Centre of Iran.

Figure 2 shows quarterly year-on-year employment growth from 2017/2018 Q1 to 2025/2026 Q2. The downturn in 2018/2019 coincides with the reimposition of US sanctions, the contraction in 2020/2021 with COVID-19, and the final observations encompass the June 2025 war. The sharp positive spike in 2019/2020 largely reflects a base effect relative to the collapse a year earlier, rather than a substantive recovery in labour demand. The series cannot separate the effect of each shock. It nevertheless describes a labour market in which employment growth was repeatedly interrupted, leaving workers dismissed or not renewed with uncertain prospects of re-entry. Aggregate employment also understates this loss of marketplace power because devaluation can sustain jobs by lowering real wages, while workers displaced from trade-exposed industries may enter informal employment (Salehi-Isfahani, 2023; Moghaddasi Kelishomi and Nisticò, 2024).

Figure 2. Year-on-Year Employment Growth, quarterly observations, 2017/2018 Q1–2025/2026 Q2 (Persian calendar)



Source: Author's calculations based on Statistical Centre of Iran, Labour Force Survey, quarterly data.

Sanctions compressed outside options, but unevenly across sectors. Moghaddasi Kelishomi and Nisticò (2022) estimate that the 2012 sanctions reduced manufacturing employment growth by 16.4 percentage points, with stronger adverse effects in industries more reliant on imported inputs. Kalb's (2024) sectoral evidence points to the same unevenness within manufacturing, documenting a shift away from machinery and auto production towards foods and chemicals. The contraction of machinery production narrowed access to comparable industrial employment even where aggregate employment was partly sustained through adjustment elsewhere.

Input-side value-chain rupture at HEPCO

HEPCO's crisis was already unfolding before the escalation of sanctions in 2011–2012. Production peaked at about 2,000 machines in 2007, but by 2010 the plant was operating at 45 per cent of nominal capacity (The Business Year, 2012). The leveraged 2006 privatisation left HEPCO with unpaid bank liabilities, while tariff protection and state procurement support weakened (Asiaei, 2017; Tehran Bureau, 2019). The former head of the Privatisation Organisation later stated that second-hand Chinese loaders and bulldozers entered through free and special economic zones after the tariff barrier was removed (Jam-e Jam, 2019). Former owner Ali-Asghar Attarian reported cumulative profits of 25 billion tomans against interest payments of 140 billion tomans (Tehran Bureau, 2019). Sanctions therefore reached a firm already facing weak demand and heavy financing costs. By the end of the 2010s, the decline had become acute. A March 2019 report on HEPCO's financial filing recorded an 83 per cent fall in sales and the sale of only one machine during the reporting period; although these figures measure sales rather than production, they indicate the extent of the company's commercial collapse (Arman Eghtesadi, 2019).

HEPCO nevertheless remained dependent on foreign licences and components. A 2015 German-Iranian Chamber bulletin reported that the licensing relationship between Liebherr and HEPCO, dating from 1984, and supplies from Bosch Rexroth had come to a complete halt during the embargo (DIHKEV 2015, pp. 3–4). HEPCO's chief executive stated in 2017 that sanctions had ended its established partnerships with German and Japanese suppliers and that an attempt to replace them with Chinese suppliers had failed (The Business Year, 2017). Following the March 2012 disconnection of EU-sanctioned Iranian banks from SWIFT, settlement risk and costlier intermediaries disrupted production even where components remained formally tradable (SWIFT 2012). These restrictions compounded the firm's debt and declining orders, contributing to intermittent production. This firm-level evidence is consistent with the wider fall in euro-area machinery exports to Iran during the same period (Ghodsi and Karamelikli, 2020).

During the 2018 strike wave, about 900 HEPCO workers staged repeated stoppages after three months of unpaid wages (CHRI, 2018a). The arrears linked the production crisis directly to household survival. Workers whose real wages were already falling had less capacity to withstand continued non-payment or income lost during a strike. The contraction of machinery production also made comparable jobs scarcer. Exit became less credible, and work stoppage carried a high immediate cost for workers. Their claims therefore centred on recovering unpaid wages and preserving employment.

Energy-sector output and project continuity

Energy was exposed through restrictions on oil shipping and cross-border settlement. The U.S. Energy Information Administration reported that crude production fell below 2 million barrels per day under the combined effects of sanctions and the COVID-19 demand shock (EIA, 2021). By mid-2021, it had recovered to around 2.5 million barrels per day and held at that level through July, the peak month of Campaign 1400 (OPEC, 2021, tables 5-6).

For project and contract workers, production held roughly steady through the strike wave, so the constraint on these workers came from their contracts rather than from stalled output. Short contracts made non-renewal easy. One striking worker reported that a small number of lower-paid service workers initially continued working because they feared dismissal and could not afford to lose their income. They later joined the stoppage (Nedā-ye Āzādī, 2021). Access to another project also depended on contractor hiring networks. Under the household pressure shown in Figure 1, marketplace power remained weak even without the plant-wide production collapse seen at HEPCO.

Marketplace power weakened through different routes. At HEPCO, intermittent production and arrears eroded household stability. In energy, more continuous output still left short-term contract workers vulnerable to non-renewal.

4.2. Workplace power under sanctions

Sanctions affect workplace power through their uneven effects on production continuity. Where procurement failures and weak demand have already made production intermittent, a stoppage may add little to existing losses. Where projects and scheduled maintenance remain active, withdrawal can delay completion or restart and require employers to mobilise other workers. HEPCO and Campaign 1400 show these different configurations.

HEPCO and workplace-power erosion

By May 2018, the stoppages described above were still recurring over unpaid wages (CHRI, 2018a; Tehran Bureau, 2019). During protests in 2014-2016, paying arrears could temporarily defuse conflict. That ceased to work once output collapsed. Since output was intermittent, settling a strike did not enable the plant to resume regular production. This reduced the additional cost that management could avoid by conceding. Workers could still stop work, but stoppages did not secure reliable wage payment or a credible recovery plan.

Workers therefore directed pressure towards public authorities. After managers and mediators promised to pay the arrears in May 2018, continued non-payment led workers to resume the strike and block the north–south railway (Davtalab, 2020; CHRI, 2018a). Later protests addressed the Privatisation Organisation and national officials. The 2021 dispute over mining-machinery imports clarifies the object of these claims. Workers challenged renewed import permits and asked the state to direct orders towards HEPCO. In a 2021 letter to President Ebrahim Raisi, they attributed the renewed authorisation of mining-machinery imports to a 'mafia of wealth, power and deception', locating HEPCO's crisis within state import policy and the interests they believed influenced it (ILNA, 2021a). The ministry made permits for more than five machines conditional on a contract with the company (ISNA, 2021; Hezareh Moghadam, 2021).

Workers' shift beyond the factory exposed them to public-order policing. Fifteen HEPCO workers received suspended prison and lashing sentences after the 2018 protests. Police detained forty workers during another railway protest in September 2019 (CHRI, 2018b; Motevali, 2019). These measures targeted the public and logistical tactics workers used when factory stoppages carried little leverage. They increased the cost of future mobilisation while leaving the production crisis unresolved. HEPCO therefore shows how workers may retain the capacity to mobilise even as intermittent production reduces the pressure generated by the withdrawal of labour.

Campaign 1400 and conditional workplace power

Campaign 1400 unfolded across active projects and scheduled maintenance in a sector where production had continued despite export restrictions. It began on 19 June 2021 among contract workers at the Bidkhun power plant and spread across oil, gas, petrochemical and power-sector projects (ILNA, 2021). Specialist project and turnaround workers occupied time-bound positions in construction and maintenance. Their withdrawal could delay completion or restart before any effect appeared in refinery or national output data.

After ten days, Davtalab reported nearly sixty participating centres and an estimated 28,000 workers; an Organising Council member later put the total at 114 centres in fifteen provinces. Neither figure is a formal census. Workers sought occupational wage rates, monthly pay, written contracts, and a rotation of twenty days on and ten days off. They also raised grievances over insurance classification and conditions in accommodation and at work (Davtalab, 2021; Mahmoudi, 2021).

At Tehran refinery, the campaign intersected with scheduled maintenance that was already underway when the strike wave began. The Oil Industries' Commissioning and Operation Company (OICO) supplied more than 500 daily workers on month-long contracts, a position that was time-

sensitive for the employer but made dismissal or non-renewal easy (Etemad Online, 2021; ILNA, 2021c).

In a letter dated 30 June 2021, the Association of Oil, Gas and Petrochemical Engineering Contractors acknowledged that substantial parts of oil-region projects had stopped and that project work had been delayed. It asked the oil minister to intervene. The letter's request for intervention is itself evidence of a real project cost. The government separately claimed that oil operations and exports had continued without disruption (Independent Persian, 2021). The refinery later announced that it had completed the overhaul with 850 additional workers alongside company personnel, working around the clock in two shifts. This indicates the scale of labour mobilised to complete the turnaround (OPEX, 2021).

Reports describe efforts to break the strike through threats, the use of reserve labour from neighbouring areas, and coercive pressure in dormitory and provisioning arrangements, alongside selective concessions and targeted retaliation that produced uneven returns to work across sites. Firings, non-renewal and blacklisting were reported during the strike. CHRI (2021) reported a union claim that 700 Tehran refinery workers had been dismissed, although refinery management denied the figure; ILNA (2021c) reported that OICO had settled with 35 daily workers.

The outcomes were therefore uneven and bounded. An Organising Council member reported that some specialist workers returned after contractors accepted doubled wages and the twenty-days-on and ten-days-off rotation. The same source stated that parent petrochemical companies gave contractors ten days to restore staffing. Contractors then threatened dismissal and withheld wage arrears to press workers into individual returns. The employers' admission of project delays confirms that Campaign 1400 generated real bargaining pressure; the reported concession, drawn from a single Organising Council source, describes that pressure's scope rather than independently verifying it (Mahmoudi, 2021).

Short contracts and the mobilisation of other workers limited how long participants could sustain the stoppage. Aggregate OPEC data show no national upstream contraction during the campaign, but cannot register disruption at individual sites (OPEC, 2021, table 5-6). The contrast with HEPCO turns on production continuity: active projects gave workers opportunities to impose additional costs, while stoppages added less to losses at a plant already operating intermittently. In both cases, employment insecurity limited the translation of disruption into durable gains.

4.3. Associational power under sanctions

Associational power concerns workers' ability to coordinate claims and preserve collective organisation over time, within a subcontracting system and legal framework that sanctions intensified rather than created. Campaign 1400 and HEPCO show different attempts to sustain organisation under these conditions.

Campaign 1400 brought together workers employed by separate contractors across dispersed sites through overlapping Telegram channels and WhatsApp groups. The Piping Group and Iran Project Crew circulated wage schedules and called for coordinated withdrawal, while the Organising Council used numbered statements to encourage workers in each company to choose trusted representatives and resist individual return agreements (Mahmoudi, 2021). This form of organisation solved part of

the aggregation problem created by contracting chains by aligning demands and timing across dispersed worksites.

These organising networks disagreed over how to manage the security risks surrounding the strike. The Piping Group and Iran Project Crew promoted evacuating worksites to reduce workers' immediate exposure to repression (Davtalab, 2021). By contrast, the Organising Council urged workers to remain in the camps and organise assemblies, seeking to preserve on-site participation in a sector that one member described as 'intensely securitised' (Mahmoudi, 2021). This tactical division, together with short contracts and individual settlements, made it harder to maintain collective discipline across sites. Associational power therefore rested on portable communication networks and site-level delegates without acquiring stable legal recognition or an enforceable sectoral bargaining structure.

HEPCO's associational power rested on a concentrated workforce that resumed collective action across repeated disputes between 2018 and 2019. The ILC's clearest documented function was brokerage. Its representatives met provincial officials and presented detailed claims concerning arrears, ownership, debt relief, customs tariffs, imports and production; they also addressed open letters to national authorities (ILNA, 2019b, 2021a). Council statements repeatedly described the protests as economic and non-political and disavowed opposition media (ILNA, 2019a, 2019b). This framing placed the dispute within a legally tolerable register and accompanied efforts to redirect mobilisation into administrative negotiation. In September 2019, for example, a provincial labour official reported that that officials had asked ILC representatives to persuade workers to end their gatherings in exchange for promises to pursue wage arrears and resolve the ownership question. The same report noted that around 900 workers had resumed protest after earlier promises went unfulfilled (ILNA, 2019c).

HEPCO workers organised through the ILC, but its continuity remained vulnerable to official gatekeeping. In the 2021 election, 11 of 31 candidates were disqualified without explanation, including the sitting chair and vice-chair – several of whom had taken part in earlier protests against privatisation (ILNA, 2021b). Organisation could be built within this recognised channel, but it could equally be disabled through procedural means whenever representation became politically inconvenient.

5. Power Recomposition Under Sanctions

The comparison shows that sanctions did not produce a uniform decline in labour power. Their effects depended on how payment and procurement constraints interacted with existing production and employment arrangements, and the limits on durable gains arose primarily from short contracts, fragmented employment, and restricted representation, all of which predated the escalation of sanctions. Table 1 summarises the comparison.

Table 1. Sanctions and labour power in HEPCO and Campaign 1400

Analytical dimension	HEPCO	Campaign 1400	Comparative inference
Sanctions and production conditions	Sanctions compounded the pre-existing crisis related to privatisation, debt and import policy by restricting component procurement and payment access	Export and settlement restrictions coexisted with active projects and no visible fall in aggregate crude output	Uneven exposure and buffering set the production baseline against which workers' subsequent leverage would be measured
Marketplace power	Arrears, falling purchasing power and limited comparable industrial jobs	Short contracts, contractor hiring networks and household income pressure	Weak outside options reduced workers' capacity to withstand non-payment, dismissal or prolonged stoppage
Workplace power	Intermittent production meant stoppages added limited costs	Withdrawal delayed active projects and a time-sensitive refinery overhaul	Continuity and schedule sensitivity shaped the additional cost of withdrawal
Associational power	Concentrated workforce and recognised ILC; official disqualification constrained leadership renewal	Informal cross-site networks and delegates; no recognised sectoral bargaining structure	Coordination persisted in different forms; administrative gatekeeping and legal non-recognition imposed different limits
Response and outcome	Episodic arrears payments and administrative intervention; policing; no stable production recovery	Selective concessions; mobilisation of reserve labour and pressure for individual return; no sectoral agreement	Workers obtained episodic or site-specific gains without a generalised, enforceable settlement

Source: Author's analysis based on evidence discussed in the case analyses.

Two further mechanisms recur across both cases and travel beyond them. Employers countered workplace disruption not only by absorbing or outlasting its costs but by fragmenting the workforce that imposed them: through reserve labour and selective concessions at Campaign 1400 worksites, and through contracting, non-renewal, and administrative gatekeeping of the ILC at HEPCO. In both cases, sustained disruption also invited reclassification as a public order or security matter rather than a labour dispute, raising the cost of participation independently of any settlement offered on the original claim. Neither strategy is specific to Iran's oil sector or its machinery industry; both are general options available to employers and states facing organised withdrawal under sanctions-conditioned uncertainty, and together they help explain why coordinated, well-evidenced disruption in both cases produced only partial and reversible gains.

The interaction among the three forms of power matters more than any one of them in isolation. Declining purchasing power and restricted access to comparable employment increased the cost of dismissal or prolonged non-payment in both cases, compounding HEPCO's production crisis and, in

Campaign 1400, pressuring specialist workers towards individual returns despite their time-sensitive positions. Informal networks partly offset this fragmentation by aligning demands across sites, but they could not eliminate the income and employment pressures that shortened the withdrawal period.

State intervention connected production policy to worker representation at HEPCO. Because production recovery depended on state decisions over imports and foreign exchange – decisions workers attributed to an 'import mafia' – their claims were necessarily directed at public authorities. The ILC offered the recognised channel for making them, but its own leadership remained subject to the same kind of administrative gatekeeping, as candidate disqualifications showed. Campaign 1400 faced a different institutional problem: without an enforceable sectoral bargaining structure, workers relied on informal cross-site coordination amid legal restrictions and security risks, while sanctions raised the political stakes of preserving selected production sites and encouraged selective administrative interventions. Repression and restricted independent representation predated sanctions in both cases, so this comparison cannot on its own establish a sanctions-driven rise in securitisation. It is nonetheless consistent with cross-national evidence linking sanctions to deteriorating labour rights and repression (Perry and Peksen, 2024).

Production continuity shaped the cost workers could impose, while employment insecurity and constrained representation shaped whether gains endured. This finding adds a workplace-level mechanism to research on sanctions. The cases show how sanctions-related procurement constraints and broader livelihood pressure interacted with wage arrears and insecure contracts inside formal industrial workplaces. State intervention may protect production without stabilising workers' independent bargaining capacity. For labour-power analysis, the wider proposition is that workers' production position must be understood alongside the payment and procurement infrastructures that determine whether production continues and whether employers can absorb disruption.

Conclusion

Sanctions did not weaken Iranian labour uniformly through recession alone. This article has shown how they interacted with existing production and employment structures to reshape the conditions under which work stoppage and labour organisation produced gains – leaving some workers unable to convert disruption into leverage at all, and others able to impose real costs without translating them into lasting settlements. HEPCO shows how external procurement barriers deepened an enterprise crisis of domestic origin, so that returning to work could not restore regular production. Intermittent production reduced the additional costs imposed by factory stoppages and pushed workers towards public protest and state-level claims. Campaign 1400 unfolded across active projects where coordinated withdrawal imposed documented delays. Short contracts, income pressure and efforts to restore staffing nevertheless made its gains selective and vulnerable to reversal. Oil-sector leverage arose from deadline-sensitive project work; sectoral importance alone offered no guarantee. The sequence runs from pre-strike production conditions to the marginal cost of withdrawal, and from employment security and organisation to the scope and enforceability of settlement.

Sanctions also operate through domestic relations of distribution and political power. Foreign-exchange scarcity increases the value of import licences, settlement access and intermediary networks,

strengthening actors positioned to obtain them while less-protected firms and workers absorb the effects through unstable production, wage arrears and insecure employment. The state consequently enters labour conflict as an allocator of scarce resources and a regulator of worker representation. Production continuity conditions whether workers can impose costs; employment security and organisation condition whether those costs become durable gains. Comparative labour analysis should therefore examine how external financial restrictions interact with ownership, contracting and systems of labour control. Since both cases sit within the same restrictive representation regime, the durability of gains cannot be separated from it here. Comparison with sanctioned economies where independent unions are legally recognised would test whether production continuity alone accounts for the pattern, and the framework developed here supports such a comparison without assuming that sanctions produce the same labour outcomes across sectors or states.

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BIOGRAPHICAL NOTE

IDA NIKOU is a sociologist whose research examines sanctions, labour, financialisation, and the political economy of Iran. She is a HIAS–Käte Hamburger Kolleg Research Fellow at the Hamburg Institute for Advanced Study and the University of Kassel. She received her PhD in Sociology from Stony Brook University.