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***Nothing to lose but their chains: Uneven
Development, Labour Exploitation and Resistance in
Morocco and Tunisia's automotive industry***

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Abstract

The thesis asks what the key dynamics are that shape Morocco and Tunisia's integration into transnational production networks in the automotive industry—an ongoing regionalizing sector often studied as a driver of technology spillovers and, therefore, as promoting economic and social upgrading, provided there is institutional and policy commitment. Moving beyond mainstream Global Value Chains (GVC) approaches and adopting a Marxist lens on capitalist uneven development and labour relations, I instead explore how, in spite of significantly varying outcomes, the incorporation of both cases into the EU-centred car industry reproduces a dependent and peripheral position within global capitalism, structured by the monopoly power of core-headquartered transnational corporations (TNCs) and geopolitical hierarchies. This is in turn mediated by domestic state agency, which coalesces power blocs that consent to dependency and enforces labour regimes that secure the conditions for the increasing exploitation necessary to link up with TNCs - most notably through policies purposefully fostering vast labour surpluses, such as land dispossession and outmigration criminalization; elevated precarity; and despotic labour management.

Despite these processes, which crucially subordinate, fragment, and ultimately weaken workers, I argue that integration into a strategic GVC such as automotive improves labour workplace power. Contrary to mainstream confidence in social upgrading through institutional adaptation, I thus stress the potential for class struggle as a countervailing force against super-exploitation in global production. Yet I also consider capital's capacity to react labour resistance, while refraining from treating unions as an analytical proxy for the working class or as unambiguous instances of workers' power. Rather, I scrutinize how, to different degrees and depending on specific path dependencies in labour politics and social conflict, they may also contribute to stabilizing labour regimes by playing the role of mass integrative apparatuses. Leveraging more than 50 interviews collected through extensive fieldwork and developing a comparison of relevant case studies through a heterodox perspective that bridges political economy and class dynamics, the thesis critically contributes to contemporary discussions on uneven development, labour inequalities, and resistance in global production.

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Introduction: global production as an upgrading driver? Engaging the debate through the prism of Morocco and Tunisia in the automotive industry.

Over the last four decades, the expansion of transnational production has constituted a defining feature of the global political economy. Supported by trade and financial liberalization under the auspices of US hegemony and its EU allies, it has epitomized the “nervous system” of contemporary capitalism (Gereffi 2014), while at the same time holding out promises of catch-up development for emerging and developing countries willing to integrate into *Global Value Chains* (GVC). This narrative has proved remarkably resilient and has, to a certain extent, even been reinforced in the aftermath of recent ‘shocks’ to the global economy, including the 2008 financial crisis, the COVID-19 pandemic and the war in Ukraine. In fact, only in very recent years—marked by an intensified reshaping of production geographies amid deepening geopolitical tensions—has the expression GVCs gained broad currency in media and political debates, which is why, despite providing a radically alternative perspective to the homonymous academic strand, I will use it interchangeably with global production and global, or transnational, production networks¹.

Interestingly, the approach consolidated under the label Global Value Chains in academic and policy literature did not emerge during a period of uncontested global market expansion. Rather, it developed as a “problem-solving” (Werner et al. 2014) response to the crisis of global development that became manifest between the late 1990s and the mid-2000s, when a sequence of sovereign defaults in emerging economies revealed the exhaustion of the post-1989 Washington Consensus. According to proponents of the GVC approach, however, on the

¹ The notion of Global Production Networks (GPN) is associated with a distinct strand of economic geography, into which I do not delve in this thesis for both space and theoretical reasons. Compared to mainstream GVC scholarship, the GPN approach is more inclined to acknowledge that win-win outcomes are rarely identifiable in global production, emphasizing the disruptive effects of spatial fix strategies enacted by transnational capital across productive geographies at multiple scales (Coe and Yeung 2015). While criticizing the latter’s firm-centrism, the GPN approach focuses primarily on “meso-level” dynamics and explicitly rejects grand theory, thereby neglecting a systematic analysis of the structural drivers of uneven development, exploitation, and class antagonism mediated by global production. Instead, it devotes most of its attention to the interactions between political, business, and social “nodes” within production networks, asking under what conditions strategic coupling may generate pro-development outcomes—an analytical move broadly equivalent to the concept of upgrading in the GVC literature and the critique to which is at the core of the present thesis. The fundamental complementarity of the two approaches was explicitly acknowledged in a 2014 special issue on Competition and Change that brought together contributions from leading scholars associated with both the GVC and GPN research agendas (Coe, Gereffi and Yeung 2024).

foundations of free trade and capital mobility established during that period, new developmental opportunities appeared to be spreading in the guise of accelerating technological change and the diffusion of allegedly more horizontal and decentralized business models. A way out of the “Washington Confusion” (Rodrik 2006) was therefore framed as a shift in emphasis: from market liberalization and macroeconomic orthodoxy toward more flexible policy strategies aimed at integration into networks coordinated by global firms. While these firms retained knowledge-intensive activities as their core operations, they simultaneously pursued transnational expansion driven by the search for competent suppliers, promoting increasingly relational forms of *governance*—that is, coordination mechanisms through which TNCs seek to maximize efficiency and minimize transaction costs across geographically dispersed production networks (Gereffi et al. 2005).

Expanding rooms of manoeuvre thus appeared to open up for emerging economies and their firms to scale up from lower- to higher-value-added activities by linking with leading companies, mostly headquartered in the global North. Accordingly, key steps toward, implicitly, generalizable and cumulative *upgrading* trajectories were identified in policies targeting TNC investment in strategic sectors, combined with commitments to improve infrastructure, strengthen education and training systems, as well as design schemes aimed at enhancing domestic firms’ capabilities in order to facilitate their ability to capture greater value within global production.

This confidence in upgrading opportunities has not disappeared in the context of the post-2008 succession of global disruptions. In fact, what Marion Werner and Jennifer Bair (2011) described as the GVC scholarship’s “inclusionary bias” has recently taken the form of a continued search for development avenues within the strategies adopted by transnational corporations to address supply chain bottlenecks and effects of geopolitical competition (Gereffi and Lee 2021, Gereffi 2025). In this regard, China–US decoupling has been welcomed as a potentially favourable trend that could promote the regionalization of transnational production networks—an ongoing process since the 2000s, marked by the consolidation of free trade areas around major economic blocs—thereby rebalancing a form of globalization previously too skewed toward East Asia and creating spaces for new countries to upgrade.

Despite this brief account of the mainstream GVC approach, it would be inaccurate to claim that it entirely denies global power asymmetries or the challenges associated with upgrading. This scholarship moreover acknowledges that “economic upgrading” may not automatically spillover in “social upgrading”, that is improvements in working conditions, labour rights and

entitlements associated with GVC participation (Barrientos et al. 2011). Nevertheless, productive inequalities and *social downgrading* are typically framed within firm- or sector-centered dynamics and institutional arrangements, assuming that well-designed policies and regulatory frameworks may operate as countervailing factors, while fundamentally sidelining the class content of the politico-institutional dimension and the significance of workers' struggles in shaping GVC outcomes.

Against this backdrop, the thesis contributes to debates on development and labour in transnational production by contrasting the mainstream GVC approach with insights drawn from several Marxist-oriented perspectives, thereby moving beyond firm-centric and institutionally-leaning explanations to situating global value chains within *systemic* capitalist dynamics. On the political economy front, I engage critical scholarship on contemporary transnational corporations (Nolan 2007; Rikap 2018), Marxist and dependency-inspired work addressing monopoly power and uneven development (Amin 2019; Selwyn and Leiden 2025; Smith 2016), class-relational theories of the capitalist state (Alami and Dixon 2024; Jessop 2016; Poulantzas 2011), and world-systems analysis (Arrighi 1990; Wallerstein 2004). I also draw on critical labour studies, including the Labour Regime Approach (Baglioni and Campling 2022) and class-relational perspectives examining workers' power and mobilization (Silver 2003; Kumar 2020; Gallas 2024; Nowak 2021).

In this vein, I conceptualize asymmetries in global value chains as expressions of geographically uneven processes of capital centralization rooted in the competitive, exploitative, and crisis-ridden character of capital accumulation (Selwyn and Leiden 2025, Smith 2016). As integral to social and class antagonisms on which the latter rests on, the state and its plural articulation within a set of geopolitical hierarchies are moreover central to shaping international inequalities, relations of dependency, and the conditions of surplus value extraction under which global production unfolds (Alami and Dixon 2024, Jessop 2016, Wallerstein 2004). These conditions most notably entail systematic wage compression in the global periphery – super-exploitation (Marini 2022, Smith 2016) – crucially sustained by the monopoly power of TNCs over global value chains, the reproduction of vast labour surpluses within extraverted accumulation linked to GVC integration (Amin 2019), alongside dispossession policies and other forms of state intervention in production relations. From this perspective, GVC-led uneven development—operating at multiple scales and in synergy with class and (geo)political agency—thus represents a key mechanism for subordinating and fragmenting the global working class (Baglioni and Campling 2022, Huertgen 2022). Simultaneously, however, transnational production expands societal and productive

interdependencies, while fostering new working classes in formation (Silver 2003). This provides labour with some important leverage in bargaining with capital, which can be grasped through an analysis of how recent GVC transformations relate to workers' structural and associational power (Kumar 2020). Nevertheless, I raise a caveat against overemphasizing these dimensions in abstraction from capital and the state's imperatives to prevent or reverse class compromises, particularly under constraints of dependency. In contrast to recent iterations of the Power Resource Approach (Schmaltz 2018, Arnholftz and Resslerund 2024), I therefore stress the need to avoid treating institutionalization forms of labour-capital antagonism - like collective bargaining and tripartite social dialogue frameworks - as instances of workers' power in themselves. Importantly, this line of reasoning also applies to labour organizations, and most notably unions (Atzeni 2021, Nowak 2021), insofar as their strategies privilege institutional gains over class struggle and formation, thereby potentially accommodating capitalist stabilization through the reproduction of labour subordination and fragmentation.

On the basis of this framework, my research question thus asks how to conceptualize Morocco's and Tunisia's integration into the global automotive industry. These cases are indeed relevant to debates on development and labour in global production, since, from a mainstream GVC perspective, over the last decade and a half they have appeared to embark on an upgrading trajectory marked by an export surge in the automotive sector—traditionally regarded as a driver of industrial and socio-economic spillovers—which has supplanted a lower-end specialization in clothing. In the case of Morocco, this trajectory has also entailed the assembly of finished cars and, more recently, the production of electric batteries. Despite Tunisia remaining more specialized in lower value-added car components, it is instead the only African country which has a significant pool of domestic automotive suppliers. Crucial to these trends has been the accelerated regional expansion of EU-centered automotive production networks, more or less effectively accommodated in the two cases through institutional arrangements underpinning GVC-oriented industrial policies.

By contrast, I argue that, far from constituting steps along sustained upgrading paths and in spite of significantly divergent outcomes, these cases of automotive integration entail a peripheral and dependent incorporation into global capitalism, mediated by the monopoly power of transnational capital and compelled by systemic imperatives to intensify exploitation. Accordingly, I show how, in both cases, instead of working as driver of cumulative catch up development, the state has actively supported this trajectory by coalescing domestic capitalist interests into varying, yet ultimately TNC-led, *power blocs* (Jessop 2016, Poulatzas 2011) and by underpinning the political construction of *labour regimes* (Baglioni and Campling 2022)

functional to the enforcement of super-exploitative labour relations. Crucial to these outcomes have been policies of land dispossession, migration criminalization, and labour precaritization, which have weakened workers' *labour market power* (Silver 2003) and facilitated capital's ability to prevent and/or respond to labour resistance. Different combinations of state repression and institutional mechanisms purposefully enacted to reinforce unions' role as *mass integrative apparatuses* (Nowak 2021) have moreover been key to reproducing labour regimes in Morocco and Tunisia's automotive GVC, in the face of continuously resurfacing workers' struggles and relatively elevated *workplace power* (Silver 2003) in automotive just-in-time production.

The thesis is organized in three parts. The first is devoted to developing the theoretical framework outlined in this introduction. In Chapter 1, I trace the intellectual roots of the Global Value Chains (GVC) approach and its process of mainstreaming, through which it evolved from a World-Systems-inspired perspective into a dominant framework in development scholarship and policy debates. In doing so, I also show how GVC research is often eclectic and does not necessarily produce findings that confirm win-win outcomes in global production. Nevertheless, although empirically acknowledged, power relations and instances of economic and social downgrading are frequently reduced to inter-firm dynamics and contingent institutional factors. I therefore relocate the analysis of global production within systemic capitalist dynamics and social relations characterized by wealth and power centralization, core-periphery structures, and intensified exploitation. In Chapter 2 I then move to a more concrete level of analysis concerning the class and geopolitical dimensions of GVC-led uneven development, labour exploitation, and resistance. The first part concludes with Chapter 3, where I outline my methods and sources - crucially involving extensive fieldwork experience - as well as the logic of case selection and comparison. While emphasizing global capitalist imperatives and a common model shaping Morocco and Tunisia's integration into global production, I do not neglect their specific trajectories, nor do I treat them merely as pressured by overarching external structures. Rather, I show how domestic path dependencies rooted in political economy and class dynamics have significantly shaped variations between the two cases interacting with the global dimension. Accordingly, following an incorporated comparison logic (McMichael 1990), I stress that cross-case and intra-case outcomes cannot be understood in isolation from their mutual interdependence and from transformations unfolding in other nodes within competitive and uneven production networks structured by powerful states and corporate actors. Before turning to empirical chapters, I conclude this part with a short account of the EU-centred regionalized automotive industry, highlighting how developments within it have been dialectically shaped by processes of inclusion and exclusion in the broader geopolitical and

economic space led by European core states.

In part 2 I thus proceed by restricting the focus on case studies and most notably on the production and political economy outcomes of their linking up with global production in the Euro-mediterranean regionalized car industry.

In Chapter 4, I analyze how Morocco's integration in this context—crucially fostered by GVC-oriented industrial policies—has enabled its entry into the relatively limited “club” of finished-car exporters, with export figures approximating or even surpassing those of well-established automotive hubs in Central and Eastern Europe. I also suggest that, paradoxically, Morocco's previously limited success in integrating global production, both in general and in the automotive sector, facilitated this outcome by weakening domestic industrial capital and supporting the reproduction of a highly centralized power bloc under authoritarian rule, thus enabling the concentration of resources for strategic FDIs. Nevertheless, I show that this outcome did not mark a qualitative departure from a dependent and peripheral path of industrialization, as the monopoly power of car makers and suppliers headquartered in the core constrains spillovers to domestic capital and to the broader productive structure. At the same time, it reproduces, alongside car assembly activities—concentrated in relatively low-price models—an hyperspecialization in labour-intensive electric components, most notably wiring harnesses. Within this process the very power bloc that permitted Morocco's automotive emergence is key to perpetuate subordination to transnational capital, as composed of state managerial elites and domestic conglomerates that manage infrastructure and enticement schemes facilitating FDIs. Potentials for further upgrading are, moreover, contextualized within unequal geopolitical asymmetries in the broader EU-centered automotive space and hierarchies entailing the CEE semi-periphery.

In Chapter 5, I illustrate a similar pattern of dependent and peripheral integration for Tunisia, whose comparatively low-end trajectory—epitomized by the absence of car-manufacturing investments—is not, however, indicative of weaker commitment to GVC upgrading or of an altogether stagnant dynamic. Rather, building on longstanding and comparatively effective efforts to pursue export-oriented industrialization dating back to the early 1970s, the Tunisian state has historically devoted significant resources to developing the capabilities of domestic suppliers in the automotive sector, already from the 1990s onward. The discrete success of this orientation is reflected in the relative weight of locally owned firms, including companies positioned in ‘medium’ value-added niches.

Over time, however, the consolidation of megasuppliers in the global automotive industry

(Nolan 2007; Wong 2018) has constrained the multiplication and expansion of domestic firms, which nevertheless remain a key component of a power bloc consenting to the dominance of core-headquartered transnational corporations. The relative strength of domestic export capital, and the corresponding efforts of the state to coordinate its interests with those of the latter, has moreover contributed to a policy framework that ultimately proved unfitted to attract more capital-intensive automotive FDI, thereby aggravating processes of peripheralization vis-à-vis Morocco.

I argue, however, that Morocco's 'success' has in turn exerted a crucial and negative feedback effect on this trajectory. In fact, the selection of Tangier by EU-headquartered port logistics TNCs as the key Mediterranean port hub has constrained substantial upgrading of maritime infrastructure—crucial for attracting capital-intensive GVC-oriented FDI—in other North African countries. The economies of scale enabled by Morocco's rise as a car-assembly hub, while not halting the steady increase in automotive exports from Tunisia, have nevertheless worsened Tunisia's competitive position, further obstructing its potential to replicate the trajectory of its neighbour.

Building on the dynamics traced in Part II, Part III scrutinizes how the cases' integration into the EU-centred automotive industry interacts with processes of labour exploitation and resistance. Along this line I locate Morocco's deepening integration in the automotive GVC with contemporary and extensive land privatization plans that combined with investment concentration in a few trade zones and border criminalization revealed pivotal to craft super-exploitable labour surpluses. Despite the historical weakness and repression of organized labour, alongside more recent labour precaritization laws, being defining features of industrial relations in Morocco, I also take into account the institutionalized state-union arrangements that enable the country's main labour associations to perform a mass integrative role. I then explore how all these elements jointly shape the labour regime and patterns of resistance in the country's car sector, interacting with uneven gender relations, as well as with varying features of the labour process, competitive pressure, and labour market position that influence workers' structural power across the industry's articulations. These articulations include, as predominant in employment terms, a highly feminized, labour-intensive wiring harnesses sub-branch. In such a context, the norm are harsh conditions of exploitation, that is non-living wages, piecework pays and overtimes, as well as systematic violations to the labour code and women harassment, sustained by widespread precarity within a framework of managerial and state repression in export-free zones. This picture coexists alongside a productively strategic—yet small in workforce size—car assembly segment, where workers benefit from greater room for

organization and structural power. I nevertheless show how, at Renault Tanger, a union strategy privileging “social partnership” accommodated capital’s reaction to initial gains, which took the form of intensified precarization and automation, thereby contributing to workers’ fragmentation. This strategy proved even more ineffective in promoting workers’ power in contexts where comparatively limited structural and institutional bargaining spaces were present, such as at Stellantis in Kenitra. Focusing on an important dispute in a key electric part supplier, I moreover argue that the unions’ institutionalist approach entails neglecting the crucial role that clandestine organizing and self-organized struggles play in resisting the harsh conditions of wiring harness factories, while contributing to the reproduction of the divide between car assembly and supply-chain workers, notwithstanding their structural interdependence.

In Chapter 6, I explore how, also in Tunisia, the automotive GVC has expanded on the basis of state-enforced rural dispossession, dynamics of internal uneven development, migration restrictions, and policies that precarize labour. The foundations of this model were laid in the 1990s under authoritarian rule. Nevertheless, the peculiar position of the labour movement in the country’s state formation and post-independence political history has guaranteed relatively high levels of associational and institutional leverage for workers, thereby facilitating resistance, with labour playing a key role in the 2011 revolution, largely triggered by the very policies that had accommodated the country’s accelerating integration in global production. At the same time, I stress how the almost monopolistic Tunisian union—the Union Générale du Travail (UGTT)—has played a significant mass integrative role, particularly during the post-2011 so-called democratic transition. I then focus on the interaction of these dynamics with the labour regime in wiring harness factories. In this context, despite institutionalized collective bargaining and union representation, non-living wages, overtime, and piecework pay are systematically imposed on a highly feminized and precarious workforce originating from deprived rural areas. In the post-2011 period, the UGTT’s role in labour resistance to these trends has been ambivalent, consistent with its inclusion in national dialogue mechanisms involving the state and the business organization UTICA. Indeed, within these arrangements, the union’s institutionalist strategy secured some gains in the mid-2010s, especially for public sector workers; yet it soon confronted the constraints of aggravating dependency - to which losing competitiveness in the EU-centred automotive production network concurred - and renewed authoritarian restoration. In turn, this strategy reinforced an accommodating approach that ultimately contributed to stabilize the labour regime and secure increased exploitation in export-oriented sectors such as that of electric parts, in a context of non negligible labour

workplace power associated with TNCs difficulties to leverage spatial fix strategies against workers' struggle. I illustrate this by focusing on a 2011–2014 wave of strikes and on more recent labour disputes in the electric part sub-branch, while also examining the role of a cooperation framework between the UGTT's metalworkers' federation, the Friedrich Ebert Stiftung—the state-sponsored foundation of the German Social Democratic Party—and IG Metall in entrenching an accommodating union orientation under the imperative of preserving “social dialogue” as *allegedly* key to retaining FDIs and safeguarding employment.

The thesis concludes by summarizing the main arguments and findings developed in the theoretical and empirical chapters. Accordingly, it offers a unified reconstruction of the case studies' trajectories in global production through the lens of their recent automotive integration. The conclusion also reflects on the dissertation's main contributions, as well as its limitations and avenues for future research.

PART I – Theoretical framework and research design

Chapter 1: Global value chains (GVC): a new development paradigm or a contemporary organization form of capitalism?

1.1 Introduction

The establishment of the global value chains (GVC) approach as the dominant development paradigm has been as tortuous in practice as in theory. In this first section of this chapter, I trace a critical analysis of the core proposition of this approach through the lens of its process of “mainstreaming” (Selwyn and Bernhold 2025: 45, Wissenbacher 2025): from a perspective oriented toward explaining capitalist uneven development to a “problem-solving” (Werner et al. 2014) theoretical framework emphasizing the potential for win–win dynamics in the global economy. The success of the locution *global value chains* has been so extensive that, in many instances, political economy and comparative capitalism literature refers to this framework even without necessarily adhering to its more depoliticized postulates. This account therefore concentrates on the research corpus that has most clearly attempted to systematize the approach under scrutiny, whose proponents are themselves non-monolithic in their judgements. However, they share a limited engagement with the systemic drivers of global power asymmetries and inequalities.

The first sub-section thus begins with an exposition of the framework’s origins. These are rooted, on the one hand, in the global commodity chains approach inspired by World-Systems Analysis (WSA), which emphasized core–periphery dynamics and “entry barriers” in inter-firm relations, and, on the other, in the Sussex School’s Value Chains approach, which focused on analysing the races to the bottom accompanying the spread of globalization and export-oriented industrialization, alongside the capacity of leading firms to appropriate rents. Elaborated in the early 1990s, by the turn of the twenty-first century these research strands had however progressively abandoned their more radical tenets concerning structural power asymmetries and the “fallacy of composition” inherent in the worldwide spread of global production, and instead embraced neoclassical institutionalist assumptions.

In this vein, as the second sub-section discusses, the theoretical and research focus shifted from relations of domination and uneven development between transnational corporations (TNCs) and suppliers to efficiency-driven “governance” and “upgrading”. The latter was increasingly conceptualized as the outcome of lead firms’ simultaneous attempts to concentrate on “core

competencies” and to seek competent suppliers, thereby promoting the diffusion of mutually beneficial forms of inter-firm governance. Within this view, unequal distributions of value added across countries, firms, and activities are acknowledged, yet disembodied from the reproduction of power relations. As a result, provided the effective implementation of GVC-oriented industrial policies targeting strategic foreign direct investment and domestic supplier capabilities, step-by-step upgrading is treated as a generalizable tendency in the contemporary global economy.

As the third sub-section shows, this paradigmatic shift enabled the full incorporation of the—officially designated since the early 2000s—Global Value Chains approach into the mainstream of international financial and development organizations. At the same time, it generated debates and research offering more critical assessments of governance effects and upgrading prospects, often linking these to the persistent monopoly power exercised by transnational corporations over suppliers, often to the detriment of working conditions in the Global South, in conjunction with broader trends of market deregulation and financialization. A key development in this debate was the introduction of the distinction between “economic” and “social upgrading”. However, little serious reflection was devoted to systemic causes of global uneven development and social *downgrading* beyond institutional distortions.

Against this backdrop, in the second part of the chapter I argue that a proper understanding of global value chains must move beyond firm-centrism—an analytical limitation that affects even the early and more radical antecedents of the GVC approach—and beyond policy-oriented, problem-solving institutionalism, in order to embed global production within broader dynamics of capitalist political economy. In this regard, in first sub-section, I draw on a Marxist understanding of capitalist competition to argue that uneven inter-firm relations are not primarily the result of contingent entry barriers, but relates to inherent tendencies toward capital centralization, which are in turn reproduced through the hierarchical management of geographically dispersed production networks via control over extensive financial and technological resources. Importantly, I also point to the fact that over the last two decades processes of capital centralization have followed a “cascade effect” (Nolan et al. 2007) along supply chains, such that the rise of core-headquartered mega-suppliers poses structural constraints on the capacity of most Global South firms to catch up.

In the final section, I stress that capitalism cannot be reduced to competition alone, which instead rests upon and mediates labour exploitation. I therefore underscore the relationship between capital centralization and the systemic drive to increase surplus value extraction,

including as a response to the crisis-ridden nature of capital accumulation. This argument underpins the chapter's concluding effort to conceptualize global value chains as a “contemporary organization of capitalism” (Selwyn and Bernhold. 2025), shaped to counteract long-term stagnationist tendencies (Brenner 2006, Smith 2016). Its specificity, however, lies in its capacity to intensify surplus value extraction through systematic wage compression—usefully captured by Marini's concept of super-exploitation—made possible by the reinforcement of unbalanced power relations across supplier networks and by extraverted accumulation models in the global periphery. For this reason, uneven development and social downgrading are not anomalies but are co-constitutively reproduced within GVC configurations.

1.2 The contours of the global value chains frameworks

1.2.1 Tracing the origins: the Global Commodity Chain and the Value Chain frameworks

The intellectual roots of the Global Value Chains approach reside in the World System tradition and the concept of Commodity Chains, first defined by Wallerstein and Hopkins as: “a network of labour and production processes whose end result is a finished commodity” (Hopkins and Wallerstein 1986: 159). Through this idea, the WST aimed to nuance its perspective on the global economy vis-à-vis new transformations in the international division of labour, which complicated the longstanding core–periphery divide between manufacturing and raw material producers. Rather, capitalist uneven development was recognized as increasingly shaped by the organizational structure of transnational corporations, which combine various stage of production across borders only to sustain a hierarchical allocation of economic benefits among economic actors and states. The turning point of this line of research was a 1993 book edited by Miguel Korzeniewicz, Immanuel Wallerstein, and Gary Gereffi, in which some key concepts then foundational for the development of the GVC perspective were first proposed. In this context, Gereffi (1993) stressed the need to identify conceptual tools for understanding who the key actors modeling GCC are, and the main features of the corresponding structuring forms, in order to grasp contemporary evolutions within global production. In his own words, he pointed to the relevance of defining the governance of commodity chains, that is: “the authority and power relationships that determine how financial, material, and human resources are allocated and flow within a chain” (Gereffi 1993: 97).

In this regard, Gereffi introduced a distinction, destined to be theoretically groundbreaking, between producer-driven and buyer-driven governance models (*ibid.*, 96-100). In capital-intensive sectors, such as automotive, or semiconductors, manufacturing activities represent the stage where entry barriers are more elevated, due to high investment costs. Hence, industrial production is where the most concentrated and thus powerful actors reside, which means that the strategic locus of governance is the headquarters of manufacturing-based transnational corporations. In terms of network form, this implies that the production of finished goods and more automated production processes remains directly controlled by the lead firms, while mainly simple and manual components are outsourced to formally independent suppliers. Since the role of industrial TNCs in this arrangement, the annex governance form is labelled ‘producer driven’. The picture is instead quite different in more labour-intensive and consumer-driven industries, like textiles or furniture, in which the stages more protected from competition are in design, marketing, and sales. Hence, the governance form is here ‘buyer-driven’, as the role of powerful actor is accomplished by brand owners and retailers, governing a web of small independent producers. This, although capital-intensive textile firms occupy an intermediate position between the leading buyers and the most fragmented and labour-intensive garment assemblers, – especially in the clothing macro-sector on which Gereffi focuses. In its early iteration, the main concern of a governance analysis was therefore to account for the uneven relations between corporate actors, ultimately determined by their market power. Since TNCs’ headquarters and brands remained clustered in more advanced nations, this was also explicitly related to the reproduction of international core-periphery relations, crucially underpinned by the policies of the most powerful states (*ibid.*, 97-99).

A complementary approach developed in parallel to the GCC agenda was the Value Chain (VC) perspective by Rafael Kaplinsky and his associates at the Sussex University Development Institute, a research center well connected with policy circles and international development organizations (Weissenbacher 2025: 540). Inspiration of this literature was similar to that of industrial-oriented WSA scholars, that is, making sense of the persistence of international inequalities within an increasingly globalized economy. The empirical starting point was the deteriorating terms of trade involving exchanges of manufactured goods between less developed and advanced countries, observed since the mid-1980s. Theoretically, this was addressed through identifying a “fallacy of composition” (Kaplinsky 1998: 4) in the Washington Consensus policies, which had pressured developing countries to leverage comparative advantages—most notably labour abundance and low wages—as a lever to pursue an export-oriented and labour-intensive industrialization strategy. The low entry barriers to

undertaking this path for an increasing number of poor economies were associated with trends of cut-throat competition, falling prices, and thereby immiserating growth – that is a soar in exports without corresponding gains in value added. Conversely, transnational corporations, mostly headquartered in the Global North and controlling activities with higher rents, behind elevated entry barriers, could keep accruing the bulk of global benefits (*Ibid.*, 3-6).

Differently from early GCC works, however, Kaplinsky tended to set aside an analysis of uneven power dynamics between leading and subordinated firms. Rather, he insisted that, in a context of global competition, no entry barrier could be considered as absolute (*Ibid.*, 11-12). Hence, no systemic constraint emerged from his analysis to at least a partial rebalancing of global inequalities driven by business and industrialization strategies for developing countries willing to leverage “competitive”, rather than comparative, advantages (*Ibid.*, 14). An important reference to strengthen this point was Porter’s (1990) analysis underscoring the existence of different value-added attributions along various production stages – constituting a “value chain”, with research, marketing and coordination activities being the higher return one. Since the highest efficiency is not obtained at a firm level, but at the one of “value system” entailing inter-businesses linkages, however, gains from leading companies may spillover to a plurality of economic agents following cluster dynamics (Kaplinsky 1998: 13). Kaplinsky’s incorporation of these hints represented a decisive step towards the establishment of a “problem-solving logic” that soon would have become widespread in mainstream studies of global production. Key concept within such shift was the idea that a way out from immiserating growth for developing countries and firms was not so much question global outsourcing dynamics, but rather devoting efforts to upgrading, that is the: “capacity to identify – and then appropriate – areas of value accretion that are protected to some extent from competition. These protected spheres are characterised by economic rents” (Kaplinsky 1998: 14), with rent to be conceived of as dynamic above average profits related to an incessant seek to improve production processes – *process upgrading* – and product quality – *product upgrading*. This as potentially preliminary steps to reach independent innovation, branding and marketing capability – *functional upgrading* - and eventually move to control the more complex and high return value chains – *chain upgrading* (Kaplinsky and Morris 2001: 37-40).

In effect, Gereffi too, already in his 1993 work had positively referenced Porter’s work and most notably his hint that inter-firm cooperative relations and learning dynamics should not be discarded from the analysis of global competitiveness in commodity chains (Gereffi et Korniewicz 1993: 6) - while labour arbitrage must not be intended as the sole driver of the global fragmentation of production, as early works on the New International Division of Labour

contended (Gereffi 1993: 102). Nevertheless, only at the end of the decade this concern gained centre stage in Gereffi's work, as testified by a 1999 article in which he keeps focusing on the apparel global supply chain, but this time to emphasize the role of leading buyers in fostering the emergence of highly competent suppliers and thus processes of industrial upgrading (Gereffi 1999). The shift was accompanied by discussions emerging from other GCC-inspired authors about the limited capacity of the early producer-driven vs buyer driven governance schema to account for the complexification of inter-firms transnational linkages. In fact, industries like electronics, or automotive looked to increasingly manifest lead firm-supplier relations that escaped the sort of dichotomous understanding between hierarchical and captive governance, conceptualized of by early Gereffi's articles.

1.2.2 Global Value Chains: the promise of generalized upgrading

A turning point in the systematization of Global Value Chain research as a relatively coherent agenda was the 2000 Bellagio conference, held on Lake Como and funded by the Rockefeller Foundation. At this meeting, as is evident from the name adopted for the new approach, *value* was substituted for *commodities*, a shift motivated by the latter's excessive association with low-end goods (Kaplinsky and Morris 2001: 25), but also signalling a theoretical distancing from early World-Systems Analysis concerns. In Bellagio, scholars from both the GCC and VC traditions attempted to reach agreement on a set of propositions and conclusions regarding the feasibility of promoting GVC integration as a "new development paradigm" (Weissenbacher 2025). This discussion laid the foundation for the definitive abandonment of theorizations of governance as a site of domination, reframing it instead as a form of efficient coordination. In turn, this move provided the basis for theorizing the pursuit of the upgrading steps outlined in the previous section as a generalizable development trajectory.

The key building block of this perspective, conclusively set by Gereffi et al. in a 2005 article, is the concept of *asset specificity*, that is the opportunity-cost of investing in a given transaction, which is highly dependent on the risk of cheating, or opportunism by the counter-part, but also on the inherent complexity of the coordination that transactions involving a multiplicity of actors, like it occurs in global production, requires (Gereffi et al. 2005: 80). Hence, the less a manufacturing, or service activity is standardized the higher the transaction costs for a firm willing to outsource it, and vice-versa, since the more an activity entails customization the higher is the risk of free-riding by partners, as well as the more is complicated the management

of information flows. Nevertheless, firms also have a fundamental interest in focusing on their “core competences” (*Ibid.*, 81) and create complementarities with other economic agents, in order to maximize efficiency, thereby enabling other firms to upgrade their capabilities. This logic traces his historical roots in Adam Smith’s appraisal for the division of labour; the direct inspiration is instead, once again Porter, and the analysis of Italian and Japanese industrial districts, glamouring in industrial economics between the 1990s-early 2000s, and that the revolution in transports, communication and information technologies promised to extend as a fruitful framework also to address transnational dynamics. GVC governance is thus ultimately seen as the way through which firms can focus on their core competencies, while minimizing the transaction costs that outsourcing implies. Crucial to the analysis of global production is thus conceptualizing the main variables that shape transaction costs and how peculiar forms of governance deal with them in the pursue of efficiency-driven coordination efforts across borders. These variables are (1) the complexity and (2) the codifiability of the transactions, alongside (3) the competence of the supplier base. A matrix in which 1,2 and 3 are weighted with low vs high values, permits to identify 5 fundamental forms of governance: a) relational governance: characterized by activities implying complex and poorly codifiable transactions. Coordination is achieved by resorting to very competent suppliers, establishing a close interaction with lead firms from the R&D to the production stage; b) Modular governance: featuring both complex activities and codifiable information through specific product architectures. Lead firms rely on turnkey suppliers, that is firms mostly involved in subcontracting production, but with elevated and flexible process capabilities, which allows them to shift from a GVC to another and avoid dependence on a single customer; d) captive governance: typical of simple productions associated with low complexity, high codifiability of transactions. Suppliers have a very low level of competences requested and are therefore highly subordinated to the lead firms; e) hierarchical governance: occurring when complexity and codifiability are high, but there is a lack of competent suppliers, so that vertical integration within FDI networks prevails; f) market: associated with GVCs in which low complexity and high codifiability of transactions, alongside competent suppliers, make prices sufficient as coordination mechanism (Gereffi et al. 2005: 84-87).

Despite Gereffi et al. acknowledged the risks of speculating on general trends, they also insisted on the potentiality of relational and modular governance to spread, and therefore on the existence of elevated upgrading opportunities and development spillovers inherent to the catching up with transnational corporations. In this vein, they offer empirical evidence by focusing on three GVCs – bicycle, electronics and textile (*Ibid.*, 92-97). Yet, it is worth to stress

that the root of their confidence is theoretical, laying on a conceptualization of the transnational firm as an efficiency driven institution and of efficiency as maximized by horizontal disintegration. This theoretical move is indeed of the utmost importance to address the problem of rendering coherent the idea of upgrading as a new, generalizable, development paradigm and thus embed the realpolitik of the early GCC and VC scholarship into a proper epistemological orientation. In this regard, it is interesting that in a 1998 work mentioned above, on the one hand, Kaplinsky (1998) suggested pro-active business and policy strategies seeking for the “nth rent” as antidote to the race to the bottom of labour-intensive export oriented industrialization, but on the other he admitted that this would have only postponed sub-optimal outcomes at an aggregate level:

The challenge thus confronting producers everywhere it is upgrade by appropriating whatever categories of rent are within their grasp, but to do so more rapidly than competitors in the knowledge that a rate of innovation lower than the average will result in immiserising growth. It suggests a frantic and ever-quicken pace of continual adjustment. Is this process of globalisation durable? (Kaplinsky 1998: 34).

It is clear that, logically, the risk to fall in a fallacy of composition could be only escaped either through the step back to a more radical systemic perspective or by accepting the idea of inherent harmonious outcomes in market competition, that is surreptitiously reviving a version of the comparative advantage theory (Selwyn et al. 2025: 75). This is what ultimately Gereffi et al. (2005) opened the doors to, although in their foundational article they not only alerted against generalizations, but also warned not to discard the study of factors such as uneven market power along supply chains (*Ibid.*, 96). In any case, the status of power asymmetries was theoretically downgraded vis-à-vis the emphasis on mutual benefits deriving from the coordination efforts pursued by lead firms and international specialization through horizontal disintegration. The shift to a fundamentally win-win understanding of the global economy was also semantically sanctioned by erasing references to the concept of “rent” from recent definition of economic upgrading, probably due to his connection to the idea of winner and losers as we have seen in Kaplinsky. These are the terms that Gereffi utilized in the 2019 Handbook on Global Value Chains he co-edited:

economic upgrading is the process by which economic actors – nations, firms and workers – move from low-value to relatively high-value activities in global production networks’ (Gereffi 2019: 240).

Despite incorporating neoclassical institutionalism as crucial theoretical reference, Gereffi and his associates kept nonetheless contending that the GVC framework may serve as antidote to

neoliberal-market fundamentalism, acknowledging the significance of industrial policies for upgrading (Gereffi 2014: 11, 15). In this vein, they appraised the importance of both horizontal and vertical industrial policies for enhancing development trajectories. Nevertheless, an approach privileging efforts to establish nationally integrated industries was downplayed, advancing *realpolitik* arguments - most notably that, in current globalized world, protectionist and content requirement measures are not feasible anymore, especially for small developing and emerging countries. Key lever for upgrading trajectories was therefore identified in “Global Value Chain-oriented industrial policies” (Gereffi and Sturgeon 2013), conceived of as targeted measures aiming to linking up with transnational corporations in “specialized niches” (*Ibid.*, 337), particularly in sectors judged promising to ignite learning processes, depending on given domestic capabilities and the ability to timely catch up with global opportunities. In this vein, despite the emphasis being on domestic supplier development, the attraction of strategic foreign direct investments is seen as pivotal to enhance local cluster dynamics, and thereby a step-by-step upgrading process. Interestingly, however, even under conditions of high horizontal fragmentation in the contemporary world economy, most advanced countries neither retreat into ill-defined niches nor rely fundamentally on foreign investment; rather, they preserve diversified and nationally integrated productive systems. Henceforth, the simultaneous admittance of globalization-related difficulties to achieve these conditions for developing countries and appraisal of the opportunities associated with GVC integration sounds more an ideological than a theoretical operation – or put it with Giovanni Arrighi (1990) a re-proposal of the “developmental illusion”. This ideological operation, however, had both analytical and practical implications, since it mediated the incorporation of the GVC framework as key reference of international development organizations, in search of adaptation after the impasse experienced by the Washington Consensus at the dawn of the 21st century (Werner et al. 2014). Unsurprisingly this evolution marked a further deepening of the win-win understanding - and what Jennifer Bair and Marion Werner (2011: 1000) labeled “inclusionary bias” - associated with GVC integration, particularly obvious in policy and international organizations’ literature. In fact, while - as mentioned - mainstream GVC academics does not completely neglect references to power asymmetries and the importance of targeted industrial policies, the World Bank and the UNCTAD unambiguously generalized the idea of spontaneous spillovers from integration in global production as emerging from unbridled market dynamics. Hence, despite industrial policies were not ever stigmatized, it kept occurring alongside caveats to avoid rent-seeking and usual pitches to enforce liberalizations and a good business climate - – though often unable to provide empirical evidence of GVCs’ developmental opportunities, but rather the

contrary as in the 2020 UNCTAD World Development Report (Selwyn et Leyden, 2025: 70-72).

1.2.3 Nuances in GVC scholarship and the Social Upgrading agenda

The main responses of academic circles to the theoretical unfolding discussed so far was either expanding the cooperation with the Washington Consensus institutions or an eclectic critique to the relational turn brought by Gereffi, Sturgeon and international organizations. In particular, Gibbon et al. (2008) pointed to a lack of attention to “social conventions” and institutional factors, including international policy regimes and processes like financialization, alongside a pure transaction cost rationality, in shaping the governance of global production. Empirically, it was stressed the need to avoid a single-focus on dyadic governance between lead firms and first tiers suppliers, while pledging for more researches delving into the broad web of supplying relations, where often captive, more than relational or modular governance prevail. Moreover, it emerged a sense that most literature was biased towards successful case studies, neglecting widespread instances of downgrading. Henceforth, in parallel to the consolidation of technocratic perspective around international organizations and business policy communities, GVC-inspired academic literature kept thriving and providing interesting insights on inequalities in global production (Milberg 2008, Milberg et Winkler 2013, Palpacuer 2008, Staritz 2012). However, it is difficult to retrace a coherent theoretical alternative in this corpus. Rather – despite illusions on a linear upgrading path becoming outmoded – most authors tend to assume that the expansion of global value chains may open “windows of opportunity” (Staritz 2012: 4).

A major rethinking in the GVC literature, however, occurred with respect to the framework’s almost total absence of engagement with labour. This was probably the most obvious disconnect of GVC scholarship from the public debate and commonsense, in which global production was mostly matter of relocation and labour arbitrage between advanced and core locations, while in academia and policy literature the focus had gradually shifted to governance and industrial upgrading. However, most notably in proximity and afterwards the 2008 crisis, labour had increasingly become a concern among international organizations (Bernhold 2022). Since then, not only evidence about the race to the bottom in working condition affecting labourers in global production accumulated, but also social movements and labour struggles contesting the broader

neoliberal compact, both in the Global North and South. In reality, as mentioned, both GCC and VC first works had pointed to the downward pressures on wages enacted by ‘buyer-driven’ governance forms on the weakest link of the supply chain and/or the immiserating growth associated with the pooling of developing countries within labour intensive GVCs. Yet, implicitly, successful upgrading steps were expected to trickle down to workers, while the strategic deployment of wage compression was discarded as a potential source of upgrading in turn. A seminal work by Barrientos et al. (2011a) correctly emphasized these shortcomings and introduced an analytical distinction between economic and social upgrading, with the former related to Kaplinsky’s traditional upgrading formulation and the latter defined as: “the process of improvement in the rights and entitlements of workers as social actors, which enhances the quality of their employment” (*Ibid.*, 324). This distinction further promoted researches examining in detail the adverse effect on workers of GVC integration, focusing on how often corporate strategies lever on labour market, skill, but also gender and race related imbalances to minimize costs, alongside labour flexibilization strategies (Barrientos et al. 2016, Rossi 2013). Nevertheless, once again, despite offering insightful empirics, most labour-oriented GVC-scholarship tend to circumvent an explicit critical engagement with the key assumptions shaping the mainstream perspective, notably that about the existence of an underlying mutual interest in pursuing efficiency entailing economic actors, the state and labour (Bernhold 2022). Hence, the guiding compass of this research agenda remained that of achieving a proper governance, this time labeled “labour governance” (Lee 2016) to intend the institutional and normative settings aimed to manage and coordinate labour not only as a production factor but also as a “socially embedded” agent (Barrientos et al. 2011a: 322). In any case, literature tended to avoid making explicit any inherent linkage between dynamics of wage devaluation in the global south and GVC expansion. On the contrary, admitting the existence of disconnects between economic and social upgrading, while fruitfully empirically, theoretically was functional to reinforce the idea that integration into global production represented a developmental driver that was only matter to help spillover to the workers via proper institutional adaptations, and most notably social protection regulation. In practice, once again, what locked in this approach was the strict relations established by GVC scholars with international organization, particularly the ILO – whose journal hosted the special issue first focusing on the distinction between economic and social upgrading, as part of its commitment to the “decent job” framework. Elaborated in the mid-2000s, the decent work framework set very loose standards concerning working conditions and labour rights. Accordingly, it never substantially challenged other international organizations’ tenets about the major improvements

brought to workers by GVC expansion, but rather it meant its efforts as part of the broader sustainable development agenda set by the Washington Consensus international organizations. Most notably, despite recently admitting the need to focus on context-specific definition of poverty, when the ILO addresses the general impact of globalization on the labouring social layers, it keeps making reference to the World Bank poverty thresholds (ILO 2018: 1-2). Thresholds which are *indecently* low as Selwyn (2017) has convincingly pointed out, so that the diminishing numbers of workers that earn less than 2 dollar per day have more to do with huge processes of “depeasantization” (Magdoff 2013) than an actual dynamic of improving living conditions.

In this context, the achievement of decent jobs is conceived of as matter of setting appropriate institutional frameworks and policies. Key to enforce improvements for GVC workers are thus firms’ Corporate Social Responsibility code of conducts (Gereffi and Lee 2016) or Multistakeholder Initiatives (Soundararajan et al. 2019) – that is institutional arrangements fostering social dialogue between business, state institutions, civil societies and labour organizations - or a combination of both. In effect, academic GVC-oriented literature has not missed to expose the limited outcomes of similar instruments. Nevertheless, at least most mainstream accounts, lament a design of these frameworks which is not well suited to enable actors, and notably business ones, to recognize the possible mutually reinforcing relations between social and economic upgrading – and not solely the invers causal mechanism (Gereffi and Lee 2016, Rossi 2019). Generally, as Friedell and Walker (2019: 6) have aptly noted mainstream accounts and policy reports tend to incorporate the idea of social upgrading following a contradictory “denial and acknowledge” schema, in which pledges for the necessity to improve workers’ conditions keep being accompanied by advice to deregulate the labour market. Other GVC-oriented scholars have instead provided more nuanced research that point to power asymmetries between actors, notably lead firms and global south worker. Key root of these power asymmetries is notwithstanding identified in the decoupling of national and transnational governance, that is the lack of institutional leverage that global south workers possess to influence cost-reduction pressures set by lead-firms in advanced countries (Barrientos et al. 2016: 1279). For consequence, these pressures do not ultimately emerge as outcome of structural capitalist imperatives, let alone exploitation (Bernhold 2022, Selwyn 2013), as instead I will discuss in the next section. Rather they are driven by global firms’ incentives to incessantly adapt to consumer preferences and/or privilege short-terms stakeholders earnings at expense of a more equilibrated growth model, on the background of market deregulation and financialization trends (Millberg 2008, Millberg and Winkler 2013,

Barrientos 2016). Yet, the question why global north customers tend to prefer low-cost goods and where dynamics like financialization come from remain unaddressed. Moreover, as the social upgrading agenda fails to account in a systemic way for structural global and labour inequality, it also unsurprisingly denies to workers, and most notably to the global south ones, the role of crucial agents of social change in their behalf. In general, while labour struggles are often mentioned (though under euphemistic parlance), they are mostly diluted within a Polanyian counter-movement against market deregulation, in which the emphasis is on the role of broad as ill-defined networks of civil society organizations, biased towards global north NGOs (Barrientos et al. 2011b, Palpacuer 2008).

1.3 Embedding global production into capitalist systemic dynamics

1.3.1 Global production, capital centralization and uneven development

The theoretical root of the mainstreaming process experienced by the GVC framework has ultimately consisted in a divorcing of power relations from systemic capitalist dynamics, which, on closer scrutiny, featured in this tradition from its inception, as it maintained in inter-firm dynamics its main focus. Hence, despite not neglecting the significance of power, both the early GCC literature and more nuanced GVC accounts tend to treat it, more or less explicitly, as external to fundamental political economy mechanisms. Even when Gereffi (1993) was allegedly on the World-System tradition's track, his understanding of market power remained associated with context-specific entry barriers, like capital intensity and elevated investment requirements for branding. As mentioned, Kaplinsky (1998) was also more explicit in dismissing the existence of structural forces operating to reproduce leading firms' dominance, admitting the significance of quasi-monopoly strategies for accruing rents but simultaneously insisting on the equalizing pressures brought about by global competition. As Rikap (2018: 40) aptly observed, however, the ability of certain actors to accrue innovation rents grants them a prolonged advantage over others, since those rents can be reinvested to reproduce long-term entry barriers, in a process of circular cumulative causation reinforcing their monopoly power.

In effect, some GVC scholars have maintained more clearly the topic of uneven inter-firm power relations as critical to understanding contemporary global production. In particular, Milberg and Winkler (2013: 105-111) stressed how transnational outsourcing and market power

constitute two mutually reinforcing aspects. On the one hand, downward competition among a dispersed network of suppliers permits lead firms to reduce production costs and amass elevated mark-ups; on the other, high mark-ups sustain TNCs' control over advanced markets. Nevertheless, this dialectic would not be ignited by structural forces but by institutional ones – most notably, as mentioned, market deregulation and financialization, which incentivize firms to leverage outsourcing to obtain short-term profits and maximize stakeholders' returns on stocks.

This omission of more systemic dynamics stems, in turn, from an often-implicit conception of competition as merely the absence of entry barriers, ultimately serving to secure market equilibrium. By contrast, as Marx argued, competition is primarily a “coercive force” (Marx 1992: 381) that sets in motion an incessant struggle among individual capitals to increase accumulation and profits in order to survive. It thereby constitutes a key driver of capital centralization, since the largest and most productive firms systematically outperform their smaller rivals (Marx 1992: 779).

Often confused with capital concentration, that is, the enlargement of the individual firm through capital accumulation, centralization is:

the concentration of already formed capitals, the destruction of their individual independence, the expropriation of capitalist by capitalist, the transformation of many small capitals into a few large ones (Marx 1992: 777).

Centralization and concentration are closely interconnected since the former accelerate the scale of accumulation controlled by individual firms, while, in turn, the economies of scale achieved through capital concentration foster productivity and permit the crowding out of competitors, further enhancing capital centralization in turn. However, centralization is also relatively independent of concentration. Marx mainly emphasized this point to illustrate the significance of credit as a fundamental mechanism to accelerate the polarization in the control of total social capital and accumulation itself (Marx 1992: 777-778) – *pace* scholars who see finance as external to structural capitalist logics. Today, however, the distinction is also useful to question the idea that outsourcing, associated with the emergence of modular and relational governance forms, denies the structural foundation of monopoly power across production networks.

The rise of GVCs has indeed been accompanied by de-concentration trends in a vast array of manufacturing activities. Yet, this only occurred to allow dominant TNCs to free resources for unprecedented processes of capital centralization through mergers and acquisitions, and to further concentrate capital investments in innovation, ICTs, and now digital technologies. This

constituted an actual “Global Business Revolution” (GBR) (Nolan 2001, Nolan et al. 2007, Wong 2018), since it involved not solely national economies but the majority of sectors on a global scale – a picture that fully justifies Samir Amin’s adoption of the expression “generalized-monopoly capital” to describe contemporary global capitalism (Amin 2015).

The unprecedented financial scope, size, and power of today’s transnational corporations is therefore the fundamental pillar of their ability to sustain governance over global value chains. Emphasis on capital centralization and domination, however, does not mean neglecting the concrete praxis of “coordination” performed by TNCs but rather grounding it within the structural wealth and power monopolization logic that drives the capitalist firm (Hymer 1979, Rikap 2018)². In this view, information and knowledge are not regarded merely as the firm’s assets, whose sharing would be restricted only by transaction costs stemming from opportunism, complexity, or codifiability. Rather, as the pioneer student of multinational corporations Stephen Hymer had already observed, knowledge and information are together with money the “key ingredient of capitalist power,” (Hymer 1979: 87), which imply that they are *strategically* deployed and centralized by TNC headquarters to enforce the planned subordination of international production networks. The transport and IT revolution has thus been crucial to reduce the transaction costs of capital internationalization and outsourcing by facilitating communication – but also close monitoring. However, since the logic of the system is the centralization of capital and authority in leading TNCs, it is not logistics and information technology per se that makes possible GVC coordination. On the it is the ability of transnational corporations to enforce monopoly control by concentrating resources on incessant and massive investments in these infrastructures (Nolan et al. 2007: 30). Analogously, the monopolization of knowledge-intensive activities through unrelentless and massive R&D expenditures is pivotal to maintaining suppliers’ dependence and establishing the role of TNCs as “system integrators,” (*Ibid.*: 26-27), since the pace of innovation ultimately sets the benchmarks for competing in and accessing advanced markets. Henceforth, despite GVCs maintaining the juridical independence of supplier firms, they also undermine “their *individual* [italics mine] independence,” (Marx 1992: 780) thereby constituting in themselves the key contemporary expression of capital centralization “*pari passu* with capital deconcentration” (Rikap 2018: 50).

In this context, TNC headquarters thus have the power to impose increasingly elevated standards and cost-reduction pressures on suppliers, in order to further consolidate their

² For an insightful and thorough scrutiny of classical scholarship on the multinational-transnational corporation – a discussion that goes beyond the scope of this thesis – see Ietto-Gillies (2019).

dominant position and maximize profits. Consistently with mainstream GVC views, this implies resorting to more and more competent outsourced firms. Nevertheless, what the literature conceals is how “upgrading” pressures on suppliers – rooted in the increasingly pronounced monopoly power at the top of production hierarchies – enact a “cascade effect,” (Nolan et al. 2007: 31) resulting in capital centralization even across lower nodes of the value chains. The capabilities to perform certain tasks and/or resist profit squeezes associated with dominant firms’ cost-reduction imperatives are indeed highly dependent on elevated economies of scale, market power, and ultimately the availability of significant financial resources. Henceforth the idea of generalized development through upgrading is “more simply said than done” (*Ibid.*, 156) for developing and emerging countries. To be fair, Gereffi, Kaplinsky, and others would not deny this proposition; yet, as noted, they point to limited domestic capabilities and a lack of effective GVC-oriented industrial policies. Such an explanation, however, neglects that while for a few big capitals integration into global value chains has opened some opportunity to expand, for the vast majority Global South firms’ chances to integrate with TNCs—particularly in high value-added segments—are structurally constrained by the unsustainable competition of megasuppliers headquartered in advanced economies. In effect, since the 2008 crisis and the post-2020 turbulent years, the GVC mainstream has recognized the existence of a “consolidation” trend among lead firms and key suppliers (Gereffi 2014, Sturgeon and Biesenbroeck 2011, Gereffi et Lee 2021). As usual, it was however a “denial and acknowledge” operation (Friedell et Walker 2019: 6). In fact, on a closer inspection, the expression “consolidation” is not synonym of centralization, since it emphasizes the reduction of the number of firms more than the increase in the *capitalist* power of a few actors. Hence, it has been mostly seen as a rational “resiliency” response to GVC disruptions accumulated in the recent years - from the 2008 Crack to the second Trump’s administration (Gereffi et al. 2025) - simultaneously overseeing the linkages with the reinforcement of dominant TNCs monopoly positions (Selwyn 2023).

This discussion may suggest that focusing on attracting targeted FDIs, or simply renouncing industrial policies in favor of market liberalization and good governance, would be more effective than devoting resources to fostering domestic national champions or suppliers. In this regard, however, since the key reason for the transnationalization of the firm is the consolidation of global monopoly positions, the geographical span of FDIs must reproduce an uneven geographical distribution of tasks and rewards, in which decision-making and cutting-edge R&D, and therefore most capital-intensive manufacturing, safely remain in the core, while the periphery is destined for “low value-added” production (Nolan et al. 2007: 154-161, Smith

2016: 95). Subordination to specialized, mainly labour-intensive activities within networks directly controlled by lead firms and megasuppliers, or the relegation of domestic firms to captive relations with TNCs—this, together with overall uneven development, constitutes the structural outcome of GVC expansion in developing and emerging countries, as it is rooted in the dynamics of capital and power centralization inherent to capitalist competition.

1.3.2 Global production, capitalism and the uneven development-labour exploitation nexus

The discussion conducted so far would be incomplete without specifying the source of the surplus value that firms accumulate, concentrate, and centralize in order to withstand competitive pressures. The lack of coherent engagement with this issue, from early GCC literature to most contemporary mainstream and heterodox GVC approaches, prevents them not only from identifying systemic constraints to upgrading across transnational production, but also from recognizing that uneven development and social downgrading dynamics are inherent to capitalism's reproduction as a global system, and therefore to global value chains themselves. Even more critical approaches cannot circumvent this discussion without falling into a vicious circle, in which “rents” are explained by monopoly power, which in turn rests on the reinvestment of rents themselves (Bernhold 2022, Selwyn and Berhold 2025: 21-25, Starosta 2010). As discussed in the previous paragraph, mobilizing this logic may be useful for stressing how entry barriers in GVCs can be perpetuated through processes of cumulative causation, yet it remains conceptually unable to explain both monopoly power and rents.

A way out of this impasse lies in identifying an independent terrain of valorization beyond mere inter-firm power relations – an operation made possible by conceiving capitalism as a system of incessant capital accumulation, competition, *and* exploitation of labour, from which value and surplus value are generated (Marx 1992, chap. 4). These processes are rooted in specific social relations: the separation of workers from the means of production and subsistence, which makes them dependent on the sale of their labour power, and their real subsumption to capital in the labour process—real in the sense that machinery and automation transform the labour process itself into a specifically capitalist one, effectively enforcing capital's command over cooperation, through deskilling and fragmenting the collective workers, thereby really subordinating it to the logic of valorization (Marx 1992: 1034-1036, Braverman 1974).

Value is thus social labour embodied in commodities, under the form of socially necessary labour-time, and *realized* through exchange in *circulation*. Complementarily, surplus value is labour expended by workers for capital that exceed their reproduction costs - the value of commodities represented by wages that are exchanged against the workers' labour power. Capital as a production factor is in turn "dead labour" (Marx 1992: 322), necessary to set in motion and permit the exploitation of "living labour" (*Ibid.*), but not a source of value at all. In this regard, competition does not mediate expanded capital accumulation, or reproduction, merely as it compels individual capitals to continuously reinvest profits, yet more fundamentally by forcing them to raise exploitation. This is why Marx introduced competition as a general category only once defined surplus value (Palermo 2017: 10-12), and when he presents the concept of absolute surplus value – increase in exploitation through the prolongment of the working day (Marx 1992: 381). Surplus value extraction is however also crucially incremented through productivity-enhancers technology investments that reduce the cost of wage goods and reinforce workers real subsumption, thereby obtaining labour intensification – relative surplus value. Trends of concentration and centralization in the hands of a few capitals therefore fundamentally rests on growing ability to exploit labour, either directly or indirectly. What in GVC scholarship and Schumpeterian economics are known as rents, in a Marxist perspective do not indeed represent value simply determined on the market or captured from thin air, but primarily surplus value that most powerful and high-tech, thus more productive, capitals can appropriate from weaker ones in circulation (Marx 1992: 433-434, Selwyn and Bernhold 2025: 25-29). This is however far from representing a distortive mechanism, but a systemic one that by accelerating capital concentration and centralization permits the deployment of more and more resources to increase exploitation through technology innovation – an outcome that is also crucial to perpetuate an industrial reserve army of labour aggravating the whip of capital on employed workers. In the long run, incessant capital reinvestment and resulting increases in the ratio of dead vis-à-vis living labour – the only source of value – are moreover a key cause of declining profitability underpinning capitalism's inherent crisis tendencies (Marx 1992b: , Carchedi & Roberts 2022). Importantly, these tendencies constitute another fundamental driver of systemic dynamics, since they intensify competition, thereby further accelerating capital centralization and pushing firms to search new methods and forms of system configurations conducive to increase surplus value extraction.

In light of this discussion, as a political economy phenomenon, Global Value Chains are a key contemporary form in which capitalist exploitation and accumulation has been organized over the last half century, responding to long-term stagnationist dynamics (Brenner 2006, Carchedi

& Roberts 2022, Smith 2016). It is indeed not random that the rise of transnational production dates back after the end of the so-called Thirty Glorious of world capitalism -1945-1973. As I will explain next chapter, the reincorporation of China and the former Soviet Bloc, alongside the failure of Import Substitution Industrialization in the global periphery, were fundamental historical drivers of GVC expansion, whose acceleration in the early 2000 can be however read, structurally, within reemerging trends to declining profitability erupting with the 2008 Wall Street financial crack. That said, the specificity of GVCs as a crisis response and capitalist configuration is their capacity to combine production processes in locations at uneven degree of development, which permit to leverage wage compression in the global periphery as a crucial mean to increase exploitation (Selwyn and Berhold 2025: 3, Smith 2016: 229-230). In effect, as often orthodox Marxists emphasize (Bettleheim 1970, Shaik 2016), low wages do not involve per se higher exploitation, since they may manifest a compensation for low value producing labour, that is embodying less than average labour time in commodities, due to organizational and technological backwardness. In global value chains, however, fragmented labour processes are highly integrated and synchronized at transnational level, since TNCs dictate production standards and techniques both to direct affiliates and 'independent' suppliers. Hence, lower value-added attribution of activities relocated in the periphery do not attest value generated, but realized - net of surplus value appropriated by lead firms through a mechanism of unequal exchange (Emmanuel 1972, Smith 2016: 241-242). By converse, low wages in global production are not the effect of the low value-added features of production per se – as mainstream GVC scholarship and economics contend. Rather they are pivotal to sustain uneven surplus value, and thus value added, distribution, across GVCs. Indeed, empirical analysis shows that the wage gap between core and peripheral nodes of global production is often significantly higher than differences in productivity (Amin 1977: 138-42, Smith 2016: 179-182, Suwandi 2019). The diffusion of non-living wages and extraordinary work extension and intensifications in these contexts are not therefore to be intended as an institutional distortion. On the contrary, they are an exploitation method distinctive of, though not unique to (Selwyn 2020), global production and effectively grasped by the concept of super-exploitation – exploitation achieved by the payment of labour power below its value (Marini 2022: 137-139, Higginbottom 2023). In synergy with absolute and relative surplus value, GVC-led super-exploitation is in fact key to global capital accumulation and core-headquartered TNCs' ability to centralize wealth, either directly or with the mediation of subordinate suppliers in compensation for surplus value thefts. Super-exploitation thus guarantees transnational capital enormous resources to incessantly reinvest in cutting-edge activities and preserve its global

competitiveness, while in turn reproducing uneven power relations and development, across value chains and internationally, that support increased exploitation in the capitalist periphery itself (Smith 2016: 230, Suwandi 2019).

The political economy mechanisms through which it occurs cannot however be reduced to direct inter-firm and TNC-developing countries relations, but to the broader accumulation model that GVC integration mediates, consistent with what Samir Amin labelled extraverted accumulation, that is dependent for its key technology conditions and realization on the core, and disconnected from the domestic economic structure (Amin 1977: 190-195, 2015). As mentioned, in fact, integration in TNCs-led global networks means hyper-specialization in a few tasks and high reliance on foreign inputs, with a few spillovers to other local sectors - this in terms of value added, but also occupational terms (Smith 2016: 103-104). At the same time, global value chains' expansion also means increasing subordination of agriculture in peripheral countries to transnational monopoly capital. The resulting peasant dispossession and impoverishment swell an enormous surplus population that the employment difficulties associated with GVC integration tend to make permanent – instead of tendentially contingent to the economic cycle (Foster et al. 2011). Hence, interacting with a set of (geo)political and societal dynamics on which I delve into next chapter, such labour reserve army systematically exerts downward pressure on wages and advantage of the TNCs-led export economy.

1.3 Conclusion

The chapter has provided a critical reconstruction of the key propositions of the global value chain (GVC) approach, highlighting its process of theoretical mainstreaming of early world-systems-inspired researches. This shift has entailed a move from an explanatory framework concerned with power asymmetries and uneven development to a problem-solving perspective that assumes—at least in principle—the possibility of generalized catch-up development through GVC integration, that is, upgrading. Central to this operation has been the incorporation of neoclassical institutionalist assumptions and the reintroduction of a *developmentalist illusion*, whereby the transnational fragmentation of production is framed as an outcome of efficiency-driven governance rather than as a mechanism for the unequal appropriation of value by dominant actors.

Within this framework, unevenness in value added across firms, activities, and countries is no longer treated as expressing relations of domination, but instead as a technical constraint to be overcome. This reconceptualization has justified the promotion of GVC-oriented industrial policies focused on attracting foreign direct investment and fostering supplier development as the most convenient upgrading strategy. Such prescriptions have aligned closely with the agenda of international financial and development institutions seeking to rework the Washington Consensus into a more flexible discourse. However, this reformulation ultimately obscures—by unilateralizing the relational character of GVC governance—the persistence of comparative advantage reasoning, according to which international specialization is presented as a pathway to development.

Academic debate, however, has remained more differentiated. A substantial body of scholarship has questioned the generalization of pro-development governance forms and upgrading trajectories, while emphasizing the frequent absence of spillovers from GVC integration to workers and underscoring the connections between the expansion of global production, market deregulation, and financialization. However, even these critical contributions largely remain embedded within the core analytical assumptions of the GVC framework, continuing to conceptualize global value chains primarily as a potential window of opportunity and limiting their critique to firm-level relations and institutional configurations. As a result, engagement with systemic explanations for widespread global inequalities remains partial, while broader dynamics of uneven development and capital accumulation tend to be bracketed rather than theorized.

Along these lines, the social upgrading agenda, while recognizing that economic upgrading does not automatically translate into improved labour outcomes, has proven insufficient to explain—except in contingent terms—pervasive processes of social downgrading. Crucially, it tends to marginalize working-class agency, advancing a depoliticized account of labour–capital relations. Against this backdrop, I have moved beyond firm-centrism—an original limitation of the tradition inaugurated by the GCC approach—to conceptualize transnational production fragmentation as an expression of capital centralization inherent in capitalist competition. The ability of a small number of core-headquartered transnational corporations to monopolize financial resources and technological capabilities both enables and is reinforced by hierarchical control over dispersed production networks. This dynamic imposes structural constraints on upgrading in developing countries, particularly as cost-reduction imperatives have favored the consolidation of core-based mega-suppliers over the last two decades.

At the same time, an exclusive focus on monopolization risks circular reasoning, whereby super-profits explain the structuring of global competition, while competition itself explains those super-profits. A way out of this impasse is to situate GVCs within capitalism understood as a system of ongoing capital accumulation, fundamentally grounded in exploitative social relations. Competition and capital centralization operate here as mechanisms for intensifying surplus value extraction, including as responses to structural crisis tendencies.

From this perspective, global value chains represent a contemporary organizational form of capitalism that has expanded alongside long-term stagnationist tendencies and that relies centrally on low wages in the global periphery to raise exploitation rates. The extraordinary financial power of transnational capital thus rests on processes of super-exploitation, obscured by unequal exchange mechanisms embedded in value-added asymmetries and reproduced through unbalanced power relations across supply chains and extraverted accumulation models. On the one hand, GVC expansion in Global South agriculture has been associated with processes of depeasantization. On the other hand, GVC integration has generated limited productive and employment spillovers in peripheral economies, thereby reinforcing structural conditions for the reproduction of large labour surpluses that are functional to the provision of cheap labour for transnational capital. Global value chains are therefore not merely unable to promote development convergence and social upgrading; rather, they crucially depend on the perpetuation of uneven development and working-class immiseration. This outcome, however, does not result solely from abstract or purely economic dynamics, but broader social and political processes, which I will explore in the next chapter.

Chapter 2 - Global production amid (geo)politics, class relations and labour resistance

2.1 Introduction

An understanding of global value chains within capitalist social relations implies combining an analysis of systemic dynamics with their broader social and political constitution. Accordingly, this chapter develops the nexus between transnational production and capitalism by moving from an abstract to a more concrete level of analysis. It does so by examining the dialectical interactions between state action, political economy, and class dynamics in the configuration of GVC trajectories. From this perspective, the central question is no longer how institutions, policies, and regulations may support economic and social upgrading, as in mainstream scholarship, but rather how uneven development and super-exploitation in global production are constituted through class and (geo)political agency.

Along these lines, the first section draws on a conceptualization of the state as a capitalist institution which, far from being guided by abstract developmental goals, is oriented toward securing expanded capital reproduction and unifying dominant class interests into a power bloc. It then examines how the uneven global distribution of surplus value both underpins and is reproduced through a hierarchical inter-state multiplicity. Global value chains thus appear not merely as a set of inter-firm and socio-economic relations, but as an international political economy arrangement actively constructed by the most powerful states to reinforce the dependency of peripheral countries and states. Hence, upgrading policies should not be approached as neutral catch-up efforts, but rather in relation to their connection with the—often contested—formation of a power bloc around transnational capital and key domestic business interests, mediating a dependent accumulation model.

Importantly, the state does not intervene in the reproduction of this model only through macroeconomic and industrial policies, but also through direct involvement in labour relations—on which the chapter's second section focuses. While capitalist exploitation in general terms rests on the separation of workers from the means of production and on deskilling in the labour process, it is concretely enforced through labour control strategies that are increasingly multiscalar. In global value chains, labour processes are both fragmented and integrated across multiple territories and worksites. At the same time, in response to imperatives

emanating from transnational capital, these processes are decisively structured by state intervention through the organization of production geographies, employment dynamics, and the politico-institutional framework of labour exploitation. Together, these elements constitute a labour regime, the analysis of which is essential to understand not only how social upgrading is frustrated, but why it inherently contradicts the logic of state action in super-exploitation-led global value chains.

Embedding global production within an analysis of capitalism moreover places labour at the centre not only as the source of surplus value and a subject of power, but also as a key social force. The third part of the chapter is thus devoted to conceptualising workers' power and its relationship to global value chain dynamics. It emphasizes how, despite GVCs being designed to reduce both the marketplace and workplace power of labour – the two dimensions of workers' structural power – some counter-tendencies have emerged that enhance labour disruptive capacity over highly dispersed, but at the same time interdependent, production flows. GVC workers have moreover frequently resisted by leveraging, alongside or in compensation for limited structural power, a combination of power resources, as the power resources approach (PRA) has emphasized.

In the final sections, however, I raise a number of caveats concerning the adoption of this framework. In particular, the PRA may authorize sectoral analyses conducted in abstraction from broader class relations and political economy dynamics, resulting in limited clarifications of workers' actual bargaining potential and in insufficient attention to capital and the state may prevent or adapt to workers struggles. Along this line of critique, I further argue that insofar as the PRA conceptualizes “labour power” as a set of resources mobilized for generic gains, it fails to specify the crucial nexus between workers' power and class formation—that is, the collective strength of the working class vis-à-vis capital. This limitation often leads scholars to uncritically conflate the agenda of unions—the most prominent “associational power resource”—with that of workers more broadly, thereby overlooking unions' role as “mass integrative apparatuses.” While their capacity to promote class agency can be significant, it is frequently subordinated to the maintenance of capitalist stability, with important implications for their role within labour regimes.

2.2 Transnational capital, state(s) and Power Blocs. The (geo)political crafting of GVC-led uneven development

Addressing the policy dimension of global value chains' expansion and integration requires situating it within the concrete political economy and class dynamics they entail as a specific configuration of capitalism. In this regard, I draw on a strategic-relational understanding of the capitalist state as a materialization of dominant social relations to understand how (geo)political agency crucially molds GVC-led uneven development (Poulantzas 2011, Jessop 2016). From this perspective, the boundaries and purposes of state action are set by its crucial role in enforcing the institutional and macroeconomic conditions for expanded capital accumulation—the basic mechanism through which capitalist social relations reproduce themselves and the source of surplus value that the state can command to perform its functions. In designing industrial policies, on which part of this section engages, this involves dealing with constraints inherent to the capitalist economy itself, such as crisis tendencies and balance-of-payments equilibria, as well as mediating the interests and the political dominance of the class that organizes this process. I refer most notably to its economically stronger fractions, whose political leadership is secured by the state's selective articulation of capitalist interests into a “power bloc” (Jessop 2016: 72-73, Poulantzas 2011: 102-105), navigating between concrete intra-capitalist power relations and more fundamental balances of class forces organized around the labour-capital antagonism. As a result, it also entails the state's capacity to enforce at least a certain degree of hegemony over subordinate classes through the selective articulation of popular interests — a broad topic to which I return in section 2.5, within the limited scope of this research, through an examination of unions as “mass integrative apparatuses.”

States primarily perform all these tasks within their own jurisdictions; however, global capitalism is inherently mediated by inter-state multiplicity, while as the World System Analysis has underscored, international asymmetries in surplus-value distribution underpin a set of geopolitical hierarchies, within which states at the apex—and above all the hegemonic one—are in turn able to shape the broader contours of global capitalism in the interest of their major firms (Arrighi 1990, Wallerstein 2004: 23-42). Coherently to this framework, the establishment of GVCs as a key configuration of contemporary capitalism has been purposefully supported by the ‘triad’ —Japan and the EU under US leadership— through trade and capital liberalization, both globally and around their respective regional areas of influence. This did not merely result from diplomatic efforts, but from a combination of financial, geopolitical and even military levers that were mobilized to dismantled import-substitution industrialization

models widely adopted in the global periphery over the ‘thirty glorious’ and prolonged in the 1970 thanks to petro-dollars channeled by core financial centers as easy credit to developing countries. Hikes in interest rates from the US Federal Reserve in the 1980s and the US success in the militarized competition with the Soviet Bloc – which had previously expanded political economy rooms of manoeuvre for peripheral states – were therefore crucial passages to accelerate trade and capital liberalization over the 1990s and early 2000s (Harvey 2005: 90-97, Panitch et Gindin 2012: 224-236). All this both enabled leading capitals of the triad to go transnational and obtain the subordination of peripheral economies to the latter’s imperatives. At the same time, the enormous resources - in comparison to those available to weaker states - that core powers can devote to foster national innovation systems have become a fundamental force in shaping the uneven geography of high-tech activities and TNCs’ headquarters that features global production (Selwyn and Bernhold 2025: 26-40). In this context, policy space available to the global periphery for measures aimed at technology transfer and the protection of domestic industries has narrowed considerably, as correctly mainstream GVC scholarship often underscores when advocating for GVC-oriented industrial policies. Under favourable international and domestic conjunctures, peripheral states can indeed mobilize such policies to linking up with key TNCs and obtain competitive advantages. These advantages, however, tend to be short-lived: they persist only insofar as other states have not yet embarked on similar trajectories into the same production network – with these actor’s previous exclusion and connected downgrading effects that may also reveals appealing to transnational capital (Werner et Bair 2019, Werner 2014). Successful, yet specialized, insertion into global production is moreover hardly sufficient to trigger cumulative causation capable of sustaining long-term upgrading. As mentioned, moving beyond a ‘firm-centric’ perspective, integration in global production promote extraverted industrialization and thereby scarce spillovers to broader productive structures. This also reproduce severe balance of payment constraints, due to elevated trade deficit that highly import-dependent exports often cannot compensate, or profit repatriation by transnational capital that in the long run tend to exceed foreign investments (Bonizzi 2019, Ganguly et Spinola 2024). Unconditional incentive schemes to TNCs are therefore crucial to secure a continuous and vital FDI inflows - a strategy which however drain resources for other pro-upgrading policies like fostering national innovation system at advantage of a more autonomous development path.

At this point, it would however be wrong to assume that the absence of such efforts contradicts the interests of domestic capital, or at least of its leading fractions, thereby attributing failures to pursue an effective trajectory in production networks to defective state–business relations –

as common in mainstream GVC and policy literature. Put differently, stressing global constraints does not necessarily imply viewing GVC integration as a process imposed solely from outside. Trade and capital liberalization were in fact significantly supported by sections of the peripheral capitalist classes, insofar as they went hand in hand with structural adjustment processes that weakened labour—an issue to which I return in the next section—expanded opportunities to benefit from the privatization of state assets, and opened new channels for the appropriation of financial and commercial profits – a process that Amin (2019) referred to as a “recompradorization” of the peripheral bourgeoisies. Moreover, since those who are effectively squeezed within global production are not suppliers but super-exploited workers, segments of domestic big capital in developing and emerging countries may be entirely willing to accept a subordinate position in production networks that nonetheless grants access to advanced markets (Bernhold 2022, Suwandi 2019, Rikap 2018: 43-44). TNCs, moreover, foster a domestic layer of branch managers and executives—often indigenous and well positioned to influence business associations or state policy through frequent revolving-door practices. Finally, even key fractions of domestic business and state elites that are neither capable of nor interested in establishing direct supplying relations with TNCs may derive substantial profits from financial intermediation, construction, and support services—such as logistics and infrastructure management—required to connect to global production (Dixon et Alami 2024: 86-88, Drahokoupil 2008: 114-132).

Key domestic capitalist actors may therefore be strongly interested in upgrading strategies that enhance profits or competitive position, yet only to the extent that these strategies remain within the boundaries set by transnational capital, on which—through varying degrees and modes—their ability to realize surplus value ultimately depends. In my understanding, the significance of GVC-oriented policies is therefore, on the one hand, to cope with the imperative to appeal TNCs stemming from a dependent insertion into global capitalism—which GVC integration itself reproduces—and, on the other, to consolidate a domestic social base for this process. It is, however, a contested outcome, since, as discussed, a large share of domestic capital is excluded from most benefits of global production or emerges as a loser from the trade and financial liberalization trends underpinning GVC expansion. In this light, bargaining arrangements between lead firms and domestic actors that often accompany sectoral industrial strategies—and that mainstream GVC literature generally presents as effective coordination mechanisms—require closer scrutiny. In fact, as my cases will show, these arrangements may instead operate as “strategic selectivities” (Jessop 2016: 55) that mediate the influence of transnational capital and a few powerful domestic firms in policy processes, while ensuring that

wider societal and even business interests remain sidelined.

More broadly, forms of interest articulation based on informal networks—often described as state capture or “crony capitalism” (Diwan et al. 2019)—as well as centralized or authoritarian state governance, are not contingent or detrimental to embark a GVC-led trajectory. Rather, they may constitute one of its conditions, since they are compatible with the consolidation of power blocs dominated by transnational capital and a few, yet comparatively large and influential, domestic business interests that consent to, or directly profit from, subordinate integration in global capitalism and production. The state’s active role in coalescing this kind of power bloc is moreover reinforced by the renewed importance of state intervention in contemporary capitalism, both in the core and the periphery (Dixon and Alami 2024). This is not simply a reaction to the failures of the Washington Consensus (Rodrik 2006) or the advent of a new state capitalism model as some authors contend (Nolke et al. 2019). Rather, it responds to the growing organizational, infrastructural, and logistical requirements associated with GVC expansion — particularly during the hyper-globalization phase (2001–2008)—alongside intensifying demands for financial support and investment securitisation from transnational capital in a context of aggravating long-term stagnationist tendencies since the 2008 crisis (Dixon and Alami 2024: 90-95).

This is what, in recent decades, has led the World Bank and other international institutions to shift their emphasis from privatization to public-private partnerships—particularly for infrastructure development—and to soften the dogmatic prescription of horizontal industrial policies (Rodrik 2006, Werner et al. 2014). In this context, spaces have opened for a more assertive role of emerging and developing states in designing industrial policies and even intervening directly in strategic economic activities—though not in ways that mark a return to ISI. Crucial here has been the mobilisation of sovereign funds and other financial assets to subsidise targeted FDI and/or connectivity megaprojects, profiting from the 2001–2014 raw-materials super-cycle and the abundance of credit during the quantitative-easing years in the US and the EU (2008–2019) (Bonizzi et al. 2019, Dixon et Alami 2024: 81-82). While the management of these schemes can deepen ties between transnational capital, state elites, and domestic big business, it is important to underscore that their implementation, in turn, rests on concrete power relations across domestic class fractions and broader class struggles, which shape significant variations in the outcomes of ‘upgrading’ strategies across emerging and developing countries. Nevertheless, to the extent that these strategies depend on and reinforce power blocs dominated by transnational capital they simultaneously constrain cumulative upgrading trajectories by contributing to reproduce dependency and international inequalities.

2.3 The (geo)political and multiscalar constitution of exploitation in global production. The Labour Regime approach.

States do not reproduce global uneven development solely by setting the institutional conditions and industrial policies necessary to foster GVC expansion. Rather, they also do so by promoting labour regimes that enforce conditions of social downgrading - or in our understanding: super-exploitation - at advantage of both transnational and domestic capital. The concept of labour regime draws on Michael Burawoy's early theorization of surplus value extraction as a process not confined to abstract wage dependence and deskilling in the labour process, yet one that crucially involves broader production apparatuses (Burawoy 1985: 253-270). Such expression refers to the forms of concrete labour management and control balancing coercion and consent at the point of production, in response to competitive pressures generated by the prevailing organization of capitalism and influenced by the degree to which labour is tied to capital for its own reproduction. These dimensions are inherently structured and mediated by state intervention, which – coherently with a strategic relational understanding - responds to political-economic constraints, dominant class interests, and broader balances of class forces. Burawoy (1985: 122-124) conceptualized this ensemble of state-sanctioned relations as a “factory regime”, treating the workplace, in a dialectical move, as a vantage point from which to analyse wider class relations—much as Marx took the commodity as the entry point for uncovering the contradictions of capital.

This analytical operation poses thus no ontological problem. However, global production today combines multiple labour processes within integrated yet geographically dispersed production networks (Baglioni et al. 2022, Huertgen 2022, Werner et Bair 2019). As discussed above, in fact, the reproduction of uneven development, along core–periphery lines within GVCs, is central to the imposition of super-exploitation, both by intensifying competitive pressures and by supplying labour surpluses to transnational capital. At the same time, global value chains increase surplus value extraction by mobilizing and reproducing situated forms of uneven development and social hierarchies —such as gender and race—which further promote labour subordination and fragmentation, from wider transnational geographies to the single workplace. To capture these transformations, recent scholarship inspired by Burawoy's agenda has increasingly shifted from the notion of *factory regimes* to that of *labour regimes*, in order to emphasize the multiscalar articulation of the politics of production in contemporary GVCs and the growing importance of social reproduction dynamics. As Baglioni et al. succinctly define it, a labour regime is:

a set of social relations and institutions that *make* workers [...] and shape and construct exploitation at multiple scales and through different spheres across the “global economy”. Labour regimes are the invisible infrastructures that mobilize workers for factories, farms and offices, and that extend and intensify work. (Baglioni et al. 2022: 82).

As discussed, the contradiction between GVC-led extraverted industrialization and recent waves of depeasantization in many developing and emerging countries constitutes a key structural mechanism through which cheap labour is made available to the advantage of transnational capital and its domestic articulations. Analysing the political and social constitution of the resulting labour surpluses, and the ways in which they are used to impose low wages—that is, combining a systemic perspective with an analysis of concrete labour regimes—is therefore also central to understanding super-exploitation in global production. The combinations explored in the literature are highly diverse; in the following lines, I therefore focus on those insights from labour-regime and complementary researches that are most suitable for framing my empirical analysis.

In this perspective a useful starting point is to step back to the implications for workers of core-led trade and capital liberalization policies. In fact, industrial restructuring processes that they fostered not only reshaped productive landscapes, but also freed exploitable labour for TNCs and their suppliers, both through direct job losses and through their negative impact on employment generation. Tariff reductions further intensified competitive pressures on small farmers in the Global South, as they were often associated with subsidy cuts and other liberalizations that did not target core agricultures. This asymmetry decisively favored processes of land centralization to the advantage of both transnational and domestic agribusiness. As will be shown in the empirical cases, these outcomes may be also actively promoted by peripheral states through policies of “accumulation by dispossession” (Harvey 2003), centred on the privatization of public or collectively owned land, alongside export-oriented agricultural ‘upgrading’ strategies that rely on large capitalist farms (Adnan 2013, Jouilli et Elloumi 2023, Kelly et Peluso 2015).

The management of international migration represents another key mechanism for supplying cheap labour to TNC-led global value chains. The availability of foreign labour power, often undocumented and racialized, is in fact crucial to labour regimes in global production in many contexts (Rioux 2022: 126). As I will show in cases, criminalization of migration and militarized border control aimed at preventing entry into advanced countries, implemented by peripheral states in cooperation with core ones, may also play a key role in pooling labour surpluses in export-oriented enclaves, which often constitute intermediate steps in transnational migration trajectories targeting advanced countries as final destination (for Mexico see Ebner

2024). Cheap labour in global production, however, is mainly composed of internal migrants, as GVC hubs are frequently located far from rural reservoirs of origin.

Extraverted industrialization thus reproduces not only global political economy asymmetries, but also deep dynamics of uneven development interior to emerging and developing countries, which are in turn crucial to the concrete articulation of labour regimes (Huertgen 2022). Transnational corporations tend indeed to privilege littoral or border locations due to logistical imperatives, most notably the central role of port infrastructure and maritime trade as connectors of transnational production networks. State policies are a key driver of this trend, both through neoliberal reforms and through the allocation of public resources to attract foreign direct investment at the expense of more geographically balanced paths. This is further reinforced by the purposeful design of Free Trade Zone infrastructures and incentive schemes aligned with the spatial requirements of transnational capital (Dixon et Alami 2024: 135).

Once internal uneven development is consolidated, however, these schemes may also encounter TNCs' interest in directly tapping agrarian labour surpluses by localizing production in rural areas. In these contexts, the non-wage income of semi-proletarian households can enable even higher levels of exploitation (Bernstein 2007), while at the same time reinforcing strategies of workforce fragmentation across competing hubs within the same national space (Cossa et Ovalle 2025). That said, the availability of a migrant labour force remains crucial to deepening the "whip of capital" (Burawoy 1985: 135) in the labour process by tightly binding workers' reproduction to wages. This may combine with dormitory regimes —often favored by state regulation itself, as in the case of the hukou system in China (Smith et Pun Ngai 2006)—or with contexts in which public intervention is less direct but no less consequential, such as urban planning, or its deliberate absence, which accommodates the settlement of GVC workers in more or less informal neighborhoods distant from public transport and health services (Harris et Hough 2022).

Capital's ability to leverage all these processes to discipline workers and intensify their fragmentation through flexibilization strategies is further institutionalized by labour regulations promoting extreme precarity - when informality is not directly mobilized as a power relation at the point of production (Bagnardi 2023). Hierarchization along contractual lines constitutes moreover a crucial means of segmenting the workforce, both within individual workplaces and across different—yet interdependent—firms in the domestic articulation of global production networks. These strategies are deeply intertwined with the mobilization of social hierarchies of gender, with women constituting, in many instances, the bulk of super-exploited labour.

The very low wages that these processes make possible are themselves a driver of workers' 'consent' to increased surplus value extraction through piece-rate payment systems and overtime that exceeds already extended normal working hours prevalent in the global periphery (Campling et al. 2022: 262-263, Selwyn 2019). They are in fact the only means to obtain remunerations close to a minimal consumption basket, yet often barely sufficient for individual workers – not their family - and obtained at expense of physical and mental capacities – a dynamic that vividly matches with Marini's concept of super-exploitation as

resulting in the premature exhaustion of labour power, expressed in a gradual reduction of the worker's useful life, as well as in psychophysical disorders brought about by excessive fatigue (Marini 2022: 164).

Lacking effective public welfare, non-living wages may moreover serve to deepen workers dependence on capital, and its ability to balance coercion and consent, through indebtedness, in synergy with broader state-sponsored processes of "subordinated financialization" (Bonizzi et al. 2019), as well as paternalist practices in the form of privatized welfare provisions.

Surveillance, managerial arbitrariness in distributing incentives and sanctions, but also widespread abuses —particularly targeting feminized workforces in labour-intensive production (Mezzadri 2017) — remain however central to labour subordination and the enforcement of super-exploitation. Once again, weak labour regulation and constraints on collective bargaining, often actively shaped as such by peripheral states seeking integration into global production, decisively sanction this framework. This occurs in parallel with accommodation of managerial repression of independent labour organizations, or with direct state enforcement of repressive labour regimes (Anner 2015, Fransen et al. 2017).

2.4 Resisting exploitation. Workers power in global production between structural trends and power resources

Far from being mere sites of exploitation, global production is also a crucial arena of class struggle. In fact, transnational supply networks have not dissolved but rather manifest the ineliminable dialectic through which capital accumulation combines an intensification of surplus value extraction —secured by the fragmentation of the collective worker, from state-sanctioned individualisation in labour markets to multiscalar labour regimes—with an expanding reliance on "cooperation" (Marx 1992, chap. 13). By integrating dispersed labour processes and geographies, GVCs thus reproduce—and may even expand—the objective

interconnections of workers in production and, beyond it, in social reproduction (Mezzadri 2017). Continuously made and unmade by capital across space and time, these interconnections therefore constitute the material conditions on which collective workers' agency, struggle, and power against capital ultimately rest (Atzeni 2010, Santella 2022, Silver 2003: 18).

Following Silver's (2003: 13-15) systematization of insights from Wright (2000: 990), workers' power can be first analytically disaggregated into marketplace and workplace dimensions, which together constitute the two components of structural power. Marketplace power, or labour market power, refers to workers' bargaining capacity derived from conditions external to the labour process, such as tight labour markets, scarce skills, or alternative employment opportunities. Workplace power, by contrast, stems from workers' strategic location within production and from their capacity to disrupt capital accumulation through collective action, most notably strikes. Importantly, Silver did not propose a mechanistic understanding of labour agency and consistently stressed the role of organization in activating workers' disruptive capacities and struggles, even compensating scarce structural bargaining power. Before turning to contributions that foreground "associational power", it is useful, as starting point, to examine how GVC dynamics shape structural dimensions of labour resistance. From the perspective of labour market bargaining power, global value chains can be understood as a fundamental driver of working-class *weakening*, particularly in developing and emerging economies. The GVC-led and neoliberal reproduction of large labour surpluses discussed in previous sections has systematically reduced workers' marketplace power in the global periphery. From the standpoint of workplace power, this tendency may be partially counterbalanced by the fact that, while transnational sourcing allows lead firms to externalise market risks and deepen exploitation, just-in-time systems oriented towards zero inventories—central to the coordination of dispersed labour processes—simultaneously expose global production to disruptive actions such as strikes (Silver 2003: 17-18, Anner 2015). At the same time, however, transnational corporations (TNCs) can often shift from one supplier to another with relative ease, particularly in labour-intensive and low value-added activities such as garment production. This flexibility translates into weak workplace power for workers employed in such contexts. Along these lines, while the threat of relocation is often discussed primarily as a mechanism to undermine workers' bargaining positions in advanced economies, it is no less salient for peripheral working classes. In these contexts, industrial restructuring is more rarely offset by employment creation in advanced services or high-technology sectors, as it tends to occur in core economies. On the contrary, in the Global South, highly specialised economic structures have made—and continue to make—capital flight and sourcing shifts by TNCs

potentially more disruptive in employment terms than in advanced economies. In response to wage increases, offshoring from the core to peripheral locations has frequently been indeed accompanied by subsequent spatial fixes from these locations to even lower-cost countries, a dynamic that further undermines workplace power for GVC in peripheral contexts (Werner 2014, Werner & Bair 2019).

As Kumar (2020: 214-226) has argued, most notably over the last 15 years, some counter-tendencies have nevertheless activated. Competitive pressures across supply chains have indeed promoted dynamics of concentration and centralization among suppliers. If, as discussed, this is a constraint for sustained upgrading trajectories meaning more ‘entry barriers’ to developing countries’ suppliers, it also partly counter-acts to the monopoly power of global customers and their capacity to shift from a sub-contractor to another, with a corresponding increase of labour workplace power. In addition, the accomplished extension of global value chains to an increasing number of developing and emerging countries has reduced the viability of spatial fix strategies. Last but not least, it is important to consider that while China’s emergence as a key GVC hub has displaced many developing and emerging economies from segments of global production, as it upgrades across a growing range of sectors, it is increasingly becoming less a competitor than a source of foreign direct investment (FDI) for peripheral economies, which may represent a further counter-tendency to the race to the bottom and inherent reduction of workplace bargaining power.

Although Kumar developed these ideas with reference to the clothing production network, they are still more worthy of attention for other value chains, like electronics and automotive, rooted in high value-added activities and R&D tasks. In these contexts, the dominant organizational form is direct control by lead firms or reliance on what in mainstream GVC terminology are known as turnkey and specialized suppliers, often themselves organizing and controlling transnational networks of direct affiliates. Rapid sourcing shifting from a supplier to another in response to strikes, such as in the clothing GVC, is here more complex, also due to a relatively elevated product customization, even in very labour intensive and low wage segments. In the global car industry, on which I will focus in cases, moreover, these features add to dynamics of strong regional agglomeration, associated with elevated logistics requirements of a sector centered in relatively bulky final products and components. Regionalization is however an accelerating trend, complementary to processes of consolidation within supplier networks of major TNCs and pushed by the soaring geopolitical tensions among major blocs. Despite being far from countervailing processes of dependent integration, this trend is particularly important for addressing the topic of workers’ structural power since it poses objective limitations to

spatial fix-driven reactions to labour struggles. Put differently, there are growing indications that GVC workers in developing and emerging economies are increasingly positioned at strategic chokepoints, most notably within key supply chains. This tendency contrasts with representations that reduce labour involved in global production to a multitude of small sweatshops, where workers are assumed to possess little bargaining power not only because of their fragmentation, but also because of employers' limited capacity to make concessions when operating at the margins of profitability in ultra-competitive environments. The increasing concentration of workers in affiliates of large transnational corporations and in some major domestic firms may, moreover, strengthen workplace power even in a more traditional Marxist sense, which emphasises workers' agglomeration as a condition for the emergence, diffusion, and effectiveness of collective action and organization (Kumar 2020: 225).

The general picture outlined so far is complemented by a growing body of case studies inspired by the Power Resource Approach (Schmaltz 2018; Arnholtz and Refslund 2024). Building on Silver's insights, this perspective conceptualises labour power as a set of resources that workers can mobilise to defend their interests, and extends the 'traditional' structural and associational dimensions by adding institutional, coalitional, and ideational ones. From this standpoint, particular emphasis has been placed on the capacity to turn "structural power into associational power," as Selwyn puts it in his account of Brazilian horticulture workers (Selwyn 2013). Other studies have instead pointed to positive feedbacks between relatively strong unions and supportive institutional frameworks. In this regard, Mashilo and Webster (2021) stress the importance of unions' capacity to secure the institutionalisation of sector-wide collective bargaining and state-labour dialogue arrangements in order to improve working conditions in the South African automotive supply chain. Comparing Vietnam and Cambodia, Marslev et al. (2022) further show how governments' electoral interests and, respectively, legacies of pro-labour state institutions may be crucial in turning associational power into processes of social upgrading. In addition, forms of transnational labour organising—bringing together Global South unions with labour organizations, NGOs, and social movements in advanced economies—have been framed as instances of workers' coalitional resources. These initiatives can activate institutional power mechanisms such as Global Framework Agreements and may also benefit from forms of symbolic power, particularly when harsh labour conditions and industrial disasters, such as the Rana Plaza collapse in Bangladesh, generate pressure through their impact on consumers in the Global North (Flecker 2024).

2.5 The limitations of workers power in global production between labour regimes and unions as mass integrative apparatuses

Despite providing a useful angle for politicising debates on “social upgrading,” literature focused on workers’ power in global production risks becoming unilateral, either by exaggerating positive structural trends or by maintaining a sectoral focus that remains abstracted from broader class relations, balances of class forces, and political-economic dynamics (Nowak 2022; Selwyn et al. 2025: 194-5). As a result, this literature has at times produced an overly optimistic assessment of GVC workers’ capacity to secure sustained improvements through bargaining, overlooking capital’s and the state’s ability to retract concessions and to restore conditions of exploitation by shaping the macro-economic context and by continuously deploying strategies aimed at subordinating and fragmenting labour. In this regard, analyses of workers’ resistance should therefore incorporate how labour regimes are purposefully crafted to prevent or respond to workers’ attempts to organise and struggle (Anner 2015; Baglioni 2017, 2022).

Against this backdrop, within the PRA tradition, a reflection on the need to integrate analyses of workers’ power with those of capital’s power over labour has lately emerged (Arnholtz and Refslund 2024: 11, Flecker 2024: 167-9), together with some empirical attempts to substantiate these reflections within debates on labour mobilisations in global production. In a recent paper, for instance, Marslev et al. (2025) combined the power resources and labour regime approaches to show how, under pressure from global buyers, Vietnamese garment suppliers responded to wage increases by intensifying work pace and relocating production from coastal to rural areas.

This discussion offers important insights on which I build in the empirical sections. Nevertheless, I add that the PRA literature’s neglect of broader class dynamics does not merely result in an underestimation of the constraints faced by workers and unions under adverse power configurations with capital. It also authorises a lack of scrutiny over whether power is deployed to advance collective working-class strength and goals—that is, processes of class formation in antagonism to capital—or whether it is instead mobilised in more limited ways; a shortcoming going in hand with a tendency to treat unions as a proxy for the working class (Atzeni 2021; Gallas 2018, 2024; Nowak 2018). As Gallas puts:

the conceptualisation of the PRA has the problematic consequence that any strategy of unions and parties where stated aims are achieved can be declared a successful exercise of workers’ power—no matter what the effects are of this strategy on workers as a class. Sectionalism and collusion with management or with pro-business governments on the side of unions, as well as accommodating strategies on the side of labour parties, have

delivered, in certain cases, some benefits for the rank-and-file of the organizations in question. However, they usually have extremely divisive effects on workers in society as a whole, thus weakening the overall position of labour. Furthermore, unions—in particular in countries in the Global South with huge informal sectors—often struggle to reach beyond very narrow constituencies. In these settings, union strategies may be geared to a small minority of workers and obstruct working-class formation in the sense of a process in which the collective agency of workers as a class and as an antagonist of capital is strengthened (Gallas 2018: 349).

In this light, an analysis of the limitations of workers' power in global production should consider not only how workers' resistance to exploitation confronts capitalist power relations and labour regimes, but also why unions cannot be treated as workers' power resources in their own right and may instead concur in the reproduction and adaptation of labour regimes themselves. Although they are not the only means through which labour mobilises, unions may indeed be key in fostering workers' collective action insofar as it enables bargaining over the value of labour power—their constitutive function. Around the institutionalisation of this very function, however, workers' syndicates tend to develop bureaucratic tendencies and an interest in subordinating processes of class formation to the preservation of their negotiating position, as a longstanding Marxist literature has underscored (Hyman 1989, Offe and Wiesensthal 1980; Darlington and Upchurch 2012³).

Importantly, bureaucratisation and the promotion of class agency by unions are not mutually exclusive poles, at least to a certain extent. In this regard, unions, like other popular organizations, may be conceptualised as “mass integrative apparatuses” (Nowak 2021: 6): institutions whose role is to sustain the broader social and political order precisely through the articulation of working-class demands, yet selectively and in forms compatible with the capitalist system in its concrete configurations. To be sure, regimes of super-exploitation in global production often rely on yellow or state-incorporated labour organizations —more akin

³ While pointing in a similar direction, these authors differ in important ways. A full discussion of these differences goes beyond the scope of this research. However, it is useful to recall some key insights from such scholarship that more or less directly inform the analysis developed in empirical chapters. Hyman emphasizes the connection between differentiated authority and commitment separating ordinary members and activist leaders as a fundamental source of bureaucratization, particularly in relation to bargaining practices. Offe and Wiesensthal focus on the strategic dilemmas generated by the structurally asymmetrical relation between labour and capital, and on the difficulty encountered by union leaders in balancing a “dialogic logic” of collective action with the need to maintain a bargaining position vis-à-vis employers. Darlington and Upchurch, by contrast, stress that the emergence and consolidation of a layer of full-time officials plays a key role in institutionalizing the rift between the union bureaucracy and the rank and file—the latter understood as a category that would also include workplace representatives. In Global South contexts, in practice, union bureaucracies tend to be relatively weak, which lends support to the arguments advanced by Hyman and by Offe and Wiesensthal. In fact, the extremely high levels of exploitation experienced by workers in my case studies mean that the opportunity to assume a union role—and thereby reduce time spent in production—may nonetheless generate forms of relative privilege vis-à-vis the rank and file, even at a more grassroots level. However, as I return in case studies, the role of the national union bureaucracy may reveal significant in peripheral countries as well.

to ideological state apparatuses than to mass integrative ones (Nowak 2021)—and the bulk of the literature has therefore legitimately concentrated on these scenarios when including workers’ syndicate into the analysis of labour regimes (Ness 2015; Marinaro and Cirilia 2019).

As I will illustrate in case studies, I contend, however, that an important pillar of labour-regime stability in global production may instead lie in more variegated combinations of coercion and consent vis-à-vis workers organizations. Nowak’s framework therefore permits to grasp situations in which repression against independent labour organization goes in hand with institutionalised spaces for workers’ syndicates to bargain and manage grievances from below, at times even accommodating grassroots conflicts. Accordingly, recalling a theme implicit in Gallas’ quotation, while collective bargaining and corporatist arrangements may open a relatively favourable arena for securing some labour gains, they can hardly be considered instances of workers’ power, particularly in the capitalist periphery (see also Gallas 2024: 76-80, Nowak 2018). Indeed, these mechanisms reinforce unions’ institutionalist strategies, which are ineffective in organising highly precarious GVC workers—for whom grassroots, community, and clandestine forms of association are required (Kumar 2020: 55-57)—while at the same time potentially producing disorganising or demobilising effects in strategic industries.

In fact, as I will show in cases, in dependent capitalist contexts unions’ guarantee of moderation in strategic, export-oriented GVC workplaces or sectors may correspond to an important lever for preserving bargaining positions to the advantage of specific layers of workers—mostly those in state administration, in which global south unions have often their strongholds (Engels et Roy 2025). A study of sectoral labour dynamics in global production should therefore examine the relations between labour organizations intervening in a given context and the broader class dynamics, political system and the state. Unions can be in fact extremely variegated across workplaces and industries, yet it is at the “level of the social formation” (Nowak 2021: 5) that it is possible to discern, even maintaining a specific focus, to what extent they are instances of workers’ power or mass integrative apparatuses, contributing to given labour regimes and, thus, the interests of the dominant power bloc and broader accumulation models. This should not, however, be seen as a fatality, but rather as the outcome of a constant tension internal to labour organizations, which are themselves arenas of class struggle (*ibid.* 2021: 7). Tendencies toward institutionalization may in fact open up spaces for contestation against conservative labour leaderships from rank-and-file sectors (Darlington and Upchurch 2014), or for the emergence of more grassroots and self-organized labour actions outside unions, such as wildcat strikes (Atzeni 2021, Anner 2015).

These dynamics deserve close attention, as they testify to ongoing potentials for class struggle and often, indeed, represent key engines of labour mobilization in peripheral contexts. Exploring them is, moreover, useful to counter a common bias in the PRA literature, namely the tendency to assume that institutionalist strategies adopted by union leaderships are ultimately justified by calculations over static power configurations (Arnholtz and Refslund 2024), thereby downplaying struggle as a key moment of class formation (Atzeni 2009, Gallas 2024: 131-138). Yet, I stress this while acknowledging that such processes remain insufficient to resolve the broader problem of workers' empowerment in global production and beyond—a problem that ultimately relates to the challenge of building anti-capitalist strategies, organizations, and alternative political directions beyond “mass integrative” labour organizations (Darlington and Mathers 2014; Nowak 2018, 2021; Ness 2023), or turn them in “apparatuses of proletarian hegemony” (Nowak 2021: 7).

2.6 Conclusion

Mobilizing various Marxist approaches, this chapter embedded a systemic analysis of capitalism within the broader class and (geo)political dynamics shaping GVC-led uneven development and exploitation. It began with a conceptualization of the state as a materialization of fundamental social and class relations on the terrain of capitalist accumulation, before showing how uneven development is co-constitutive with inter-state hierarchies. Global value chains are thus understood as an international political economy configuration established by the US–EU–Japan triad, under US hegemony, to secure the transnational expansion of dominant capitals by restructuring and reinforcing the subordination of peripheral economies through neoliberal trade and capital liberalization, while sustaining the technological supremacy of core firms. For emerging and developing countries, integration into global production therefore implies a dependent accumulation model in which transnational capital sets firm boundaries to autonomous developmental strategies. Yet, since workers rather than suppliers are the primary subjects of surplus value squeezing in transnational supply chains, sections of domestic capital may readily accept subordinate positions vis-à-vis lead firms. Even fractions not directly integrated into GVCs may support accommodative policies, as global integration requires infrastructure investments and financial liberalization that open significant profit opportunities for key domestic capitals and state bureaucracies. In this context, hierarchical or crony state–business relations and muscular forms of state intervention are neither distortions nor returns to

developmentalism, but concrete mechanisms through which peripheral states coalesce power blocs led by transnational capital and large domestic firms, while sidelining other business interests. Country-specific trajectories in global production must therefore be analysed through the interaction of dominant class fractions, state institutions, and broader class struggles, while recognising that peripheral states lack both the capacity and the willingness to promote cumulative upgrading.

This logic is even more evident with regard to so-called social upgrading. The expansion of GVCs in the capitalist periphery rests on the establishment of labour regimes that politically constitute labour surpluses inherent in extraverted accumulation. At both international and domestic levels, state action is pivotal. Trade and capital liberalization promoted by core states, and accommodated by peripheral ones through land privatization and industrial restructuring, have fostered dispossession as a key mechanism for supplying transnational capital with cheap labour. In parallel, especially in countries located at the margins of major geopolitical blocs, coercive migration management contributes to the pooling of super-exploitable labour for TNC-led production. These processes interact with corporate (dis)investment strategies that operate across scales and rely on active state accommodation. Particularly significant are spatialized industrial strategies that entrench internal uneven development, assigning some territories to global production while relegating others to labour-reservoir functions. The reproduction of cheap, often highly feminized labour supplies enables the reinforcement of gender hierarchies and precaritization, functional to workforce fragmentation, within workplaces and across domestic supply chains and to impose non living wages, alongside piecework payments and overtimes. Once again, the state plays a decisive role, either indirectly or directly, by supporting labour flexibilization strategies and by institutionalising coercive labour management, including through Free Trade Zones where independent labour organization is restricted.

Processes of labour control, fragmentation and repression discussed so far go however in hands with countertendencies that make workers', and most notably those located in strategic GVCs, a crucial social force. Key to understand workers power, in general, and in global production specifically is therefore to combine a political economy analysis, permitting to understand structural conditions, with that of labour organization and political subjectivity. In this respect, the chapter has shown that GVCs are not only architectures of labour weakening, but also arenas in which capital's reliance on integrated and time-sensitive production flows may generate disruptive leverage for workers, particularly where supplier concentration, regional agglomeration, and sectoral specificities (such as in automotive and electronics) limit capital's ability to deploy spatial fixes. At the same time, and nevertheless, the chapter has argued that

assessing workers' bargaining potential requires moving beyond an exclusive focus on "power resources" and union-centred strategies. While the Power Resource Approach usefully politicises debates on social upgrading by highlighting the ways in which structural power may be converted into associational, institutional, coalitional, and ideational capacities, it may also authorise analyses abstracted from broader class relations and from capital and the state's ability to reshape labour regimes, retract concessions, and restore exploitation. Finally, the chapter has stressed that unions cannot be treated as workers' power resources in their own right, or as straightforward proxies for the working class: as "mass integrative apparatuses," they may selectively articulate workers' demands while contributing to labour-regime stability, especially in dependent contexts where corporatist arrangements can demobilise strategic sectors and preserve bargaining positions for narrow constituencies. For this reason, understanding workers' power in global production ultimately entails analysing the nexus between labour struggles and processes of class formation—within and beyond established labour organizations—and the ways in which labour regimes and state strategies constrain, or channel workers' antagonistic collective agency, sometimes with the concours of labour organizations themselves.

Chapter 3 - Research design and case selection

3.1 Methodology and sources

In methodological terms, the theoretical approach hitherto outlined assumes a holistic perspective aimed at bridging global political economy dynamics with domestic class and political processes, while considering multiple and inter-connected scales—from the world capitalist system to the factory floor, passing through situated geographies of uneven development. Along these lines, the thesis departs from a formal comparative methodology that conceives cases as separate entities selected on the basis of similarity in order to isolate causal factors behind variation. Furthermore, although I emphasize the primacy of global processes and structures, I do not treat case studies merely as illustrations of the overarching weight of external pressures. Even such a move would represent an advance vis-à-vis the firm-centrism and “methodological singularism” that characterizes the mainstream global value chain (GVC) approach. However, an overly structuralist perspective risks neglecting the “internal relations” between the general and the particular within the social totality, a gap that it is necessary to deal with, since the failure to specify this connection is precisely what, theoretically, continues to open rooms for manoeuvre to various expressions of methodological individualism.

In order to avoid this pitfall, and following an incorporating comparison logic, I therefore conceive of the specific trajectories on which I restrict my focus as “differentiated outcomes or moments of an historically integrated process” (McMichael 1990: 392). Accordingly, I interpret case-level and within-case variations as the concrete ways through which situated expressions of social agency have both organized their participation in global dynamics of uneven development and contributed to their reproduction. Case studies are therefore, as far as possible, analyzed relationally and in interaction with developments occurring in other nodes of the international political economy and production networks in which they are embedded. This methodological operation is particularly important in countering the problem-solving logic of mainstream GVC literature, which tends to isolate specific country-, sectoral-, or firm-level outcomes in ways that confirm the framework’s expectations as generalizable, failing to recognize that the functioning of capitalist uneven development and exploitation precisely depends on the mutual constitution of upgrading and downgrading trajectories at various scales.

Another expression of the problem-solving logic characterizing mainstream approaches is a confirmation bias in case selection, an operation that tends to focus on instances that unambiguously confirm the validity of hypotheses, while neglecting—or treating as contingent deviations—cases that move in the opposite direction. By contrast, aiming to underscore the analytical power of a critical approach to global production, I mobilize cases that, at first glance, appear to contradict theoretical expectations. In this respect, I concentrate on the automotive sector, traditionally regarded as a crucial driver of industrial spillovers and potential improvements in working conditions, which has moreover been experiencing an ongoing and accelerating process of transnationalization. Complementarily, I focus on Morocco and Tunisia, which, in adjusting to this process, have “upgraded” their production profiles from a less complex specialization in textiles to car components—and, in the case of the former, even finished vehicles and electric batteries. By contrast Tunisia remains focused on lower value added products, yet it hosts a relatively significant layer of domestic suppliers, some of whom not merely stuck in export-processing tasks, but also, to a certain extent, committed to technology innovation and disposing of their own network of foreign direct investments. Before locating the case studies within the broader dynamics shaping the automotive industry and its regionalization in the EU-centered area, I first clarify the methods of data collection.

Under a qualitative research strategy, the thesis leverages on extensive fieldwork experience and a wide range of primary data. Fieldwork periods spanned four months from April to June 2022, plus a further six weeks between December 2023 and May 2024 in Tunisia. In the case of Morocco, I instead spent four months between the end of January and June 2023. Over these periods, I collected more than 50 semi-structured interviews with managers, HR consultants, industry experts, representatives of business organizations and institutions, union and leftist activists, union officials, engineers, and workers, most of them directly involved in, or interested in, my case studies’ automotive sector.

The interviews generally lasted between 30 minutes to two hours and centred on respondents’ vision regarding the prospects and challenges for the development of the industry and—in the case of managers—of specific firms, as well as on interactions with institutional and other corporate actors involved in the global value chain, work organization and labour relations, working conditions, and union strategies. Interviews were moreover crucial for gathering general and company-level information related to production, workforce composition, and recruitment practices.

The process of identifying and contacting informants aimed at achieving maximum

heterogeneity. For this reason, interviews were conducted with the aim of spanning various actors in the supply chain and the largest possible number of automotive locations, namely Tunis, Sousse, Bizerte, Nabeul, and Béja in Tunisia, and Tangier, Casablanca, and Kenitra in Morocco. To this end, I adopted a purposive sampling method, contacting prospective respondents via email and telephone and—in cases of non-response—resorting to direct visits to companies, institutions, and union headquarters.

Particularly in Tunisia, however, I encountered widespread unwillingness among business actors to participate in interviews, with only three respondents belonging to this category among respondents in the country. It was moreover not possible to obtain meetings with representatives of major car-maker TNCs in Morocco, due to a lack of responses or indefinite postponements of promised meetings. I do not have a definitive answer for this unavailability; yet I have elaborated some hypotheses. Concerning Tunisia, I am convinced that a key cause is simply the lack of academic attention to the country's automotive sector, which makes business actors unaccustomed to receiving requests for interviews from researchers, particularly in the social sciences. With respect to car-makers, I tend to identify the key factor in the complexity of their organizational structures. Nevertheless, the sensitivity of my focus on labour may also have been a contributing factor to these refusals. In any case, interviews with other industry actors, such as experts involved in Renault and Stellantis' supply chains in Morocco, as well as union actors, technicians, and line workers employed by these companies, have largely compensated for this limitation for the purposes of my research.

Another bias in the interviews is the relative predominance of male workers among respondents, which is particularly problematic given that in both case studies automotive labour is highly feminized. In this respect, a cause for this bias is that unions acted as an important gatekeeper of my encounters with workers, whereas the combination of social reproduction burdens, gender norms, and elevated precarity makes it particularly difficult for women to participate to union activities. In addition, linguistic barriers and security concerns for respondents prevented me from directly searching for potential interviewees outside workplaces.

In an effort to circumvent this problem, I tried to contact workers directly through Facebook groups, which, in a context of weak labour organization and repression at the point of production, constitute an important space for workers' socialization – particularly in Morocco. This strategy helped me get in contact with workers not directly tied to unions, but it did not rebalance the gender gap in my pool of interviews. Another important strategy to nuance information from union sources, and also to meet grassroots workers, was connecting with

networks of leftist activists engaged in labour issues and organization. All interviews are anonymized both to encourage respondents to speak freely and for obvious security reasons in environments marked by managerial despotism and state authoritarianism. In some cases, I agreed with informants not to mention their organization, which could facilitate identification. Most interviews were conducted in French, but, particularly in the case of workers, I sometimes required the assistance of an interpreter from Tunisian Arabic.

Concerning data on quantifiable economic and social dimensions, I found relevant information on value added, wages, and employment in official statistics from international and national sources. I refer most notably to those provided by Morocco and Tunisia's statistical offices—the *HCP - Haut Commissariat au Plan* and the *INS - Institut National de la Statistique*, respectively—but also to fine-grained export data, necessary to address case studies' automotive specialization in a more product-specific way, from the *Atlas of Economic Complexity* (Harvard Growth Lab n. d.) and the *Centre d'Études Prospectives et d'Informations Internationales – CEIIP* (CEIIP n. d.) databases. The identification of automotive products in this context was made possible by product classifications provided by the World Bank, adjusted with information on car-related products from Drelich-Skulka et al. (2021).

In the case of Morocco, I moreover drew on figures on finished car production from *OICA – Organisation Internationale des Constructeurs d'Automobiles* (OICA n.d.) For Tunisia, I was also able to analyse an unpublished dataset compiled by the *APII Agence Pour la Promotion de l'Industrie et de l'Innovation*, including data on geography, employment composition, R&D expenditure, and customers, among other dimensions, for almost the totality of firms involved in the automotive GVC. This significantly compensated for the scarcity of interviews with business actors previously mentioned for this case.

Another important primary source consisted of Facebook posts containing communications from labour organizations, videos from union actors and workers, as well as posts related to labour disputes. This social media source was also important for obtaining information on workers' origins—rural outmigration patterns being key to my argument—in Tunisia, where, unlike in Morocco, I could not find secondary literature addressing this dimension. I therefore constructed an original and anonymous dataset based on the analysis of more than 700 profiles from a public Facebook group participated by workers at LEONI Sousse, the largest employer in Tunisia. This crucially complemented information from respondents and allowed me to grasp the importance of highly feminized and agrarian labour surpluses for the country's export-led automotive sector. A last significant primary source, connected to the institutional dimension of

my researches, are legal documents, some of which, that is Collective Agreements texts and their updating in the case of Tunisia, also permitted me to find data on wages and extrapolate information on labour relations.

Concluding with secondary source, company reports of major TNCs that provided a significant bunch of information on production, employment and firm strategies. National business press has been moreover significant to reconstruct industry trends and obtain company information. Various Morocco and Tunisia-based media outlets were then critical to get insights on local politics and labour disputed, for which, in the case of Morocco, I also leveraged leftist media, and in particular the website of the Marxist Journal *Al-Mounadil* quite updated regarding workers' struggles. Besides the scattered literature related to the automotive industry in my case studies - mostly policy oriented and from institutional origins - I drawn important information on my case studies' political, political economy and labour dynamics from several academic researches on Morocco and Tunisia that I reference across the thesis.

3.2 The 'global' automotive and regional uneven development: locating Morocco and Tunisia's integration in the EU-centred car industry

The automotive industry is the epitome of Fordist industrialization; however, it remains one of the key vectors of technological and organizational innovation in contemporary capitalism. The car sector, led by global OEMs—original equipment manufacturers—in the assembly branch, remains the leading industry in terms of expenditure on R&D. Over the last four decades, it has moreover been at the forefront of just-in-time production transformations and currently leads processes of industrial automation and digitalization, while also being shaped by a paradigm shift from internal combustion engines to electrified propulsion systems (Doner et al. 2021, Hertenstein 2016, Krzywdzinski et al. 2025, Sturgeon et Van Biesenbrock 2011). Since the 1980s, the automotive industry has also experienced sustained processes of transnationalization, progressively expanding the range of major automotive hubs and global players, with the recent and remarkable emergence of Chinese automotive firms as leaders in electric batteries and vehicles (Graham 2021).

Despite the global financial scope and interests of major car-makers, this manufacturing industry has developed through regional spatial agglomerations that allow for savings in

transport costs, given the relatively large bulk of automobiles and components involved. Hence, unlike other GVCs, such as the garment industry, the final advanced markets for automobiles have historically served as a key spatial anchor of the transnational car industry (Domański & Lung, 2009). The establishment of free trade areas, such as NAFTA, ASEAN and EU-led free trade zones, has also been critical to automotive regionalization, setting regulations against imports from non-member countries—such as quality standards, rules of origin and tariffs—while opening adjacent low-cost locations to advanced markets through export-oriented FDI. Since the 2008 crisis, these trends have accelerated due to growing international competition and, more recently, technological transformations shaping the sector. Specifically, electrification has, on the one hand, led to declining profitability in more mature activities, such as internal combustion engines—which nonetheless still absorb a significant share of Western TNCs’ investments—and, on the other hand, marked the emergence of China as an increasingly powerful actor, as noted above.

In this context, where core powers have reinforced the formal or de facto protectionist character of regional free trade zones, Global North carmakers have increasingly leveraged ‘nearshoring’ to gain labour-cost advantages. However, understanding how these trends affect developing and emerging locations requires acknowledging the uneven development dynamics shaping the transnational automotive sector, encompassing both industry-specific features and broader geopolitical and political economy dynamics.

The car sector comprises highly automated and high value-added segments—such as finished vehicle assembly and powertrain production—alongside low value-added sub-branches relying on labour-intensive processes and limited capital intensity, especially in electric and textile components such as wiring harnesses and seats, respectively. In this configuration, advanced economies—characterised by higher wages and skill levels—concentrate innovation, high-tech activities and premium car models, while peripheral countries specialise in labour-intensive tasks and more standardised products—a division that the transition to electric vehicles appears set to reproduce (Crossa & Lodi 2025).

Moreover, the automotive sector features a highly monopolistic ownership structure, encompassing not only engine producers and final assemblers but also component suppliers, as outcome of capital centralization trends accelerated in the period around the 2008 crisis. Within this configuration, megasuppliers—directly managing networks of affiliates—are prevalent not only in capital-intensive but also in labour-intensive sub-branches, such as electric components and, in particular, wiring harnesses, a product that plays a significant role in this research (Wong

2018). TNCs operating in this segment, in fact, tend to maintain more fragmented and geographically dispersed production networks than those in more capital-intensive automotive sub-branches. Nevertheless, despite being highly manualised activities relying on a low-skilled workforce, wiring harnesses are relatively complex and customised products. They therefore involve comparatively long-term partnerships between suppliers and OEMs, which limit the ease of sourcing shifts and thereby provide a non-negligible degree of workplace power to labour, compared to other labour-intensive GVCs such as clothing.

Returning to uneven development dynamics, and consistent with the discussion in section 2.2.2, the global car sector represents a key example of a production network in which the considerable monopoly power of both final assemblers and megasuppliers constitutes a structural constraint on firms in peripheral regions seeking to upgrade. Complementarily, regional trade agreements, alongside broader trends of trade and capital liberalisation, function as key mechanisms for perpetuating productive inequalities by promoting industrial restructuring and dependence on export-oriented automotive FDI. Integration into free trade areas also fosters downward competition among subordinate countries seeking to attract transnational capital, resulting in a drain of surplus value through incentive schemes, profit repatriation, and policies aimed at wage moderation. Conversely, rules of origin established by dominant states, together with various forms of subsidies and R&D support, help retain high value-added production within the home countries of transnational corporations. In this respect, the ongoing wave of protectionist measures imposed by the US, as well as by the EU, does not inherently contradict the logic of previous free trade policies, but rather represents a reconfiguration of core state strategies aimed at structuring the dominance of their transnational capital.

Dynamics such as those described so far have significantly underpinned the transnationalisation of the automotive industry within the EU-centred automotive space (Jullien & Pardi, 2013; Pardi, 2019; Gerőcs & Pinkács, 2019; Pavlínek, 2018; Szabo et Newell, 2024). Importantly, this trend has unfolded in two interconnected phases. The first occurred between the mid-1990s and the 2000s, through the incorporation of former Warsaw Pact countries in Central and Eastern Europe (CEE). The second, accelerating since the late 2000s, has entailed the inclusion of locations further east, such as Ukraine, and further south in the Balkans and North Africa, in search of increasingly lower wages. Following the collapse of the Soviet bloc, post-socialist restructuring enforced the productive subordination of CEE to European core countries—Germany in particular, but also France to a lesser extent. With a relatively well-developed automotive industry already in place, these countries combined low wages with comparatively

advanced industrial capabilities, making them key targets for automotive FDIs.

Initially, although vehicle production was also involved, the bulk of these investments was directed towards labour-intensive and low value-added manufacturing. Nevertheless, the strategy pursued by European core countries to incorporate CEE geopolitically into the EU project eventually opened up significant compensatory mechanisms to counter peripheralisation and wage devaluation.

Between 2007 and 2015, CEE countries received €175 billion in EU ‘cohesion funds’ (KPMG, 2016), which supported the refurbishment of infrastructure and helped to ease financial constraints on industrial policy (Markiewicz 2020; Medve-Bálint & Šćepanović 2020). These resources, directly or indirectly, facilitated accelerated inflows of capital-intensive automotive FDI, especially in car and engine manufacturing—part of a trend already underway in the 1990s and 2000s (Domański & Lung 2009) and only temporarily interrupted by the 2008 global financial crisis. In practice, this occurred in parallel with the core’s increasing specialisation in premium vehicles and high-end segments linked to electrification (Gerőcs & Pinkács 2019).

At the same time, the share of labour-intensive activities declined in CEE countries, while demand for semi-skilled labour increased. Moreover, their mid-2000s accession to the Schengen area, and the resulting removal of restrictions on the free movement of workers, contributed to depleting the regional reserve army of labour, thereby easing downward pressure on wages (Gerőcs 2019).

In response, core-headquartered TNCs sought alternative reservoirs of ‘cheap labour’ to enhance competitiveness and intensify exploitation, targeting new investment locations such as Morocco and Tunisia. Following this track, the two Maghrebi countries have recently surpassed key CEE automotive countries as most important suppliers of EU core countries in wiring harnesses – (Figure 1).

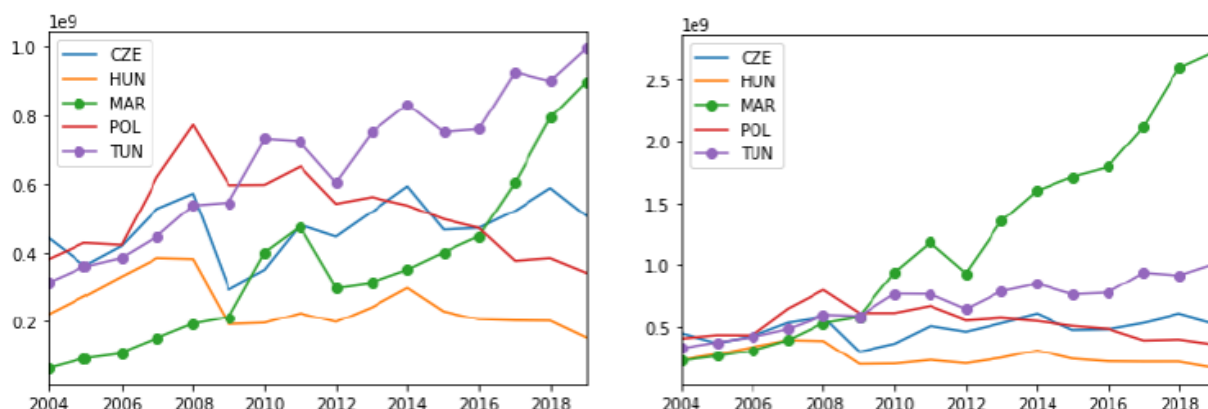


Figure 1. Wiring harnesses (HS92 code, 6-digit: 840430) exports from select locations to the EU automotive core (left) and the EU automotive core+Spain (right). Source: Author's elaboration from Atlas of Economic Complexity data.

Interestingly, significant labour disputes in CEE countries have concurred to make North Africa, and most notably Morocco also a target of relocations in car-assembly. In fact, Renault decided to build its plant in Tanger after a wave of strikes led to a 30% wage increase in its factory in Romania between 2007 and 2011 (Piveteau 2019). Analogously, in 2015, Stellantis (at the time PSA) announced its project to build a facility in Kenitra just when unions began pressing for significant wage increases at the Trnava plant in Slovakia ('Workers at PSA' 2015).

At this point, however, it is important to underscore that the 'low-cost' character of Morocco and Tunisia cannot be understood as external to the broader project through which EU powers have constructed a regional sphere of economic and geopolitical influence organised around differentiated dynamics of inclusion and exclusion. Attention to this dimension, in combination with domestic political economy and class path dependencies, is crucial to understanding the specific constraints shaping patterns of integration into the automotive industry that structure the trajectories of Morocco and Tunisia.

Against this backdrop, world-systems and regulationist analyses of the automotive industry have sometimes placed these countries in the same category as Central and Eastern European countries, namely 'integrated automotive peripheries'. However, this classification neglects the fact that the recent southward expansion of Euro-Mediterranean automotive regionalisation has been enabled by a form of incorporation of North Africa into the EU-led trade and investment bloc that is far more asymmetrical than in CEE.

A pivotal mechanism in this regard was the Euro-Mediterranean Free Trade Agreement (EMFTA), signed in 1995 by the EU and several North African and Middle Eastern countries,

with its effects becoming apparent in the mid-2000s. While reducing the scope for protectionist and local-content industrial policy instruments, its implementation in Morocco and Tunisia drove a profound restructuring of the remnants of their import substitution industrialisation models, which had already been undermined by structural adjustment programmes from the mid-1980s onwards.

Significantly, as North Africa remained excluded from the European Union, this restructuring occurred without compensatory mechanisms such as access to EU structural funds, which instead supported the reindustrialisation of CEE countries. The outcome of subsequent trade liberalisation has moreover been particularly detrimental to Morocco and Tunisia's most important manufacturing specialisation, the clothing industry. Strict rules of origin—such as the implicit requirement to source relatively expensive textile inputs from Europe in order to qualify for preferential access to the EU market—weakened these countries' clothing sectors. This disadvantage compounded the effects of competition from Bangladesh and Vietnam, which benefited from significantly lower labour costs and unrestricted access to EU markets after 2004, when the Multifibre Agreement guaranteeing import quotas to Morocco and Tunisia expired (Harrigan and El-Said 2009).

These changes unfolded alongside pressures on 'Southern Mediterranean' partners to reduce support for domestic agriculture, while the EU maintained substantial subsidies for its own primary sector and imposed heavy restrictions on North African countries' agri-food exports, especially in areas where they were more competitive (Akesbi 2015). Consequent agrarian crisis thus concurred together with industrial restructuring to foster the expansion of significant labour surplus disposable to accommodate automotive regionalization.

A final factor relevant to my inquiry, pertaining to North Africa's asymmetrical integration with the EU, concerns restrictions on labour mobility. In stark contrast to the free movement of workers from CEE countries established in the mid-2000s following the implementation of the Schengen Area in 1995, Moroccans and Tunisians have only been able to obtain visas for Europe by meeting strict income requirements or securing study or temporary work agreements with EU countries (Vermeren 2019).

In the following chapters, I show how these processes have not been merely imposed from outside but have been crucially, albeit variably, mediated by domestic political and class relations, while concurring to reinforce Morocco and Tunisia's position as peripheral locations in which automotive TNCs continue can continue to leverage super-exploitation.

PART II – Production dynamics in Morocco and Tunisia's automotive industry

Chapter 4 - Morocco in the global automotive industry: a ‘successful’, but still peripheral, linking up.

4.1 Introduction

Only two decades ago, Morocco was off the global automotive industry map. Despite attempts to establish a car manufacturing sector since the early years of independence, the North African country historically remained a marginal location, not only compared to advanced economies but also to other developing and emerging countries. In contrast, from the late 2000s onwards, it has progressively gained importance as a hub in the EU-led automotive space, thanks to crucial greenfield investments from global carmakers like Renault and PSA (now Stellantis) in 2012 and 2019, respectively, accompanied by a plethora of global suppliers.

Until now, the case of Morocco has received only limited attention in international academia. That said, a growing body of press coverage and studies, sometimes from Moroccan scholars, has emerged in recent years. The majority of these sources tend to spread the official discourse of the government, for whom integrating the automotive industry has been a flagship accomplishment in recent decades. However, even the most judicious accounts suffer, more or less explicitly, from the inclusionary bias and problem-solving perspective that I criticized in mainstream GVC positions in the theoretical part of this work.

In fact, some studies have highlighted certain shortcomings in the North African country's trajectory in the automotive industry, particularly its strong specialization in relatively low value-added components and cheap cars, as well as the lack of well-articulated domestic linkages within the sector (Auktor and Hahn 2017, Jaïdi and Msadfa, 2017, Auktor 2022). Nevertheless, the mainstream tendency is to view these aspects as inevitable in the early stages of an ongoing upgrading trajectory, praising Morocco's industrial strategy and arguing that further advancements can be achieved by following the path it has established.

A consolidation of the supply chain and a scale-up to more value-added activities would only be achievable through a rebalancing of industrial policies, devoting more resources to domestic companies lacking the necessary capabilities to profit from integrating the automotive GVC — and providing more resources to the national innovation system as a new competitive advantage

to attract higher value-added foreign investments (World Bank 2019, Auktor 2022). In this vein, the institutional coordination between the state, businesses, and other social actors, that has already underpinned industrial policies in Morocco for two decades, would represent a promising foundation in this direction (Masdi et Jaidi 2017, Auktor 2022).

A few studies, sometimes from progressive Moroccan scholars, have instead questioned the viability of an industrial approach that prioritizes linking up with transnational capital, highlighting the constraints imposed by the sourcing strategies of automotive TNCs on Morocco's ability to sustain an upgrading trajectory (Benabdejlil et al. 2019, Rami 2017, El Ameli 2018, Piveteau 2020). Nevertheless, these works mostly overlook global power relations, and despite problematizing the role of TNCs in influencing policies, they fundamentally separate the state from capital, thus, in the final analysis, sharing with mainstream perspectives the idea that a more autonomous role of the former could enhance improvements.

In this chapter, I update existing literature with new empirical material from several statistical sources and qualitative interviews with key informants. However, I also move forward by situating the case of Morocco within the broader restructuring and hierarchies in the global automotive industry, particularly in the EU-led region. Importantly, I do not solely emphasize the role of transnational capital in shaping the political agenda, but also how integrating into the global car industry has involved a coalition of a power bloc and remodeling of the very state structures in the interest of the former.

4.2 Morocco's trajectory in the automotive industry. From Import Substitution Industrialisation to GVC-oriented industrial policies

Despite recent developments representing a leap in the history of the automotive sector in Morocco, attempts to establish a car industry date back to the 1960s. During this period, an agreement with the Italo-French group SIMCA was signed to provide the state-owned company SOMACA with CKD modules to assemble FIAT, PSA, and Volvo models (Ouzif 1995: 2-3). Nevertheless, a stronger commitment to expand car production and create a locally integrated industry only began in the following decades, within a broader trajectory of import substitution industrialization. Indeed, the political economy of Morocco in the immediate post-independence period was marked by the privileging of agriculture and mining for export instead

of a state-led ISI model as in other post-colonial and Arab countries. This pattern reflected the weight of the rural elite within the coalition of social forces that, following national liberation from France, consolidated as dominant—a weight the Monarchy sapiently balanced against the republican urban bourgeoisie (Leveau 1985: Ch. 1, White: 124-6). However, the preservation of the Monarchy herself, in a context of aggravating socio-economic crisis, social conflict, and political turmoil, eventually pushed the King to reshape the power bloc through the promotion of an ISI model under state direction and the forced transfer of foreign companies—or, more often, of company shares—to Moroccan nationals, thereby laying the basis for the emergence of the few large Moroccan capitalist families that still play a key role in the country's economy in close connection with the Makhzen (El Aoufi 2024; Saadi et Berrada 1980). Importantly, as the state had monopolized phosphate production, this turn was facilitated by the rise in raw material prices from 1972 onward. Within this context, the State committed to increase investments in the SOMACA, whereas over the 1970s and 1980s, imports of new cars and parts that could be produced domestically were restricted, setting a 40% local integration rate. In addition, the state established a compensation rule, compelling foreign car makers to purchase local components, not necessarily included in car assembled in Morocco, until reaching a 60% “integration-compensation” rate (Bachirat et al. 2006 pp. 161-2). Despite being unable to develop complex capabilities in powertrain and mechanical components, these policies helped to create a pool of nationally owned companies, mainly focusing on metal stamping, radiators, and brake parts. Yet, vehicle production never fully took off, peaking at 20,000 units in the mid-1980s (Ouzif 1995: 4-5). This outcome was certainly rooted in the contradictions of the ISI model, in which modernization commitments and labour inclusion revealed more subordinated to the reinforcement of a social base for the regime than in other similar experiences in the Arab world, including Tunisia. As a consequence, agriculture continued to account for a large share of GDP and employment, even in comparison with regional peers, while income distribution was not fundamentally altered (Mālikī 1989). As a result, demand for new cars remained very low in Morocco. The situation aggravated once the boom in raw material prices was exhausted and opportunities to obtain external loans declined following the Federal Reserve's interest rate hikes in 1980. In this context, IMF-led structural adjustment plans starting in 1983 imposed additional constraints on the country's automotive industry by reducing the income of middle-class buyers (Clément 1995: 1010). Between 1980 and 1984, already limited demand therefore declined by 7 percent. In the early 1990s, measures liberalizing imports of new cars further worsened the prospects for industry development, with production volumes falling by 44,8% between 1992 and 1994 (Ouzif 1995: 23). In 1995, however, the Moroccan State established a

new partnership with FIAT to relaunch car production. Presented as a government plan to make accessible cars to average Moroccans (“Plan Voiture Economique”), more broadly, this was part of a strategy by the Italian TNC to expand its share in emerging markets through low-cost vehicles (Palio, Siena, and Tipo). The agreement maintained the content requirement rules typical of the ISI model, while the easing of international credit conditions helped relax the terms of structural adjustments, slightly increasing domestic demand. In 1998, car production resumed at 20,000 units, yet due to the ongoing trade liberalisation, car imports more than tripled, limiting the expansion of domestic assembly (Bachirat, et al. 2006: 162-4). Moreover, the new agreement with FIAT occurred at a critical juncture in the transnationalization of the automotive industry. Leading companies had begun implementing global sourcing strategies, which intensified competition and squeezed the space for domestic suppliers in developing locations like Morocco, with its weak industrial position. The reduction of VAT on imported components from 14% to 7% further contributed to the shrinking of the pool of domestic suppliers. Many of these suppliers reoriented toward the spare parts market, unable to meet the quality standards and cost demands imposed by FIAT. While a report by the ILO listed 20 domestic suppliers in 1995, data compiled in 2002 by the Ministry of Industry recorded no more than five (Ouzif 1995: 13, Maâninou 2009: 162). Additionally, by the late 1990s, the Italian carmaker was facing a significant crisis, which reduced its share in global automotive sales. FIAT’s main focus shifted to Latin America, particularly Brazil and Argentina, at the expense of its operations in Morocco. Between 1996 and 2003, car production in Morocco slumped from 14030 to 9066, and in 2005, the contract between FIAT and SOMACA was terminated (Maâninou 2009: 163). Simultaneously, FDIs in labour-intensive wire harness began to target the country, attracted by fiscal incentives introduced through a 1995 amendment to the investment code, which targeted transnational capital with special enticements in a few Free Trade Zones. Nevertheless, at the time, labour costs in Central and Eastern European (CEE) countries were still relatively competitive to make North Africa a major destination for automotive foreign investments. The recent legacy of belated import-substitution industrialization had moreover deferred a decisive adjustment to export-oriented industrialization (White 2001: 134-141). This left Morocco relatively ill-equipped to address the growing rivalry to link up with the expansion of transnational production networks — including the earliest phase of EU-centred automotive regionalization between the mid-1990s and the early 2000s, when Tunisia had obtained significant competitive advantages (Lung and Layan 2008), as I will discuss in the next chapter. As a result, over this period, Morocco's export data for automotive products never surpassed the quotas included in compensation agreements

with global carmakers, which were eventually written off in 2002 due to their conflict with WTO rules (Bachirat et al. 2006: 171). These difficulties to access external markets however in turn contributed to avoid a dismantling of the domestic-oriented car sector, which eventually maintained the country on the radar of major OEMs and relaunch it as finished vehicles export-hub. In 2005, after the end of its agreement with FIAT, the Moroccan state signed a new agreement with Renault as the main partner for the “Plan Voiture Économique.” This shift did not seem to promise much change for the trajectory of the Moroccan car industry. In reality, Renault’s acquisition of the SOMACA plant in 2007 led to an upgrade from mere CKD assembly to the establishment of pressing operations (Maâninou 2009: 166). Nevertheless, like FIAT, the French TNC targeted North Africa as part of its low-cost vehicle strategy, made possible by its acquisition of the Romanian carmaker Dacia in the early 2000s. A key element of this strategy was the Dacia Logan, a €7,000 utility wagon, which became an immediate success not only in emerging markets but also among low-income EU consumers (Jullien et al. 2013). Observers at the time viewed Morocco’s role in this scenario as largely secondary (Maâninou 2009). The bulk of Dacia Logan production remained at the Pitesti plant near Bucharest, and prospects for car sales were becoming bleak due to the 2008 financial crisis. Paradoxically, the very wage devaluation experienced by European consumers contributed to further demand for the Dacia Logan, making Morocco an increasingly attractive production hub, with wages at 60% of those in Romania (Jullien et al. 2013). In 2007, the same year SOMACA began assembling the Dacia Logan, Renault and the Moroccan government signed a €600 million investment agreement for a new factory in Tangier, with a planned capacity of 300,000 vehicles—more than ten times the previous figures. The plant was expected to come into full operation by 2010 (Auktor and Hahn 2017: 17). However, the plant only began operating in 2012, after Nissan—at the time Renault’s global partner—withdrawed from the investment (Benabdjellil et al. 2019: 367–68). Rooted in the restructuring of the EU-led automotive region and in the strategies of the French carmaker, this shift was accompanied by a significant reorientation of industrial policy in Morocco. In 2005, the “2005–2009 Plan of Industrial Emergence” (“Plan d’émergence industrielle”) was launched, identifying key sectors as pillars for accelerating the export orientation of the country’s growth model (Piveteau 2018). Although often portrayed as the outcome of effective coordination between state and business, the plan was in reality embedded in a consolidating power bloc around transnational capital composed of large domestic conglomerates focused in assurances, banking, trade and construction, which, together with the King’s holding company, had strengthened through the privatizations led by Mohammed VI after his accession to throne in 1999 (Oubenal and Zeroual

2017; Saadi 2017). At the same time, this process marked the sidelining of lobbying attempts by less concentrated and industrial fractions of domestic capital, which had been severely affected by EU-led trade liberalization, including the 2004 expiration of the Multifiber Agreement, which accelerated the decline of Moroccan clothing exports (Said and Harrigan 2009). These fractions had increased their influence within the CGEM – the country's business organization - between the mid-1990s and the mid-2000s (Cammet 2007, Catusse 2008: 216-8), but they were defeated in 2006 with the election of Moulay Hafid El Alami, future minister of industry from 2013 to 2020 and president of a big insurance group close to the Makhzen (Zeroual 2019: 212).

Accordingly, a key pillar of the “Plan d’emergence industriel” was the refurbishment and expansion of logistic facilities in order to maximize the attraction of foreign investment, rather than supporting efforts to target export markets by domestic capitals - largely excluded from the incentives concentrated in free trade zones (Piveteau 2018: 85-86). Crucially, this turn was facilitated by the early 2000s raw material super-cycle, and the corresponding rise in phosphate prices, which expanded the room for manoeuvre of the state and thereby enabled the allocation of significant resources to infrastructure investments. In this respect, the epitome of this approach was the Tangier Med port megaproject, directly connected to the free zone through an integrated logistics platform. Currently the largest container facility in the Mediterranean Sea, this deep-water port involved a €2,3 billion investment plan and was inaugurated in 2007 (MEED 2009), proving pivotal in transforming Morocco's geographical proximity to Spain into a logistical advantage for global carmakers (Auktor and Hahn 2017, Piveteau 2020, Benabdjelil et al. 2019). Institutionally, a special company under the direct supervision of the government, Tanger Med Special Agency (TMSA), led the program and channeled the necessary financial resources. These came from foreign investors, mainly Gulf capital, the CDG (a state-owned bank managing postal savings), and the Hassan II Fund, the sovereign fund that collected receipts from privatizations in the early 2000s, specifically devoted to strategic projects (Auktor and Hann 2017: 17). Furthermore, the management of the port and free zones was transferred from local administrations to TMSA. Such power delegation to a state-controlled business actor thus reinforced the government's leadership, particularly that of the Ministry of Industry and the Interior, in the program. This helped to accelerate megaprojects by circumventing local mediations with subordinate business elites and directly leveraging state power against opposition both from below (Bogaert 2019: 81-83). The realization of Renault's megaproject indeed resulted in the eviction of an entire peasant community, and the protests it triggered were met with harsh police repression (Laaboudi 2011, Najim 2011). The implementation of

logistics, investment support and fiscal incentives, specifically targeting free zones, and accompanied by a centralization of decision-making, was crucial in channeling resources toward strategic FDIs, particularly in the automotive sector. Half of the investment expenses mobilized for the construction of Renault's plant in Melloussa (15 km from Tangier, yet logistically integrated with the Free Zone) were moreover financed by the Hassan II Fund. In addition, Renault Maroc's survival after Nissan's withdrawal was ensured by CDG 40% of its capital (Les Echos 2009). No less important was the creation of a training center specifically aimed at providing a skilled workforce for Renault—IFMIA (Institut de Formation Métier Automobile)—with all training costs borne by the state (Auktor and Hahn 2017: 26). A similar approach was extended in 2012, with the launch of the “2014-2020 Industrial Acceleration Plan” (“Plan d'accélération industriel 2014-2020”), aiming to consolidate Morocco's catch-up with the global automotive industry through an “ecosystem logic.” The idea was to leverage Renault's investment to expand the supplier base and deepen the TNC's anchoring in Morocco. Along these lines, VAT exemptions for imported inputs associated with the “Plan Voiture Économique” were extended to component producers, as well as financing and assistance for workers' training from the IFMIA. In addition, a “Fund for Industrial Development” (“Fonds de développement industriel”) was established to support investments over a threshold of 50 million Dirham (Auktor and Hahn 2017). Eventually, more than half of this sum went to automotive projects. The government also committed to specific negotiations with Renault, bargaining public procurements for an increase in local sourcing, although the content of these highly publicized agreements has remained secret so far (Rami 2017). However, the most significant accomplishment the Moroccan government could claim from the PAI was the 2015 agreement with PSA for a greenfield FDI amounting to 500 million euros in the Atlantic Free Zone at Kenitra (30 km north of Rabat), an equipped platform inaugurated in 2012, following a schema similar to Tangier. In fact, the conception and management of the 66 zone were entrusted to MEDZ, an affiliate of CDG bank. The new plant, with an initial capacity of 90,000 vehicles—later extended to 200,000 in 2021—became operational in 2019, focusing on the production of the Peugeot 208. The project mirrored the Renault model, mobilizing state funds to support the investment and involving FIPAR Holding (another affiliate of CDG bank) in PSA Maroc's capital (Auktor 2022: 30-1).

4.3 Morocco's emergence as an automotive hub: breaking with a peripheral path?

The achievement of Morocco's integration into the global automotive industry has been impressive. From 2012 to 2023, the volume of vehicles produced in the North African country increased tenfold, rising from 20,000 to 534,000 (OICA 2024). As most accounts emphasize, this figure positions Morocco as the second largest producer in Africa, after South Africa (Hakam 2020, Auktor 2022). However, given the involvement of the Southern Mediterranean area in the EU-led production network, a more relevant comparison would be with Central and Eastern Europe. Notably, despite ranking still far for an advanced country like France, Morocco's car production figures are close to, or even surpass, those of well-established automotive hubs such as Poland and Romania (Table 1). Looking at data from international sources, since 2014 products related to motor vehicles have become Morocco's most important export, accounting for 15.5% of total exports, equal to 8 billion euros in 2021 (Figure 2). According to National Accounts statistics, these figures are even higher, with products related to motor vehicles accounting for 23% of total exports in 2023—about 11 billion euros—and surpassing phosphates for the first time as the most important item in Morocco's external sales (Lodi 2025: 7).

Country	2012	2018	2023
France	1,967,765	2,267,764	1,505,076
Slovakia	926,555	1,093,215	990,598
Poland	654,756	659,652	612,882
Romania	337,765	476,769	513,050
Morocco	108,743	402,085	535,825

Table 1. Car volumes for selected countries of the EU-led automotive region. Source: OICA.

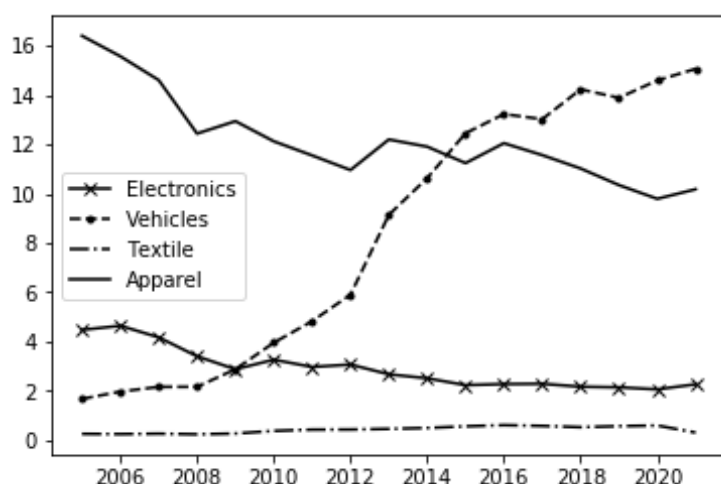


Figure 2, percentage on total exports of selected manufacturing items (International data), Morocco. Sources: author elaboration on data from Harvard Atlas of Economic Complexity 2023.

In mainstream GVC lexicon, such figures suggest that Morocco is experiencing an upgrading trajectory. The country is shifting from less complex exports, like garments, and demonstrating improvements in productivity, measured as value added per workers, which has increased by 20% from 2014 – the first year in which we have data - to 2022. This might even indicate that Morocco is progressively catching up with more advanced locations, especially considering that it has only been integrated into the global automotive industry for 15 years. However, a closer analysis reveals a more nuanced picture.

When examining Renault’s facilities, Morocco appears indeed peripheral in the technology and innovation hierarchies of the multinational corporation. The Renault plant in Tangier has seen significant production growth. Since the factory in Melloussa became fully operational in 2012, 3 million cars have been assembled, including Dacia-branded vehicles originally produced in Romania and the Renault Kangoo minivan. Over time, the number of models assembled in Morocco has increased from one to five, and by 2023, the combined output of the two plants in Tangier and Casablanca reached 350,000 units, generating sales of 3.6 billion euros .

Nevertheless, the most complex productions, such as powertrains, remain located in Romania, from where engines continue to be imported (Table 2). The Melloussa plant has recently undergone automation, becoming more productive and capital-intensive. However, its product profile remains skewed towards cheaper models compared not only to plants in advanced European countries but also to those in Central and Eastern Europe. For example, while the Renault plant in Tangier assembles the C-segment Dacia Sandero, the higher value-added Dacia

Duster station wagon is produced in Romania. Moreover, no R&D is carried out in Morocco; such activities are still concentrated in France (Renault 2024 pp. 63-64) and, to a certain extent, Romania (Group Renault n.d.).

Location	Assembly	Powertrain	Foundry	Gearbox	Chassis
Morocco	v	-	-	-	-
France	v	v	v	v	v
Turkey	v	v	v	v	v
Romania	v	v	v	v	v

Table 2, main production activities of Renault sites located in selected countries. Source: Renault 2024.

The situation is no different for PSA (now Stellantis), whose plant in Kenitra focuses on the C-segment Peugeot 208. Unlike Renault's facilities in Tangier and Casablanca, this plant has an engine assembly line. However, it only produces diesel models, with all parts imported from abroad (#16⁴). Official and press sources have spread the idea that PSA's investments would position Morocco on the global automotive R&D map. In 2019, PSA, which merged with FCA to form Stellantis in 2021, opened a Technical Centre in Casablanca (Morocco Technical Centre) focused on the Citroen AMI, a 50cc small electric vehicle (Auktor 2022 p.29).

An appreciation of this information cannot escape that, like other production activities, R&D has undergone a process of transnational fragmentation, with specific projects being assigned to low-cost locations, while core innovation activities remain centralized in headquarters (Serfati and Sauviat 2019, Rikap 2018). This process is accompanied by a widespread outsourcing of relatively routinised R&D activities to formally independent engineering companies with thousands of low-cost employees in the Global South (D'Agostino et Santangelo 2012). In fact, most of the R&D tasks Stellantis performs in Morocco are outsourced to subcontracting engineering companies. In 2021, the MTC employed around 800 engineers (PSA 2020), though it is unclear how many were involved in product development versus simply implementing production lines associated with the Kenitra plant's expansion. In contrast, according to rough estimates, R&D outsourcing firms collaborating with Stellantis

⁴ #16 Group interview with three technicians Stellantis - Kenitra

employ over 4,000 engineers in Casablanca (#6⁵, Nearcasashoring 2024, Alten 2024).

It is also worth noting that it was not Stellantis itself that developed the Citroen AMI in Morocco, but ALTRAN, a French engineering subcontractor that merged with Capgemini, another Paris-headquartered firm, in 2021 (Sernine 2022). Although I could not acquire precise information on the role of Moroccan engineers played in the AMI project, it is evident that their involvement was subordinate, as indicated by the following summary of the relationship between Stellantis and its outsourcing firms. In this context, knowledge transfer is minimal, and the spillover effects are limited:

We are responsible for a specific piece of a broader project for Stellantis; I cannot share the details, but it relates to decarbonization. Coordination remains in France. When headquarters need something, I pitch that we have the right capabilities at the lowest cost. [...] It's a tough task, given the strong competition from India and, recently, Egypt (#6⁶)

Another development that official and press sources presented as proof of Morocco's strengthening position in R&D was a partnership between Stellantis and CETIEV, a state-owned institution created to provide technical assistance to companies in Morocco to comply with international standards. In 2022, this collaboration resulted in a facility employing around 100 engineers, primarily conducting testing operations on acoustic systems for not only Moroccan factories but also Stellantis' wider production network. However, there is no indication that this facility will evolve into a hub for genuine design and innovation activities.

Other than relegating Morocco as a subordinate node into Stellantis and Renault's production network, the integration of the Maghrebi economy in the global car industry have hardly consolidated the "ecosystem logic" inspiring the 2014-2020 acceleration plan. To be fair, boosted both by car makers and supplier companies, foreign direct investments in the automotive sector have jumped in recent decade, shifting from 64 million euros in 2010 to a peak of 654 million euros in 2019 and amounting, on average, to 50% of total manufacturing FDIs in the last decade (Office de Changes 2023). Nevertheless, as I have already mentioned, any actual powertrain sub-branch does exist, neither in Tanger nor in Kenitra. Rather, the bulk of the more than 200 automotive companies implanted in Morocco operate in the wiring harnesses supply chain (AMICA 2017, 2023). In this light, local integration data spread by the government are completely unreliable. For instance, the ministry of industry has recently

⁵ #6 Middle manager outsourced engineering company - Casablanca

⁶ Ibid.

announced the reach of a 65% local integration rate for Renault (Raqui 2023)⁷. All that contradict with a persistent and also widening deficit in the trade balance of the majority of components (figure 2), in parallel to persistently high foreign content of export (stable at around 50% between 2008 and 2020) (OECD 2023).

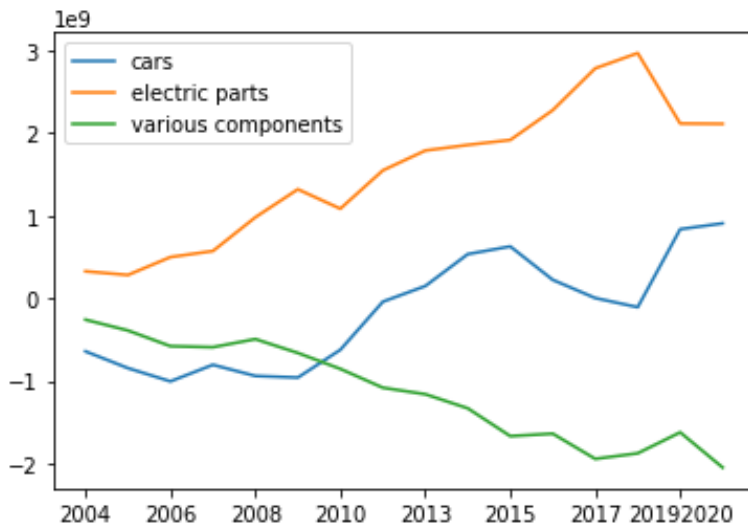


Figure 3, trade balance of main automotive products in Morocco. Source: author elaboration on data from Harvard Atlas of Economic Complexity data 2023.

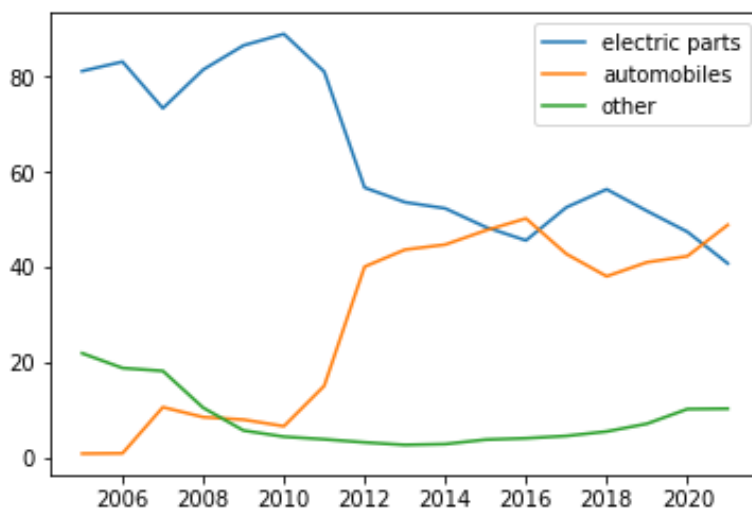


Figure 4, percentage of selected sub branches on total automotive exports, Morocco. Author elaboration on data from Harvard Atlas of Economic Complexity 2023.

The other side of the coin is that the country's automotive exports, which amount for 80% of

⁷ Other sources have specified that this data refer to inputs, *except for mechanical component* ('hors mecanique') (Lemrajni 2023, N'guessan 2023). This is coherent with the virtual absence of a powertrain supply chain in Morocco. I repeatedly asked for confirmation to Renault, but I never obtained any response.

output, reveals skewed towards simple electric parts, particularly wire harnesses (figure 3). Despite (cheap) cars becoming increasingly important, electric parts keep constituting more than 30% of exports, whereas other productions remain marginal, representing less than 10% of exports⁸. This corresponds to a very different picture from other locations of the EU-led production network, including the CEE semi-periphery, in which transnational companies has been progressively downsizing labour-intensive productions – now mostly targeting North Africa, Ukraine and the Balkans – at advantage of investments in more capital-intensive components and expensive cars. The result is a persistent and also widening divergence in terms of productivity, or ‘value capture’, between Morocco and the countries of the core and the semi-periphery, including those more directly connected to the former, like France, Romania and Slovakia, respectively (Figure 5). In other words, the expansion of the automotive sector in Morocco confirmed, instead of breaking the country’s peripheral path.

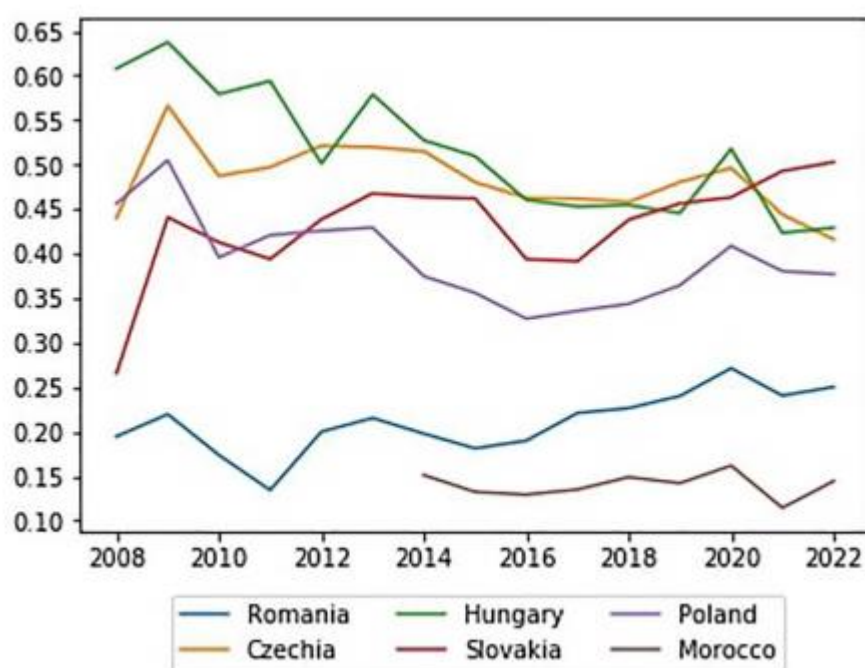


Figure 5, annual value added per worker in select automotive locations as percentage of annual value added per worker of core EU automotive locations (Germany and France). Sources: author elaboration HCP 2024 and Eurostat 2020, 2024.

⁸ It is worth noting that Wiring harnesses are not a low technology product in toto. On the opposite, they involve important innovation activities; however, in Morocco no significant R&D facility is present in this segment.

4.4 Automotive TNCs' monopoly power and Morocco's peripheral position locked in

Dependency on foreign inputs and strong export specialisation is aggravated by the difficulties that domestic companies have experienced in establishing linkages with global car-makers. According to numbers from a recent inquiry by the Ministry of Industry (MCINET 2024 p. 48), 94% of the capitalization in the Moroccan automotive industry is in the hand of foreign TNCs, compared to 85% in 2013 (El Ameli 2018 p. 591). Mainstream accounts emphasise the lack of capabilities characterising Moroccan owned SMEs (Auktor and Hahn 2017, World Bank 2019). A similar observation is hard to be denied. Yet, in a typical inclusionary bias, it conceals the constraints that the dominance of foreign car makers poses to the development of domestic companies, within the context of an increasingly monopolistic global industry. In this vein, the key mechanism to be addressed is the profit squeeze that leading TNCs enact on domestic suppliers. As Wong (2019) has demonstrated, in the global automotive industry not only do a few enormous lead companies control the strategic assembly and powertrain segments, as well as major innovation trends, but in the past two decades, a process of capital centralization has also involved the supply chain. "Megasuppliers", rivalling major car-makers in terms of the extent of their production networks and sales, are now consolidated in all the most important component sub-branches. In fact, companies dominating the very Moroccan automotive landscape are not merely foreign, but also huge transnational companies, with global sales totalling billion dollars. Considering only the 10 biggest TNC suppliers operating in the country's car industry plus the two car makers – that is 5% of the alleged 200 companies of automotive "ecosystem" - total sales are almost 7 billion euros, roughly corresponding to 80% of total automotive output (Table 3).

Company name	Nationality	Activity of affiliates in Morocco	Global sales (million euros)	Sales of affiliates in Morocco (million euros)
Renault	France	Car assembly	56000	3600
Stellantis	France-Italy	Car assembly	204000	-
Lear	US	Wire harnesses	23600	670.6
Aptiv	US	Wire harnesses	20100	562.4
Coficab (Elloumi group)	Tunisia	Wire harnesses	1000 (2020)	555.9
Yazaki	Japan	Wire harnesses	14223	551.9
Sumitomo Electric	Japan	Wire harnesses	30400	241.2
Leoni	Germany	Wire harnesses		195.8
Faurecia	France	Textile interiors	6531	125
Bontaz	France	Trasmissions	300 (2021)	114,5
Kromberg & Shubert	Germany	Wire harnesses	7000	90.9
Fujikura	Japan	Wire harnesses	6039	68.5

Table 3. Top TNCs operating in the automotive industry in Morocco. Data, if not indicated a different date, refer to 2022. Source: author elaboration on Kerix.net, Fortune 500, company websites, various business and press sources.

Capital centralisation in a few TNCs along the global supply chain means that companies in developing countries have very limited bargaining power vis-à-vis global car makers, rendering catching up with the latter hardly an opportunity. As a Moroccan manager of a French TNC explained to me

For big foreign companies, it is easier to accept cost reduction pressures and lower profits because this way they can expand their market by securing supply opportunities in different locations. On the other hand, a Moroccan entrepreneur does not have the opportunity to obtain contracts abroad. In addition, conditions are not the same for all suppliers. For example, we are a multinational company, but not such a big group. So Renault asks us for cost reductions which are also higher than 5% [the average value demanded by the French TNC from its suppliers](#18⁹).

Interestingly, some Moroccan companies have attempted to overcome the barriers posed by

⁹#20 Moroccan manager of a French TNC, Kenitra, 12/06/2023

international quality standards and cost reduction demands. Nevertheless, global car makers prefer to establish stable partnerships with core headquartered TNCs, particularly in capital intensive and innovation activities, instead of promoting durable agreements, possibly implying technology transfer, with global south's SMEs. For instance, Maghreb Steel, owner of the second biggest steel mill in the country, has adapted its production to Renault's requirements. However, only short-term contracts renewed irregularly were guaranteed (Medias24 2019). In other occasions, some forms of joint ventures, or stable supplying relations, with car makers have been established, but profit squeeze pressures have simply discouraged domestic capital from integrating into the supply chain, regardless of capabilities or attitudes towards investments in innovation. As a Moroccan entrepreneur who supplied Renault with technical textile products explained to me:

I have invested in R&D and also automation. I think that this is the future. However, is it worth it to invest in productivity and quality improvements for a 6/7% profit rate that Renault guarantees you? I do not think so (#13¹⁰).

Cost reduction imperatives from global car makers are transferred to global suppliers through a cascade effect, whereas the former has their own global sourcing network. This implies that keeping relying on TNCs to develop the supply chain will reproduce the poor domestic linkages of the automotive industry, as well as a strong specialisation in labour intensive components.

Another problem of the virtually total control of Morocco's car sector by transnational capital is the drain of resource it implies in terms of interests and profit repatriation. From 2014 to 2022, automotive TNCs repatriated more than 2 billion euros. These figures (Figure 6), amounting to an average of 200 million euros year, looks small if compared with the value added and production data of the car industry in Morocco. However, it corresponds to relevant resources detracted from potential productive investments in local capabilities. If income transfer by automotive TNC from Morocco is weighted on capital formation in the car industry, it results that the former is equal to around 70% of the latter in 2023 (MCINET 2023 p.33). Moreover, profit and interests repatriations, which have surpassed FDI receipts in 2022 and 2023 (Figure 6), contributed, together with a high import content of exports, to reduce the positive impact of the automotive sector on the balance of payment. In effect, over the last decade, marked by the rapid expansion of exports related to motor vehicles, trade deficits have slightly improved, shifting from -14% to -8% of GDP between 2012 and 2023. This data nevertheless remain a significant burden on the country's external equilibrium, while still

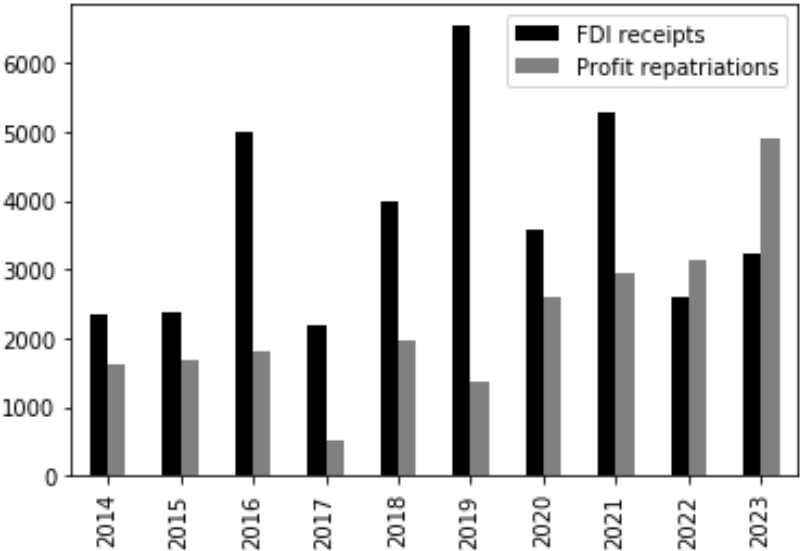
¹⁰ #15 Moroccan entrepreneur, Casablanca, 15/04/2023.

exceeding the levels observed before 2008 (World Bank n.d. a), a period marked by the raw material super-cycle and by tariff reductions with the EU that were not yet in force (Said and Harrigan 2009).

Figure 6. Receipts of FDIs and transfers of profit and interests in Morocco’s automotive sector. Data in million Dirham. Source: author elaboration from Office des Changes.

4.5 Just “matter of time”? The limitation of GVC-oriented industrial policies amid dependency, vehicle electrification and network hierarchies

Although often downplayed in comparison to the alleged accomplishments of integration into the global automotive industry, many of the shortcomings I have identified are recognized even by mainstream accounts. As these accounts argue, now that Morocco has established itself as a key node in the automotive GVC, more resources should be directed towards supporting domestic capital and strengthening the national innovation system to foster the development of



more complex production activities (Masd et Jaidi 2017, World Bank 2019, Piveteau 2020, Vidican Auktor 2022).

In the last decades, the annual state financial law has consistently allocates far more funding to fiscal incentives to attracting global companies and promoting exports than to education. For instance, in 2023, whereas export promotion benefitted of 7,4% of fiscal expenditures, education accounted for only 0,8% (Ministère des Finances – Rouayaume du Maroc 2024 p. 13). Such figures are not dissimilar from 2018 and 2010, when export promotion obtained 9% and 7% of total expenditure, while education 0% and 0,2%, respectively (Ministère des

Finances Rouyaume du Maroc 2018 p. 4, Ministère des Finances Rouyaume du Maroc 2010 p. 36).

What mainstream accounts conceal is that, due to weak domestic linkages, profit repatriation, and the low value-added nature of automotive production in Morocco, the growth of this sector has not significantly alleviated external and thus budgetary constraints¹¹. This creates a trade-off between continuing to attract transnational capital—vital for maintaining the balance of payments in equilibrium —and reorienting policies towards domestic development.

However, the main interest of automotive TNCs in Morocco lies in its role as a low-wage hub for labour-intensive components and low-cost vehicles. As such, they would likely resist any substantial reduction in fiscal and investment incentives in favour of channelling resources towards domestic capital and innovation. Hence, given the predominant role of transnational capital in the Moroccan automotive industry, it would be naive to argue that policy change could come through a deepening of institutional coordination among the State, business, and possibly other social actors. This discourse has become mainstream in the literature on this subject, bringing into play the important commitment that business organizations like AMICA (Association Marocaine de l'Industrie et du Commerce Automobile) have played in shaping strategies for sectoral development. In addition, AMICA—along with the Ministry of Industry—is involved in training programs and the revision of annual objectives in investment agreements between global companies and the State (Auktor 2022).

Nevertheless, it is worth stressing that AMICA reflects the balance of forces in production, fundamentally operating as the representative of transnational capital and the few Moroccan SMEs able to establish durable partnerships with them. In AMICA's administrative bureau, only 2 out of 11 members represent Moroccan-owned companies (Librentreprise.com 2021). It is therefore difficult to envision this actor lobbying for a reorientation of industrial policies. Public declarations by members of the association confirm this. For instance, in 2017, asked about the question of the need of more support for Moroccan owned companies, the president of AMICA declared that it is a “subject of any interest” (Conjoncture.info 2017). Interviews I conducted during my fieldwork in 2023 emphasized this very line of reasoning, sometimes even denying the shortcomings of Morocco's integration into the global automotive industry, or dismissing them as merely a "matter of time. How long did it take for France or Germany to become giants

¹¹ An analysis of the broader impact of the automotive sector on the accumulation model will be the object of chapter 8.

in the automotive industry?"(#17, similar answer #15)¹²

In reality, AMICA is integral to the broader Fédération de l'Automobile, which also organizes domestic companies. However, their main concern is to protect their positions in the spare parts aftermarket, rather than fully integrating into the global automotive industry. As a key informant from the FA told me:

The difficulty of Moroccan companies to catch up with global car makers is only a problem of market size. The more the market expands, the more opportunities will open for us. I don't think we need a change of strategy. We need to attract a third car maker and exploit the opportunities in the African market (#29¹³)

As other respondents observed, the problem of developing a deeper connection between the export-oriented automotive industry and the rest of the country's productive structure is that Moroccan big capital is not interested in investing in car component activities:

The only solution to have domestic capital in the automotive industry would be for Moroccan big business to invest. However, Moroccan capitalists are merchants, as is typical in the Mediterranean, so they have never shown much interest in industrial investment (#17¹⁴).

This line of reasoning is complementary to the crony capitalism thesis (Diwan et al. 2019), which is widespread in the political economy literature on the Middle East. According to this perspective, collusive relations between the state and business groups indeed incentivize rent-seeking and thus constraint spillover from integration into global production.

As mentioned in Section 4.2, these relations have been however a key condition for the consolidation of the power bloc that accommodated Morocco's industrial policies to link up with automotive regionalization. In turn, while the latter process has not strengthened, but rather weakened, domestic industrial capital, the allocation of substantial resources to infrastructure aimed at attracting TNCs has allowed select Moroccan big capitalists to accrue significant profits, thereby further reinforcing such a "crony" power bloc. In particular, contracts for the construction and expansion of the Tanger Med port have been awarded to a partnership between foreign companies and SOMAGEC (Sociétés Maghrébiennes du Génie Civile), one of the main private oligopolies in the country's construction sector ('Regional Port Projects' 2015). The construction works for PSA's 2019 investments were carried out by SGTm (Société

¹² #17 Manager of a Swiss automotive TNC and member of AMICA board, Tanger, 27/04/2023; #15 Manager of an Italian automotive TNC located in Tanger, online interview, 20/04/2023.

¹³ #29 Federation Automobile representative and entrepreneur, Rabat, 23/06/2023.

¹⁴ #17 Manager of a Swiss automotive TNC and member of AMICA board, Tanger, 27/04/2023.

Générale des Travaux du Maroc), another Moroccan ‘national champion’ (Mousjid 2022) – an expression referring to domestic conglomerates, often benefiting from privatization policies and tied to the state-led megaprojects that since the mid-2000s have aimed to drive ‘economic modernization’ and integrate Morocco into the global economy (Sandberg and Binder 2020). Since the 2014-2020 industrial acceleration plan, the country’s two major private banks, Attijariwafa and Banque Populaire, controlled by the Royal Family’s holding and Othman Benjelloun – the richest Moroccan capitalist and close to the Makhzen - have moreover established plans to finance companies willing to offshore in the Free Zones (Le Matin 2015). More recently, Othman Benjelloun has established a joint venture with TMSA to develop and manage a new industrial area in Tanger, specifically intended to host Chinese investments (Tel Quel 2025).

In addition to taking in consideration these capitalist interests, it cannot be overlooked how Morocco’s ‘successful’ integration with the automotive GVC has been accompanied by a remodelling of State structures in the interest of transnational accumulation (Bogaert 2019). As I have illustrated, crucial to Morocco’s integration into the global car industry has been entrusting the planning and administration of infrastructure aimed at attracting foreign investments to State agencies like TMSA—which operate as private actors and thereby centralize decision-making in the hands of the government. This centralization has not only marginalized opposition from below, but has also sidelined certain factions of domestic capital in favour of transnational capital.

As the World Bank reported, Morocco’s recent trajectory has displayed a:

policy bias toward large investors and FDIs [by] offering most incentives to new investments, particularly those located in free zones, as opposed to incumbent suppliers outside the zones (World Bank 2019 p. 8).

However, the power that entities like TMSA have gained over the last decade renders it more than a “policy bias.” In fact, TMSA represents the second most important state-owned enterprise – after the phosphate mining company OCP - with a turnover amounting to over 800 million euros in 2022 (Tanger Med Port Authority 2023). These revenues fundamentally depend on its ability to underpin the establishment of major TNCs, through managing key infrastructure, notably Tanger Med, and encouragement schemas - particularly in the automotive sector, given its relevance in the Tanger Free Zone. We have moreover seen that other key actors, notably CDG, the first state-owned bank, with a net banking income of about 9 billion euros (Medias24 2022), derive significant benefits from the development of free zones and the attraction of TNCs. As such, all of this is instrumental in embedding the interests of

transnational capital into the very power structure of the Moroccan state, further constraining any shifts in industrial strategy.

Interestingly for the discussion conducted so far, after the COVID-19 pandemic, which halted for weeks automotive production by decision of global companies in winter 2020, the “external dependence” associated with the recent industrial trajectory has become a subject of public debate in Morocco. In 2022, a roundtable involving leading figures of the government and business association even specifically addressed such issue, and “industrial sovereignty” (“souveraineté industrielle”) became the buzzword of the Ministry of Industry, when presenting to the press the alleged accomplishment of the 2021-2023 “industrial recovery plan”. However, in line with our previous analysis, this does not correspond to an attempt to gain more autonomy by the State from core powers - curiously, the very expression “industrial sovereignty” is an exact copy-cut from name of the French post-COVID industrial strategy. In fact, tariffs aimed to “substituting exports” that the Moroccan “industrial recovery plan” set in sectors like textile (and only targeting non-EU countries like Turkey) (Akesbi 2023 p. 128) have spared the automotive industry. The broader logic of the program remains based on fiscal incentives and the implementation of strategic funds to attract foreign investments, such as the €1.5 billion Mohammed VI Fund launched in 2021 (Ibid.). Moreover, in 2023, there was a significant revision of fiscal incentives targeting investments in free zones, with corporate taxes increasing from 15% to 20%. Nevertheless, the 5-year tax holiday after establishment was preserved (LexisNexis Maroc 2023). In addition, far from representing a drift from an established path dependency, this reform was fundamentally the result of pressure from the EU, which in 2017 had placed Morocco on its blacklist of tax havens due to its aggressive fiscal policies aimed at attracting FDIs.

At a superficial glance, the ‘strategy’ that the Moroccan state continues to embrace appears effective in catching up with contemporary transformations in the global car industry, particularly the ongoing trends towards electric vehicles, are expected to reshape Morocco’s position within the EU-led automotive region. Although Morocco is not still home to any significant electric vehicle assembly line, except for the small Citroen AMI and Topolino (Stellantis 2024) models, Renault plans to begin producing a hybrid model (the Dacia Jogger) by the end of 2024 (Media24 2024). The assembly of electric cars does not, however, represent the crucial turning point in the current industrial transformation, in which key technological innovations are associated with electric batteries.

Remarkably, in June 2024, the Chinese TNC Gotion and the Moroccan government announced the signing of an investment agreement for the establishment of an electric battery “Gigafactory” near Kenitra. The facility is expected to be operational by the end of 2026, with costs amounting to €1 billion and a capacity of 20 GW/h. Unlike a similar investment by Gotion in Slovakia, however, this project does not involve any R&D activities (Reuters 2024). Additionally, the existing electric battery capacity in Central and Eastern European countries such as Poland and Hungary, at 80 and 75 GW/h respectively (Notes from Poland 2023, Sustainable Bus 2024), dwarfs the still prospective figures for Morocco.

That said, the Euro-Mediterranean free trade agreements make Morocco an attractive location for Chinese companies threatened by protectionist measures on electric vehicles and electric batteries from Brussels. Nevertheless, the EU and its member states are devoting significant financial and institutional resources to strengthening production capabilities within their own borders. In 2023, the European Commission and the EIB announced a €3 billion plan to support electric battery investments in the EU, adding to the substantial resources already allocated in previous years (InnoEnergy 2023). Moreover, Brussels has relaxed regulations on state aid. This allowed Hungary to outbid Morocco in convincing CATL to establish a large cell-assembly facility in Debrecen in 2022 (Chaid 2022). Finally, in 2027, strict rules of origin requiring 65% local content for electric batteries in vehicles exported from the EU to Great Britain will come into force. This does not directly affect Morocco, but it will represent a strong incentive to retain cell assembly facilities within the EU core and most notably the CEE semi-periphery, considering that Great Britain accounts for 17% of EU car exports, which makes it the second most important market after the US, with a 23% share (European Parliament 2024).

4.6 Conclusion

After reconstructing Morocco’s historical trajectory in the automotive industry as rooted in processes of state formation and political economy path dependencies, this chapter has analysed the more recent integration of the North African country as a relevant hub in the EU-led automotive sector. This achievement has occurred at the intersection of the restructuring of the latter toward increasingly low-wage locations and the commitment by the Moroccan State to mobilize financial and institutional resources to integrate into the global automotive industry. This outcome has been connected to the establishment of a power bloc, cemented by the Royal Family and centred on a tiny group of domestic conglomerates focussed on banking, assurance

and construction, interested in promoting an industrial policy approach focusing on support for strategic foreign investment and infrastructure, even sidelining domestic businesses. Crucial to this aim has been utilizing sovereign funds within an increasingly centralized decision-making process, entrusted to state-owned enterprises responsible for developing and managing logistics platforms and free zones, like TMSA. Nonetheless, the success of this ‘strategy’ in connecting with transnational capital has also brought limitations associated with the dominance of the latter in a highly monopolistic global sector such as the automotive one.

Regardless of the fiscal and investment incentives provided by the Moroccan State, TNCs continue to view Morocco as a low value-added, low-wage hub. This is reflected in a fundamental absence, if not of R&D tasks, of proper innovation activities: both Renault and Stellantis limit their operations to assembling cheap car models, while the (few) engineering tasks recently transferred to Morocco follow a logic of outsourcing parts of broader projects, with higher order activities remaining firmly in the core.

More broadly, despite over 200 suppliers investing in Tangier, Casablanca, and Kenitra during the last decade, the product and export profile of the North African country continues to display a strong specialization in labor-intensive components – most notably wiring harnesses. This, in turn, corresponds to poor figures on local integration and a persistent divergence in productivity not only from the core but also from the CEE semi-periphery. The difficulties faced by domestic companies – almost absent across the local supply chain - in becoming stable suppliers for foreign car makers further exacerbate this situation.

That said, attention should not be directed at the poor capabilities of these companies but rather at the constraints inherent in the monopolistic structure of the global automotive industry and the dominance of TNCs in the Moroccan landscape. Due to the high degree of capital centralization—among car makers and suppliers alike—the only way for Moroccan companies, mainly SMEs, to succeed in integrating into the global automotive industry would be to accept very low profits.

This exclusion of domestic capital is also problematic because it implies significant financial outflows to the core through the mechanism of profit repatriation, which further reduces the positive effect of the automotive industry on the balance of payments, already diminished by the high and persistent import content of exports. Although often minimized in comparison to the achievements, some mainstream accounts have acknowledged the shortcomings of Morocco’s status as a hub in the EU-led car sector. Nevertheless, they frame it as contingent

and advocate for a reorientation of industrial policies towards greater support for domestic SMEs and innovation.

This perspective, on one hand, conceals the fact that TNCs have no interest in such measures—Morocco is mainly a low-wage location for them—and on the other hand, neglects the role that transnational capital plays in defining Morocco’s industrial strategy. In fact, AMICA—often praised as key to supporting the government in developing programs for the automotive sector—is not representative of domestic companies, but rather of TNCs. The very character of the power bloc that has marked the ‘success’ of the country’s industrial strategy moreover locks in a policy path that preserve subordination to transnational capital: leading Moroccan firms indeed accrue indirect, but significant, profits from the enticements and infrastructure schemes established to attract TNCs.

The effectiveness of linking up with the global automotive industry has been moreover accompanied by a reshaping of state structures in the interest of transnational companies. On the one hand, State-owned business actors, such as TMSA and CDG has become more and more powerful in the recent decades, on the other hand, they increasingly owe their fortunes to the development and management of logistics and export platforms designed to attract transnational capital. Unsurprisingly, despite an emerging public discourse addressing “dependence” and the need for “industrial sovereignty” following the COVID pandemic, the strategy to which Moroccan policymakers have committed in the last two decades has not fundamentally changed in the very recent years. After all, it seems to maintain a successful approach in dealing with new trends, such as the transition to electric vehicles—at least at a superficial glance. In fact, despite Morocco being chosen by the Chinese TNC Gotion for an electric battery ‘gigafactory,’ the geography of vertically integrated EV facilities—the key component of EVs—appears to marginalize Morocco. The main EU development banks remain committed to strengthening production capabilities in the core and, to a certain extent, in the semi-periphery.

Chapter 5 - Tunisia in the global automotive industry: from an early catch up to the bottom of the periphery

5.1 Introduction

Since the early 2000s Tunisia has experienced a relevant shift in its export profile from textile and garment products to electrical and mechanical goods. Driver of this process has been the country's integration as component supplier in the EU-centered automotive industry. Currently, the automotive sector is the fastest growing industrial activity in Tunisia – a country which has been suffering harsh economic difficulties since the 2008 crisis and the post-2011 social and political turmoil. Nevertheless, as the chapter illustrates, this sector has not undergone a high-end trajectory, remaining skewed towards simple electric parts and lacking full-fledged car manufacturing activities.

Mainstream policy literature has often acknowledged the poor results of Tunisia's GVC integration in the last decade. Yet, unsurprisingly, it has maintained an inclusionary bias, instead of recognizing constraints inherent in the monopoly structure of global capitalism. In fact, the main target of criticism has been the “offshore regime”, that is the enticement scheme for non-resident and totally exporting companies through which Tunisia has historically sought to catch up with GVCs. Admittedly, this scheme has been effective in attracting a significant inflow of export-oriented FDIs, with TNCs constituting the bulk of the offshore sector. However, particularly favorable fiscal incentives and duty exemptions on inputs not extended to “onshore” companies would have discouraged foreign firms from investing beyond low-value-added export processing activities and from sourcing locally. In turn, this has implied only few opportunities for technology transfer and upgrading to domestic companies (Cammatt 2007, World Bank 2014, OECD 2023).

In contrast to this perspective, I demonstrate that the low value-added character of Tunisia's automotive sector is rooted in the core-periphery structure of the EU-centered automotive industry, relegating this country as a subordinated export platform for core-headquartered automotive megasuppliers. As I show in this chapter, domestic automotive firms benefitting from a totally exporting status display better data in terms of productivity and local integration

than TNCs' affiliates. This disproves the idea that "it is less the foreign ownership of MNEs in Tunisia that drive their weak performance but rather that they operate in the offshore regime" as a recent OECD (2023: 22) report argued. Such element seems thus providing support to GVC academic literature's advocacy for policies targeting domestic SMEs as key to embark on upgrading trajectories. In effect, a similar approach has constituted a pillar of Tunisia's industrial strategy in the last three decades, fostering a non-negligible pool of Tunisian owned or mixed capital automotive firms, as I will show in the chapter. However, by reconstructing the history of Tunisia's car industry from the post-independence period onwards, I argue that this outcome is primarily the result of a *precocious* integration into the global automotive – that Tunisia has pursued since the 1990s – associated with the specificity of political economy and class dynamics featuring its post-independence path – section 2. After providing in section 3 an analysis of production trends, marked by a clearly peripheral positioning of the case study in the EU-centered automotive industry, in section 4 I then focus on evidence that demonstrate, on the one hand, that domestic export-capital is far from unambiguously laggard as some policy literature contends, and on the other that his relative significance is at the same time not sign of opportunities that GVCs can offer to SMEs in Global South countries when supported by appropriate policies. Rather, over time, the main trend has been the growing predominance of TNC affiliates over domestic companies in the country's car component sector, reflecting a shrinking room for maneuver for domestic suppliers. Along this line, I conclude the section focusing on the strategies of two Tunisian owned automotive companies - Elloumi group and One Tech Holding - achieving leading positions in some niche markets, yet within persisting technology and strategic subordination to major TNCs.

In section 5, the chapter proceeds emphasizing that the Tunisian state's longstanding prioritizing of sub-contracting relations as key to consolidate a power bloc around transnational capital, eventually distorted resources and political commitment to attract strategic FDIs, contributing to explain the case study's recent competitive gaps vis-à-vis Morocco. However, I stress that GVC trajectories cannot be read in isolation but relationally and I move away from a formal comparative methodology demonstrating that the limited upgrading Tunisia has experienced in the automotive industry is connected to the constraints imposed by intra-network competition. Along this line, I stress that Morocco's recent rise as a logistic and thus automotive pivot in the Southern Mediterranean could be difficultly replicated in Tunisia, to the extent that it partly *contributed* to the latter's decline. As I will show, centralization of container transit in the Western Mediterranean, notably in hubs such as Tanger, since 2010 has hindered the opportunity for Tunisia to convince transnational investors to upgrade its port infrastructure until reaching

standards required to attract global car makers. Moreover, Tunisia has recently suffered from the preference for Morocco among global suppliers, attracted by the economies of scale associated with the localization of three car assembly plants in the latter.

5.2 Tunisia's trajectory in the automotive industry: from import substitution to early GVC-oriented industrial policies targeting domestic suppliers

Preliminary to an analysis of the current dynamics shaping Tunisia's automotive industry it is useful to trace the evolution of policies that have shaped the country's car sector, from an inward-oriented strategy to the 1990-2000 shift to integration in global production networks, in the context of broader political economy and class dynamics. In the 1960s, Tunisia adopted an import-substitution industrialization model (ISI), characterized by a central role of the state in establishing an industrial base for the newly independent country, a move that was strongly connected with the social bases underpinning the national liberation process from France. Independence was indeed achieved through an alliance between the urban petty bourgeoisie, largely of rural origin, and the labor movement, represented by the UGTT – Union Générale des Travailleurs Tunisiens. After the departure of European settlers and the limited willingness of the weak domestic landed and commercial elites inherited from colonialism to contribute to industrialization, advocacy from union leadership for state-led planning gained resonance (White 2001: 82-84). In 1962, President Bourguiba appointed UGTT leader Ahmed Ben Salah as prime minister, entrusting him with developing an industrial strategy inspired by the socialist-leaning vision of the labor organization. This model focused on coordinating state investments in production—primarily targeting the petrochemical, iron, and cement industries—along with a relatively radical agrarian reform facilitated by the redistribution of land abandoned by French and Italian settlers (Ben Romdhane 2011: 115-121). Establishing vehicle assembly capabilities was also part of this plan. Four state-owned car and tractor assembly factories were established in partnership with European companies. However, the development of an inward-oriented automotive industry encountered significant limitations. European car manufacturers showed little interest in extending production capabilities in a small and relatively poor country like Tunisia. Consequently, despite implementing import quotas for finished vehicles, the latter's government had limited leverage to enforce domestic content requirements; neither finished vehicle assembly nor local integration rates made significant progress during this period (Tizaoui 2000: 103-4).

Nonetheless, plans to generalize land redistribution and production cooperatives to support agricultural mechanization, presented an opportunity to expand motor vehicle production (albeit for productive rather than private consumption). Eventually, opposition from domestic bourgeois strata cultivated under the umbrella of state provisions, state managers willing to enlarge their private accumulation basis and rural property holders hindered the radicalization of the agrarian reform. In combination with economic crisis, this brought Ben Salah's state-led industrial modernization programs to a standstill. In fact, as seen elsewhere in the Global South, dependence on foreign technology made Tunisia's ISI heavily reliant on imported capital goods financed by Western development aid and phosphate exports (the country's primary natural resource). In the late 1960s, a deceleration in U.S. and European economic growth, along with a de-escalation of Cold War tensions, led to a decline in these sources of foreign currency, exacerbating the risk of a balance of payments crisis. In 1970, the technocrat Hedi Nouira, former president of the central bank, was appointed as new prime minister. In this role, not solely he halted the cooperativisation program, but also reoriented Tunisia's accumulation strategy (Ben Romdhane 2011: 121-3, White 2001: 91-96).

The new industrial strategy emphasized the expansion of manufacturing exports, aiming to capitalize on opportunities presented by the initial wave of the new international division of labour. Stated aim was to consolidate a power bloc in which a key role was played by private and export-oriented industrial capital through policies encouraging partnerships between foreign investors and domestic firms, primarily targeting international markets within subcontracting relations. Differently from Morocco, where 'Moroccanization' policies mainly fostered a small business elite from the Makhzenian network, in Tunisia efforts to expand the ranks of the capitalist class, by incentivizing state managers and officials to turn in entrepreneurs, were thus more effectively pursued, although the key beneficiary of the project were Sahelian elites constituting the bulk of the nationalist movement and the Neo-Destour party leading independence from France. A critical instrument of this strategy was the mobilization of state banks to foster these new bourgeois layers, alongside the creation of specialized agencies, such as the state fund *FOPRODI – Fond pour la Promotion du Développement Industriel* and the *API – Agence pour la Promotion de L'Industrie*¹⁵ dedicated to financing and providing technical assistance to industrial investments, along with tax exemptions for companies committed to export at least 80% of their production (Naccache 2015: 123-4), White 2001: 92-93). Hedi Nouira's "infitah" (opening) should not, however, be

¹⁵ In the 1990s this became APII -Agence pour la Promotion de l'Industrie et de l'Innovation

equated with deregulation, even though it laid the groundwork for the subsequent neoliberal phase (Ben Romdhane 2011: 122). The national market remained highly protected and key sectors remained under state control, promoting a virtuous cycle between export-oriented manufacturing and the consolidation of domestic industrial bases. In fact, such policy revealed quite successful: in the 1970s, Tunisia's exports averaged 15% per year, pushed by industrial good, passing from around 20% of total external sales in the late 1960 to over 60% at the end of the decade (World Bank n.d. a, b), whereas investments in basic industries (steel, petrochemical and cement) remained relatively elevated (Ben Romdhane 2011: 122, 133). Along this line, the small Maghrebi country achieved the highest per capita gdp growth rates in the MENA region. Two factors underpinned Tunisia's accomplishments in the 1970s export-led path: its anticipatory nature in the Euro-Mediterranean context, and the high oil prices of the 1973-1986 period - hydrocarbons were Tunisia's second-largest export and responsible for 25% of state-revenues (Ben Hammouda 1999: 101). The former factor translated into relatively low competition in foreign markets, while the latter enabled welfare expansion and wage subsidies, which kept labor costs low and enhanced export competitiveness. In turn, export growth and oil revenue helped alleviate external financial constraints, facilitating further investments to expand domestic industrial capabilities and consumption (Ibid. : 96-7).

Within this context, the government implemented an ambitious plan to expand vehicle assembly capabilities. Despite Tunisia's small domestic market, the success of its accumulation strategy in raising average income levels made it the North African leader in motorization rates (Tizaoui 2000: 146). This favorable position encouraged multinational auto companies to consolidate their presence in the Tunisian market, creating an opportunity for an expansion of vehicle assembly facilities in partnership with the state to an annual production capacity of around 75,000 units by 1986 (Tizaoui 2000: 121). Such numbers largely surpassed the annual demand of vehicles in the country. Yet, coherently with the broader export-oriented industrial strategy, the ambition was to target export markets in the MENA region. Interestingly, a compensation clause required European car makers to purchase components produced in Tunisia equal to 50% of the value of locally assembled CKD kits. Notably, unlike Morocco, this policy did not include a domestic content requirement. The aim was not to enhance local integration rates but to strengthen domestic export capital. This strategy proved instrumental in encouraging foreign auto companies to partner with Tunisian capitalists and develop the industrial capabilities necessary to comply with the compensation clause (Ibid. 112-5).

While Tunisia's integration into the new international division of labor primarily benefited the textile sector, the compensation clause significantly contributed to export diversification, laying

the groundwork for the emergence of several prominent domestic companies that remain influential in Tunisia's automotive sector today representing an important fraction of the "exportist" power bloc (Smith 2015) consolidated under Ben Ali. By contrast, efforts to promote an inward-oriented auto industry were less successful. The labor-intensive nature of CKD assembly plants resulted in a productivity so scarce that could not be compensated by low labour costs, making locally assembled vehicles uncompetitive against imported second-hand cars (Tizaoui 2000: 122). As a result, production capacity greatly exceeded actual sales of locally assembled cars, which never surpassed 13,000 units in 1981 (Ibid.: 134).

In the mid-1980s, the manifestation of the broader limitations of Tunisia's 1970s accumulation strategy provoked an existential crisis for its small inward-oriented auto industry, within the broader contradiction of the broader accumulation model. Subordination in emerging transnational production through specialization in clothing exports under sub-contracting relations made indeed vulnerable the latter to falling oil prices and growing competition to access EU markets with the entry of Spain, Greece, and Portugal into the European Community (White 2001: 26, 70-72). Although accumulated hydrocarbon rents delayed economic recession and a balance of payments crisis until 1986, the subsequent decline in oil sales—along with the near-exhaustion of Tunisia's reserves compelled the country to seek IMF assistance and initiate a structural adjustment plan. This led to a decline in state investment in domestic car assembly, which fell to fewer than 2000 vehicles in the early 1990s, also due to relaxed restrictions on second-hand cars in line with trade liberalization measures advocated by international financial institutions (Tizaoui 2000: 134).

Social conflict provoked by austerity measures associated with IMF prescriptions prepared the ground for the coup led by police head and former military officer Zine El Abidine Ben Ali, who compelled Bourguiba to resign and became the new president. Coalescing the more or less explicit support of a broad coalition, leveraging the specter of an Islamist rebellion as in the neighbour Algeria, this development corresponded to the prelude of a deepening of neoliberal restructuring and opening of the Tunisian economy. In 1990 a new investment code was passed incrementing facilitations for foreign direct investments and further benefitting domestic exporting industries. Particularly, this measure enlarged the advantages associated with the status of offshore companies, such as full currency convertibility, elimination of restrictions to profit repatriations and liberalization of an increasing number of sectors to FDIs. Additionally, the 5 years schema of fiscal facilitation, already implemented in 1972, at benefit of foreign and domestic export-led firms was extended to 10. In parallel, tariffs protecting domestic market were progressively reduced, notably after the sign of the Euro-mediterranean free trade

agreement in 1995 (White 2001: 100-1, Ben Romdhane 2011: 125-6). This corresponded to the abandon of any ambition to develop a domestic car industry and the dismantling of almost the totality of import substitution capacity (Tizaoui 2000: 140-142).

However, a similar outcome did not mean the end of the Tunisian automotive sector. Rather, it was the final step of its restructuring towards becoming a node of global production. In this context, the State did not abandon its commitment to support domestic capital. In 1998 the compensation clause survived the crisis of CKD assembly and was extended until including the 50% of the value of new imported cars (Nabli 2023: 92-3, Tizaoui 2000: 180). This favoured not only the attraction of new FDIs, but also expanded the market for Tunisian owned companies. Another important measure in this direction was the “Mis à niveau” program an extensive plan of investment incentives aiming to support industrial upgrading both through direct financing and technical assistance for updating technology capabilities, in particular in ICT. The program has up to now involved over 11000 firms and has not been capable to prevent the crisis of the clothing sector over the expiration of the Multifiber agreement in 2004. Yet, it facilitated the repositioning of Tunisian capital towards electrical and mechanical component industries, including the automotive one. In fact, whereas until garment and textile amounted for the majority of financing, since the mid-2000 the electrical and mechanic sector has become the main beneficiary of the “Mis à niveau” program, receiving about 21% of total funding (ITCEQ 2017: 24). Another key dimension of industrial policies implemented in Tunisia has been training. Despite the neoliberal fiscal discipline characterizing the 1990s and the 2000s, the Ben Ali’s regimes devoted significant resources to education, and particularly university (Erdle 2011: 21-22). Currently Tunisia ranks first in the Middle East and North Africa and 4th in the world as for share of graduates exiting from engineering schools in proportion to population (Bucholtz 2023). This guaranteed the achievement of a labor-cost advantage vis-à-vis regional neighbour and CEE countries not only concerning unskilled, but also skilled workers. Whereas the labour-cost of an engineer in Morocco is close to CEE countries, in Tunisia it is still a half (TAA 2026: 10). In effect, over the last decade and a half, marked by the post-2011 democratic transition phase, no significant update in the country’s industrial strategy occurred. Nevertheless, as next sections explore, the aggravation of Tunisia’s peripheral position in the automotive industry and beyond relates to deeper processes and contradictions.

5.3 Outcomes of Tunisia's integration in the global automotive: a clearly peripheral path.

On the terrain of production transnationalization processes and State policies described so far, over the last two decades Tunisia has increasingly become a node of the EU-centered car industry, with figures on automotive products becoming more and more important in its export profile. From 2005 to 2022 exports of motor vehicles components have almost tripled, from 500 million dollars in 2005 to 2.5 in 2022, amounting to around 12% of total Tunisia's exports in the same year and reaching the second rank as more important "GVC product", following the classification of the World Bank. Propelled by these good performances in the global markets, the automotive industry has revealed the most dynamic one in Tunisia even considering production data. As figure 7 illustrates, industrial production index for this sector has passed from 100 in 2010 to 130 in 2016, experiencing a significant drop only in 2020, before returning to a 128 value in 2022.

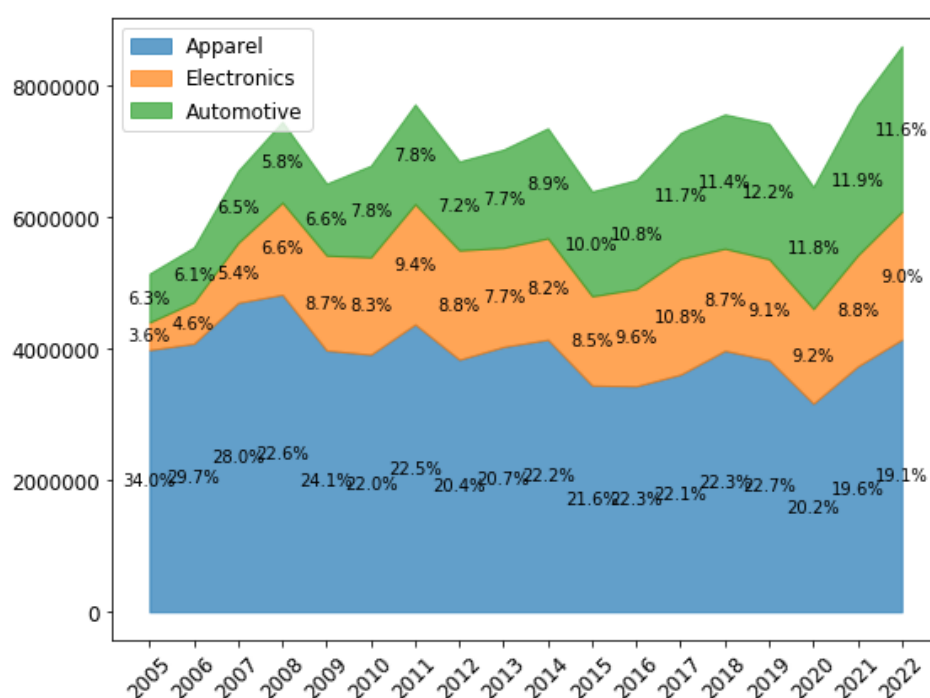


Figure 7. Export of selected manufacturing products as export value and share on total Tunisia's exports. Values in thousand dollars. Source: Author calculation and elaboration on CEHP data.

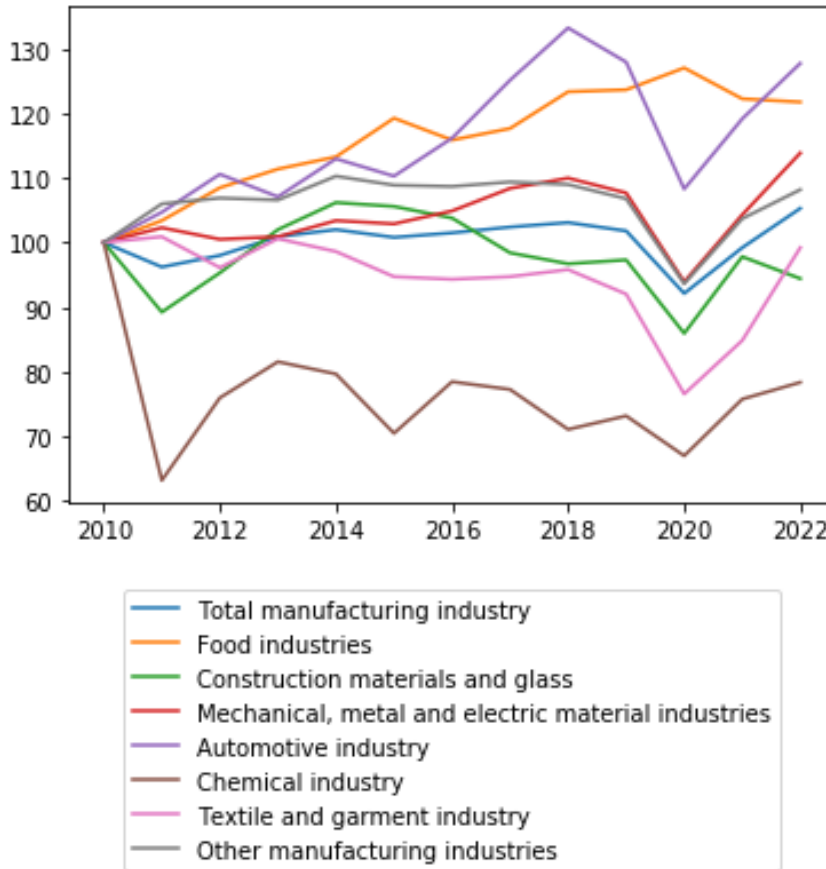


Figure 8. Industrial production index of Tunisia's manufacturing sectors (2010=100).
Source: Author own elaboration from INS data.

A disaggregated analysis of the export profile, however, reveals Tunisia's weakness as an automotive location. In effect, Figure 8 shows noteworthy data on exports of "Clutches, suspensions, and steering systems," accounting for a 17% share driven by \$250 million in sales of steering components in 2022. This product corresponds to a relatively capital-intensive and medium-value-added item (ranked in the first quartile of the PCI index ranking; OEC 2025a). In general, the category "Engine parts" also includes some fairly sophisticated mechanical goods. Nevertheless, the primary contributor to its 10% share in Tunisia's automotive exports is oil and petrol filters, which are relatively simple, labor-intensive plastic and paper products (OEC 2025b). Furthermore, while the share of relatively complex categories has stagnated over the last decade, specialization in wiring harnesses has intensified, with its share increasing from 50% in 2005 to nearly 60% in 2022. Notably, as illustrated in Figure 9, the disproportionate weight of this item—one of the lowest value-added automotive components—explains the very modest and stagnating figures in product complexity observed in Tunisia's car-related exports between 2005 and 2022.

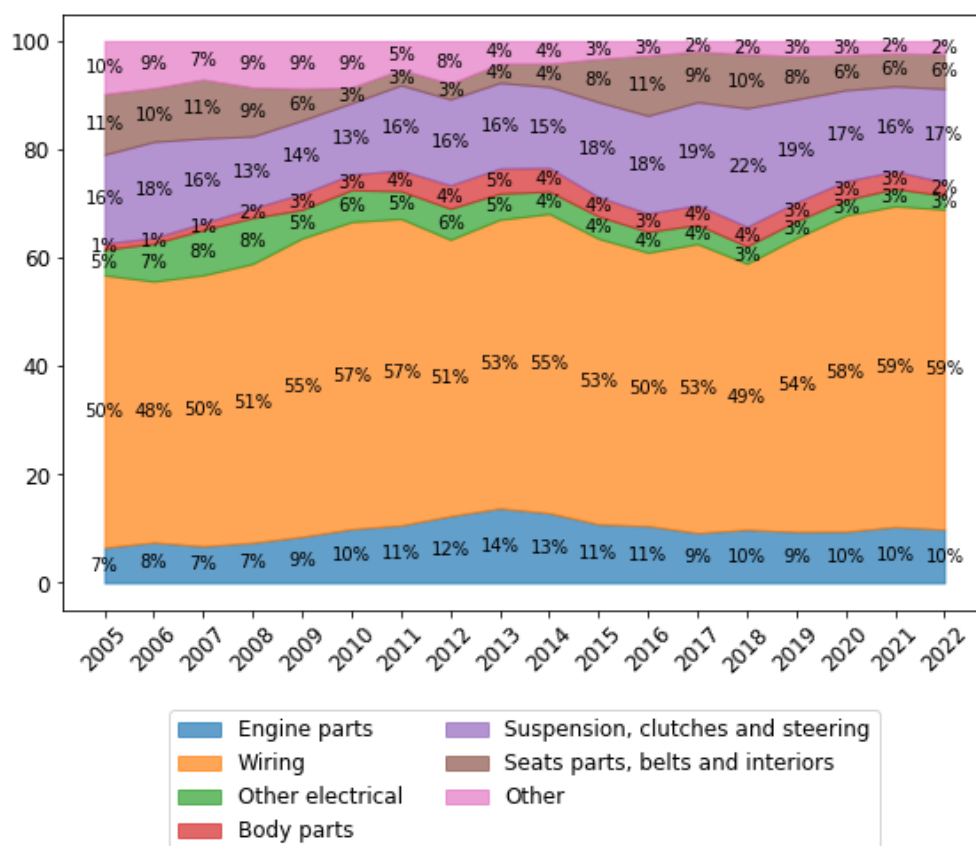


Figure 9. Share of product categories on Tunisia's total automotive exports. Source: Author calculation and elaboration from CEIP data.

The picture outlined so far reflects Tunisia's role as an export processing platform dominated by foreign TNCs, concentrated in the wiring harness sub-branch. A few affiliates of these companies already identified among the most important actors in Morocco as well, account for more than half of total employment, as shown in Table 5. Interestingly, data on total employment – Table 4 - and market destinations reveal a significant shift in the nationality of the main TNCs over the last 15 years, with German capital replacing French capital as the leading player until the early 2000s (Tizaoui 2000, Layan et Lung 2008). Companies headquartered in Germany accounted for 40% of total employment in 2022, compared to 20% for those headquartered in France. While in 2008 France accounted for 40% of total exports, its share has now dropped to 20%, whereas Germany's share has risen to 29%. The remaining 20% decline that France has experienced is instead associated with the growing importance of Italy as a market destination, reflecting its increasing role in FDIs. Nevertheless, unlike French and German companies, Italian investors are primarily medium-sized TNCs, and none of them appear in the top employer foreign companies. Shifts in ownership, however, have not been

accompanied by a similar change in the structural relationships between Tunisia and automotive TNCs, which continue to invest in “built-to-print” facilities, lacking any innovation activity and importing almost all inputs (Azmeah et Al. 2022). In general, according to OECD (2024: 58) data, the average integration rate in Tunisia’s automotive sector, calculated as the value of domestically produced inputs, is 31%. This indicates that the industry is almost entirely disconnected from the rest of the economy, explaining why industrial production indexes for the automotive sector are completely unrelated to those of other manufacturing activities, as shown in Figure 8.

Country	Employment	Number
Germany	33347 (40%)	22
Tunisia and mixed capital	16849 (20%)	42
France	8299 (10%)	42
Japan	7538 (9%)	2
Italy	3528 (4%)	22
Other foreign	13812 (26%)	12

Table 4: Employment and number of companies by nationality in Tunisia’s automotive sector. Source: Author’s elaboration on APII 2023.

LEONI	Germany	Wire harnesses	11411
DRAXLMEIER	Germany	Wire harnesses	6923
SUMITOMO	Japan	Wire harnesses	4410
AUTOLIV	Sweden	Steering systems	3500
YAZAKI	Japan	Wire harnesses	3128
KROMBERG & SHUBERT	Germany	Wire harnesses	2437
NEXANS	France	Wire harnesses	2000
WEWIRE	Germany	Wire harnesses	1982
APTIV	US	Wire harnesses	1924
KASCHKE	Germany	Coils (for wire harnesses)	1855

Table 5. Top ten transnational companies for employment in the Tunisian automotive sector. Source: author elaboration and calculation from APII 2023.

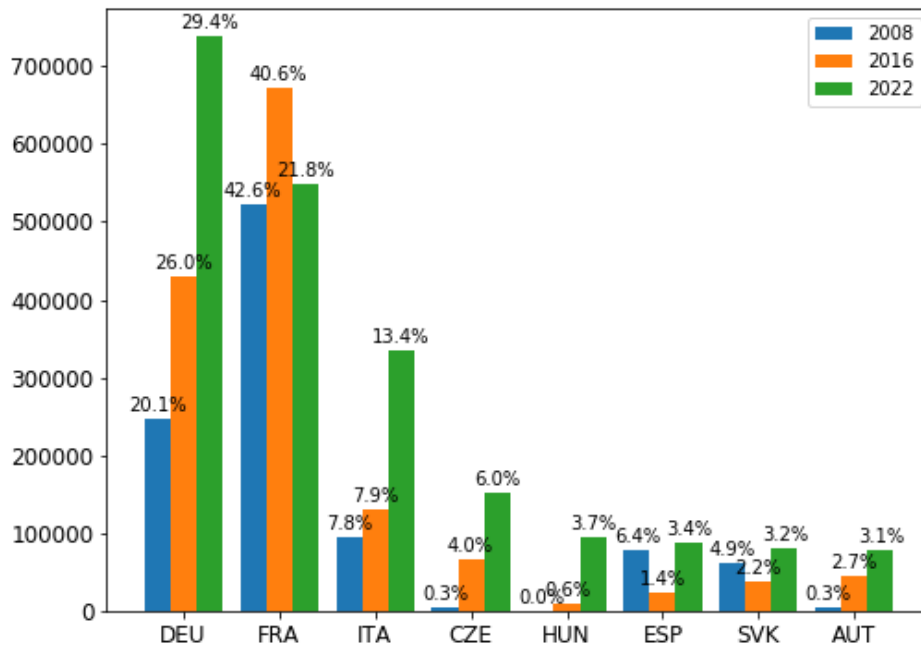


Figure 10. Top markets for Tunisia's automotive exports. Percentage of total automotive exports by export destination on top of bars; Y axis: value in thousand dollars. Source: Author calculation and elaboration from CEIIP data.

6.5 Matter of policy commitment or monopoly power? Peripheralization in light of domestic capitals 'success' *within* subordination to transnational capital

Despite transnational corporations being the main actors shaping the trajectory of the Tunisian automotive sector, industrial policies historically implemented by the Tunisian state have been relatively successful in fostering a pool of domestic and mixed capital companies integrated in the automotive global value chain. In fact, they amount for 30% of total enterprises and 18% of total employment (Table 4). Moreover, the share of Tunisian investors in the total capitalization of the country's automotive sector is around 20% (author calculation from APII 2023). These are modest numbers in comparison to those of foreign capital. Nevertheless, they are significant if contrasted to Morocco (see chapter 4), where domestic capital is virtually absent. Importantly, Tunisian companies are not exclusively SMEs with revenues in the range of ten million dollars and employment in that of hundreds. Rather, some of them are relatively big groups, showing sales of hundred million dollars and thousands of workers employed.

Name	Ranking in the top 500 Tunisian companies list	Companies	Product activity	Revenue (2022) million TDN (1dollar=3TND)	Employment
Elloumi Holding	4° (1° private)	COFICAB, COFAT	Electrical and electronics components (Copper cables, wiring harnesses)	2268	4475 (3785 COFAT, 570 COFICAB)
One Tech Holding	10°	FUBA, Eleonteck, Techniplasts, TTE international	Electrical and electronics components (Printed circuits, Copper cables and wiring harnesses)	719	2564 (442 FUBA, 508 Eleonteck, 341 Techniplast, 1273 TTE international)
Union Financière Internationale	14°	Caveo	Plastic components (Bumpers)	518	290
Misfat Group	25°	MISFAT	Plastic components (Oil filters for engines)	229	1200

Table 6: Financial and employment data of major Tunisian domestic automotive groups.

Sources: author elaboration on APII 2023, L'Economiste Maghrebin.

	Tunisian or Mixed capital		Foreign	
Sub-sector	Number of companies	Employment	Number of companies	Employment
Electrical and electronic components	20	11395	51	50868
Plastic components	7	2678	19	6310
Mechanical components	10	1984	15	4715
Car bodies	1	250		2172
Metal components	1	12	7	505
Textile and interiors	1	24	5	1483
Engineering	1	156	2	571
Other	1	350	1	-

Table 7: Number and employment of automotive companies by sub-sector and nationality.
Source: author elaboration on APII 2023.

Another significant element is that a non negligible number of Tunisian automotive companies are not ‘n tier’ suppliers with only sporadic relations with lead firms. Rather, 18% of them are ‘tier 2’ companies, directly supplying global car-makers (Table 8). This means that they have achieved the technical capacities required to respond to the high quality and productivity standards demanded by the latter. Remarkably, an analysis of different indicators illustrates that Tunisian automotive companies display better performances than affiliates of transnational capital. As a 2024 report from OECD (2024) states, automotive TNCs have a productivity equal to 30% lower than domestic enterprises in the country’s automotive sector. A similar figure relates to a concentration of the former in the most labor intensive and lower value-added activities, that is the wiring harnesses sub-industry. Whereas the share of Tunisian companies operating in electric part activities is only 50%, a similar figure is 70% in the case of global players.

Company nationality	Declaring R&D	Average R&D on revenue	Tier 1
Tunisian and mixed capital	11 (26%)	2,7%	7 (19%)
Foreign	13 (13%)	3,7%	27 (27%)

Table 8. Comparison of foreign and domestic automotive companies in selected dimensions: R&D, Tier rank and workforce skills. Source: Author own calculation and elaboration from APII data.

Local integration rate	Tunisian and mixed capital	Foreign
>80%	9 (21%)	19 (19%)
60-80%	6 (14%)	7 (7%)
40-60%	3 (7%)	5 (5%)
20-40%	7 (18%)	16 (16%)
0-20%	31 (19%)	48 (48%)
No data	4 (10%)	5 (5%)

Table 9. Comparison of foreign and domestic and mixed companies: local integration rates. Number in the cells are number of companies, while % in the parenthesis are percentage on total companies (Tunisian and mixed capital and Foreign, respectively. Source: Author calculation and elaboration form APII data.

In general, the relatively higher capabilities of domestic companies are also visible comparing the share of technical workers on total, on average equal to 15% for foreign capital and 17% in the case of nationally or mixed-owned enterprises (my calculation on APII 2023). Furthermore, domestic capital has a higher propensity to commit to research and development. In reality, the average value of R&D expenditure declared by Tunisian companies is lower than that of TNCs: 2,4 vs 3,2 on total sales, respectively. Nevertheless, 24% of domestic enterprises against only 9% of foreign entities have research and development activities in Tunisia (Table 8). Finally, it

is worth underscoring how Tunisian-owned companies reveal slightly more embedded in the domestic economy, as emerges from local integration rates. Whereas only 31% of transnational corporations declare a local integration rate of more than 40%, the figure is 43% for domestic companies (Table 8). All these data demonstrating relatively better performances by domestic companies in comparison to transnational capital put in evidence that prevalence of low value-added investments cannot be reduced to the offshore model. In fact, only two over 42 Tunisian owned and mixed capital companies I have inquired do not benefit from a totally exporting status.

The findings of the hitherto illustrated challenge the notion that foreign control is irrelevant to assessing Tunisia's downgrading in the automotive industry. However, the relative success of the country's upgrading strategy in fostering a pool of dynamic domestic companies does not support the recommendations of mainstream GVC scholarship, which often emphasizes the opportunities global production offer to domestic firms when supported by appropriate policies. The effectiveness of the pro-domestic SMEs approach that the Tunisian state has historically implemented has diminished over time. As Figure 10 illustrates, until 2000, Tunisian-owned and mixed-capital firms accounted for the majority of new entries in the sector. In contrast, since then, global companies have represented 70% of newly established enterprises in the automotive industry. During the 2010–2020 decade, the number of domestic companies catching up in the value chain dropped to only three, despite a significant increase in funding to the PNM between 2011 and 2015, with the electrical and mechanical sector, as mentioned, benefiting the most (ITCEQ 2017: 25). This trend thus confirms the growing difficulties faced by Tunisian companies in establishing linkages with lead firms from core countries in an increasingly monopolized global automotive industry. Importantly, highly asymmetrical power relations in the global car industry not only constrain the emergence of new actors. They also prevent existing domestic companies in developing countries to pursue a sustained upgrading trajectory with spillover effects on the rest of the economy. In this vein, it is useful to closely scrutinize some relevant cases: a single focus on quantitative indicators could be deceptive as prove of a sustained upgrading trajectory of Tunisian owned and mixed capital companies, as it tells few about the structural relations between them and global capital.

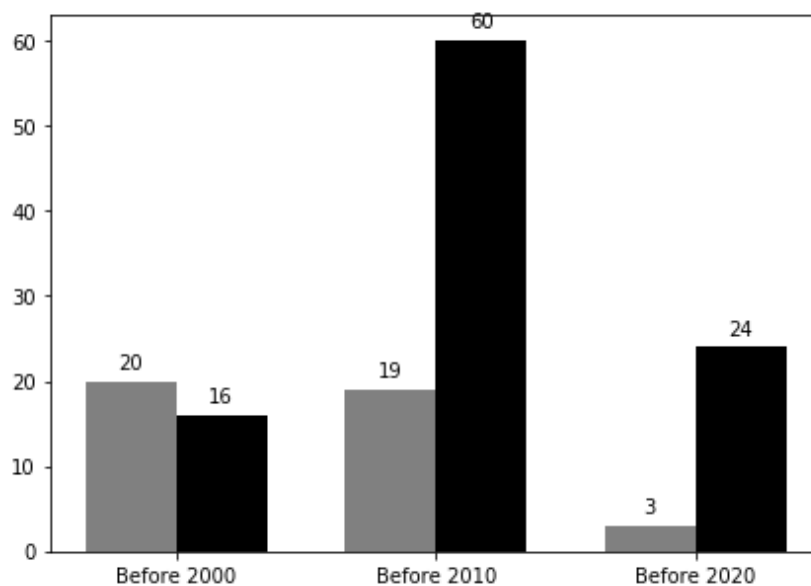


Figure 10. Number of new automotive companies in selected decades in Tunisia's automotive industry. Source: Author calculation and elaboration from APII 2023.

Elloumi group (COFICAB and COFAT) and One Tech Holding (FUBA, TTE international).

I have already observed that a few Tunisian automotive companies have grown until surpassing the SME size. Even more so: some of these enterprises have also achieved a leadership status in certain productions, while showing some ability to catch up with medium value added productions. Along this line, the most important example is represented by the Elloumi holding, a multisector family group which has its core business in electric parts for cars. Established as a joint venture with the US TNC Delphi in the late 80s, Elloumi's automotive activities now has a turnover approximating one billion euros, which make the holding the first Tunisian-owned exporting firm of the country (Gaultier 2020). A big share of this figure depends on COFICAB, which produces copper cables, a capital intensive good crucial as input for the wiring harnesses sub-industry. Interestingly, this company has achieved a leading position within this context, with an alleged 20% of total sales at global level (#8¹⁶). According to respondents, COFICAB also invests extensively in research and development, and it has recently expanded its catalogue devoted to electro-mobility cables. The copper cables market however correspond to a very niche sub-sector equal to less than a 0.3 % share of the overall value of the global automotive industry (Global Market Insights 2025). Therefore, market leadership does not render COFICAB a megasupplier, with an actual leverage on major car-makers. If it is true that it has established long terms partnership with its main customers, they

¹⁶ Manager of Coficab, online interview 02/03/2023

depend on the ability of this actor to implement a follow-sourcing strategy, that is to locate its facilities the closer possible to assembly factories abroad. The result is that the bulk of COFICAB's production capability is not in the companies' home country, where it has only one plant, compared to two in Morocco, plus other affiliates in Mexico, Portugal and Romania. On the contrary, Elloumi group maintains Tunisia as main base for its more low value-added and labour-intensive wiring harnesses division, COFAT. In fact, whereas COFICAB employs no more than 500 workers in a sole facility, COFAT has a workforce of around 4000 distributed in two plants, in Tunis and Biserte respectively, to which a new one will be added in Kairouan (TAA 2026).

Moreover, it is important to underscore that, differently from megasuppliers capable to negotiate the conditions of innovation programs with car-makers, R&D performed by the Tunisian cable company is substantially subordinated to flexible requirements from global customers. The asymmetrical relation between these actors and COFICAB even prevents it to extract rents from intellectual property. As a manager from COFICAB Portugal stated:

The OEMs never accept, except in very, very special cases (in products that are technologically extremely innovative) to have one supplier only. So patents raise a problem for us. If we protect a new product with a patent, we are not able to sell to any client. The OEMs do not accept our segment of products to be protected by patents (quoted in Simoes et Crespo 2015: 24).

Securing monopoly on knowledge-intensive activities is one of the key drivers of centralizing innovation close to TNCs headquarters. Lacking this kind of incentive and willing to leverage on the competitive advantages associated with geographical proximity, as for what observed concerning production tasks, Tunisia is not a privileged location of R&D facilities controlled by the Tunisian cable company. In fact, an innovation center does exist in the company's home country, but the biggest one is in Portugal.

Besides Elloumi, another insightful example of domestic automotive company in Tunisia is One Tech Holding, controlled by the Sellami family, another of the most important node of the country's capitalist networks (Oubenal and Ben Hamouda 2018: 13). As the former, its core business are cables and wiring harnesses activities. Nevertheless, in 2006 it acquired a German printed circuit company, FUBA, positioning in a comparatively high technology production. Importantly, since the mid-2010s this activity amounts for almost half of total revenues of One Tech Holding. In addition, as prove of its relatively high value added, FUBA correspond to the most profitable division of the company (One Tech Holding 2023: 29). However, as already observed for copper wire activities, automotive PCB correspond to a niche market, weighting

only 0.5% of total sales in the global car industry (Precedence Research 2025), whereas in this niche production, FUBA only ranks 30th worldwide (One Tech Holding n.d.). Moreover, FUBA is dependent on only four global companies, concentrated in the EU. This strong dependency on a few TNCs is also visible for other divisions of the group. TTE international - the affiliate operating in the wiring harnesses sub-sector and responsible of more than half of the holding's total sales - has one customer, whereas Technoplast, One Tech's division of plastic injection for automotive components, no more than two (APII 2023). As a financial report on One Tech testifies, though manifesting the intention to upgrade, the relation of the company with transnational players is a strict sub-contracting one, constraining bargaining power and prospects for further development; therefore:

La finalité stratégique du management est de monter en chaine de valeur en intégrant le design et l'engineering produit pour passer du statut de sous-traitant pour les secteurs automobile, industriels et aéronautique au rang de fournisseur direct de modules complets et intelligents, avec des softwares embarqués pour les grands donneurs d'ordre dans tous les secteurs (Tunisie Valeur 2021).

The main action declared to move up the value chain has been the recent acquisition of Sofia Tech, a Tunisian-owned ICT company, which is not however clear to what extent will be able to enhance autonomous R&D capabilities. In fact, according to recent case study research on this company, its business model seems merely that of an average company of outsourced engineering services for global companies (Ahmed 2024). Interestingly, as Elloumi, One Tech has recently committed to a strategy of internationalization. In 2014, it has established an affiliate of its division of plastic injection for automotive components in Morocco (Challenge 2017). Once again, however, this does not correspond to the reach of a greater autonomy vis-à-vis transnational capital. Rather – in the same guise of Elloumi Group's affiliates – it reveals the strong subordination to the relocation strategies of global customers, compelling to divert product capabilities towards countries which are direct competitors of Tunisia.

5.6 Tunisia's peripheral trajectory amid constraints from dependency and Morocco's 'upgrading'

Efforts by the Tunisian state to consolidate a power bloc around transnational capital through measures aimed at establishing industrial linkages with domestic firms proved partially successful in fostering a pool of Tunisian-owned automotive suppliers. Nevertheless, these

efforts not only collided with tendencies toward capital centralization in the global automotive sector, but were also accompanied by the absence of a coherent strategy to attract strategic FDI, including infrastructure upgrading. As the Moroccan case illustrates, such policies would not have broken with a peripheral position. Yet, when Tunisia's trajectory is assessed in light of Morocco's, the absence of these measures appears to have contributed to its deepening peripheralization within the EU-centred automotive production network and, more broadly, within global capitalism.

Political instability has certainly been a factor contributing to the absence of recent industrial policy adaptations, as respondents frequently observed. In this regard, they insisted on the recurrent delays, over the last decade, of the Enfidha port megaproject—a maritime infrastructure project in the Gulf of Hammamet that is expected to improve Tunisia's export competitiveness, even challenging the dominance of Tanger Med as the main container transshipment hub in the Mediterranean:

In the last 10 years Tunisia has changed 11 governments. Not only has this made the country less attractive for foreign investment, but it has also prevented any serious discussion of an industrial strategy. There are major infrastructure projects, like the port of Enfidha, that have been repeatedly postponed because there was no serious strategy, which we are now trying to develop.

That said, the path dependency of industrial policy in the country was established before the 2011 revolution, with the Enfidha infrastructure project already envisaged but not seriously pursued during the late Ben Ali period. Unlike Morocco—where Tanger Med received partial financing from the state—Tunisia, at the time, was expected to rely only on private sources of funding (Jeune Afrique 2008). It has moreover to be considered that the contradictions of subordinate GVC-led accumulation are not external to the post-2011 socio-political turmoil. The repositioning from clothing to automotive production within global value chains has not coincided with an improvement, but rather with an aggravation of balance-of-payments constraints, with trade deficits shifting from 2.9 to 12 between 2009 and 2022 respectively (World Bank n.d. a), and thus the current account remaining persistently dependent on tourism revenues and remittances.

In the post-2011 period, these contradictions formed the basis of intensifying austerity pressures under the constraints of a balance-of-payments crisis and IMF dependency, of which socio-political instability was a more or less direct expression. This unfolded in synergy with social conflict associated with long-term dispossession, labour precarization, and wage devaluation policies that have underpinned Tunisia's integration into GVCs, as I will return to in Chapter 7.

Transnational and domestic export-oriented capital also directly contributed to this vicious cycle by pressuring, alongside the IMF, for currency devaluation policies aimed at restoring international competitiveness. This, in turn, crucially contributed to deepening the economic crisis and austerity—given that most of the country’s public debt is denominated in foreign currency—and therefore to socio-political instability itself (Observatoire Tunisien de L’Economie 2023).

Moreover, even the more recent political stabilization under authoritarian guise has not produced a shift in Tunisia’s GVC policies. In effect, in 2022 the government, the Tunisian Automotive Association, and GIZ (2022) signed an “Automotive Competitiveness Pact.” Nevertheless, no significant turn in industrial policies emerges from an analysis of this agreement. The need to accelerate infrastructure upgrading is emphasized as key to attracting more capital-intensive investment; yet the policy framework continues to prioritize fiscal and investment incentives for export-oriented firms, alongside calls to remove restrictions on Tunisian capital’s outward investment (Ibid. : 24). The stated rationale is to enable domestic automotive suppliers to expand internationally, improve their leverage vis-à-vis TNCs, and thereby generate technological spillovers for the Tunisian economy.

However, the scale of capital centralization in the global automotive industry renders such expectations highly uncertain. What is more unambiguous, instead, is that this policy orientation accommodates domestic suppliers’ follow-sourcing strategies which, as shown, reinforce subordination within the automotive GVC. Although this outcome is partly secured by domestic capitalist interests that consent to dependency, Tunisia’s peripheralization must be analysed not only comparatively, but also relationally, in direct connection with Morocco’s trajectory, which, in synergy with the investment strategies of transnational capital, operates as a structural constraint.

An interesting entry point for discussing this dimension is precisely the continuously deferred realization of the Enfidha megaproject mentioned above, which cannot be reduced to a failure to learn from other successful cases. In fact, the development of large-scale maritime logistics platforms does not primarily depend on national policy. Port facilities that meet global standards require investments of several hundred million euros, making their viability contingent upon capturing significant container transit volumes—on the order of 1 million TEUs. For small economies with limited inland economic activity, this depends largely on the strategies of global transshipment companies that dominate the sector—namely MSC, Maersk, COSCO, and CMA CGM - often referred to as “The Alliance” (International Transport Forum 2018: 7). To

maximize vessel size and minimize port calls, these giants tend to concentrate their operations in a limited number of major hubs, to which they commit through long-term contracts (typically around 30 years) and participation in infrastructure investment schemes (Ducruet et Nottombom 2024; Oliveira et al. 2021; Fancello 2023). This contributes to a relatively stable organization of port systems, restricting the emergence of new hubs except within specific windows of opportunity—such as when existing facilities become saturated during periods of trade expansion or when global players adjust their alliances and strategies. A similar configuration characterized the period between the late 2000s and the global financial crisis, during which Morocco successfully implemented the Tanger Med project.

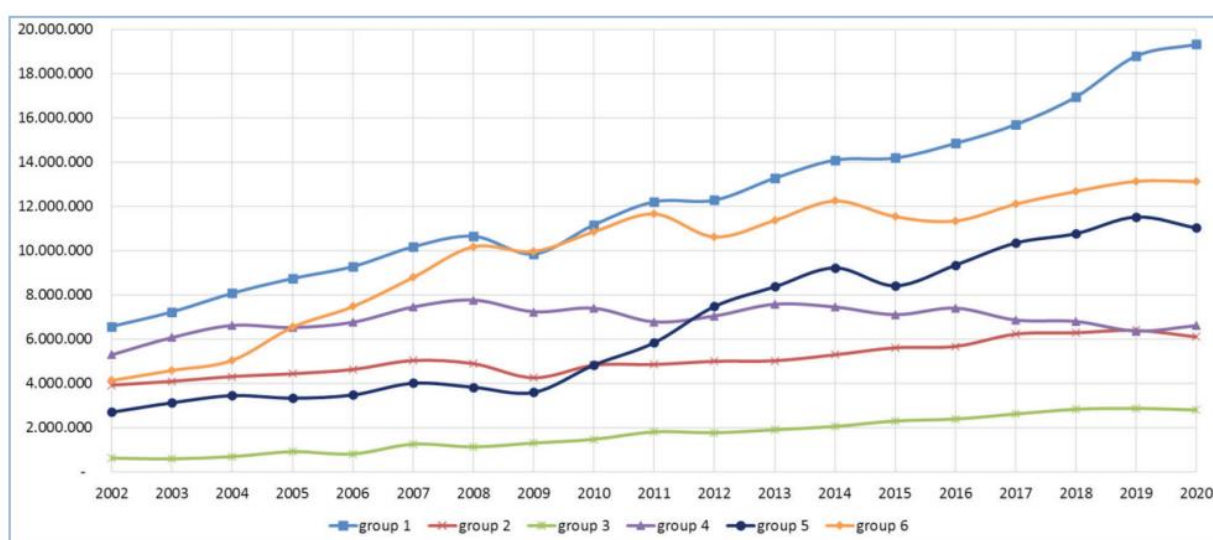


Figure 11. Container transshipment in Mediterranean Ports. Group 1: Algeciras (Spain), Valencia (Spain), Tanger (Morocco). Group 4: Marsaxlokk (Malte), Cagliari (Italy), Gioia Tauro (Italy). Source: Fancello 2023.

In recent years, the concentration of maritime traffic has thus increasingly benefitted Western Mediterranean ports—such as Valencia and Algeciras in Spain and Tanger in Morocco—over those in the Central Mediterranean, including Marsaxlokk (Malta) and Gioia Tauro (Italy). This shift has hindered the development of new port infrastructure in the latter region. Between 2010 and 2020, container transit in Western Mediterranean ports surged from 8 million to 20 million units per year, while Central Mediterranean ports stagnated at 7 million. Additionally, the Paris-based global transshipment company CMA-CMG designated Marsaxlokk as its primary hub in the latter and, in 2017, lobbied against the development of the Enfidha port through the French ambassador in Tunisia (Krimi 2017; Sarra 2022).

In light of these elements, it is not surprising that the seven tenders issued by the Tunisian state between 2014 and 2020 failed to attract interest from transnational investors, leaving the project at a standstill (Kapitalis 2021). In recent years, new calls for tenders have been issued; foreign investors' interest in the Enfidha port project has, however, remained elusive (Plumes Economiques 2026).

Tunisia's exclusion from the recent reconfiguration of Mediterranean logistics in favor of Morocco has therefore limited its ability to attract global car manufacturers. At the same time, Morocco's rise as a logistics and car assembly hub has negatively affected the development of Tunisia's automotive industry. In effect, only a few cases of company relocations between the two countries have been documented, while the competition entailing Morocco and Tunisia as automotive components hubs is partly limited by their market specialization, reflecting geographical factors, and the slightly differentiated headquarters of TNCs dominant in the two contexts. These factors make, indeed, the former more focused on Spain and France and the latter on Germany. Nevertheless, the economies of scale generated by the presence of two global car manufacturers in Morocco have made it generally more attractive to component suppliers, at the expense of Tunisia.

This trend has already influenced Tunisian automotive suppliers themselves, which have planned significant investments in Morocco over the past decade, as we have seen in the previous section. A similar trend has unsurprisingly involved also foreign companies. This shift is particularly evident in the export of wiring harnesses to France, where Moroccan exports have surged while Tunisia's have stagnated. Tunisia still holds a larger market share in Germany, but the graph on the right side of Figure 12 shows that Morocco is rapidly catching up.

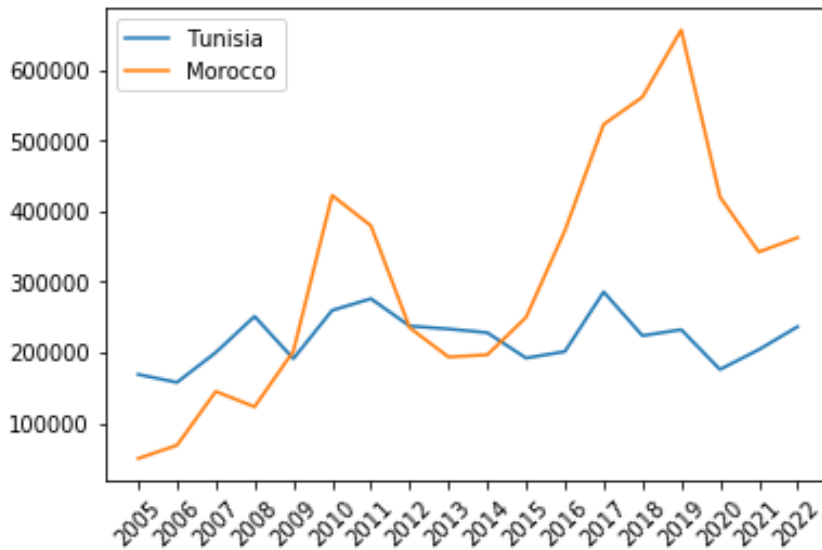


Figure 12. Wiring harnesses (HS92 code 6 digit: 840430) exports to France from Tunisia and Morocco. Y axis: value in thousand dollars. Source: Author elaboration on CEIIIP data.

5.6 Conclusion

Over the last two decades, Tunisia has exhibited a tendency toward shifting from primarily exporting garments to electrical and mechanical items, notably automotive components. Nevertheless, a closer examination of the country's automotive production reveals a peripheral positioning in the automotive GVC, with labor-intensive and low-value-added wire harnesses constituting the bulk of external sales. The primary driver of this process is Tunisia's subordinate role within the production networks of transnational corporations (TNCs), which also results in very limited spillovers to the domestic economy.

Evidence that this suboptimal outcome is rooted in global processes and hierarchies rather than ineffective industrial policies lies in the weaker performance of TNC affiliates compared to domestic automotive companies. In fact, policy literature often attributes Tunisia's sub-optimal performance in global production to its fiscal and duty enticement for fully exporting (offshore) companies, unable to create incentives for investments outside export processing activities. This would be more important than foreign control in making sense of the country's low value added profile, which is contradicted by empirical findings: Tunisian-owned and mixed-capital firms

benefiting from offshore status display higher productivity and stronger local integration than global firms. This outcome is also linked to Tunisia's approach to global value chain (GVC) integration, historically devoting significant efforts to upgrading domestic companies. Nevertheless, the deepening monopoly structure of the global automotive sector has progressively reduced the effectiveness of programs aimed at sustaining investment and technology transfer for Tunisian SMEs, as evidenced by their declining entry into the GVC over the last decade.

Furthermore, despite some Tunisian automotive component suppliers achieving leading positions in niche markets, they have not attained a megasupplier status and remain subject to the monopoly power of global automotive companies. This dependence constrains their upgrading trajectory and generates limited benefits for the domestic economy. In fact, their investment patterns are ultimately shaped by strategies of global car manufacturers, which have led main Tunisia automotive companies to allocate substantial investments to facilities in locations that compete with their home country within the automotive production network.

The significance of domestic export capital in Tunisia's power bloc, epitomized by the very structure of the automotive supply chain, moreover contributed to a policy strategy that neglected a concentration of resources on strategic FDIs and infrastructures necessary to entice capital intensive car-making investments, as occurred in Morocco. Nevertheless, the success of port megaprojects is not primarily driven by national policies but is fundamentally shaped by capital centralization and spatial strategies adopted by global transshipment companies. These actors, organized as a cartel of a few TNCs—"The Alliance"—have increasingly concentrated transshipment in a shrinking number of hubs, whose positions tend to remain stable over time due to long-term contracts with terminal providers. The emergence of the Western Mediterranean, to which Tanger Med belongs, as the crucial area for container transit over the last decade has therefore constrained the development of Central Mediterranean ports, limiting Tunisia's ability to secure financing for the Enfidha deepwater port and attract leading motor vehicle manufacturers. This conclusion puts in evidence the relevance of dynamics of intra-network competition and structural exclusion in shaping uneven development. In this context, Morocco's rise as a logistical hub has thus contributed to Tunisia's marginalization in the production network controlled by global car makers. Also, Morocco's position as home to three car assembly plants has generated higher economies of scale than in Tunisia, further reducing the latter's attractiveness for megasuppliers, even in wiring harness activities where it enjoys a labor cost advantage.

PART III – Labour dynamics in Morocco and Tunisia's automotive

Chapter 6 - Labour regime and resistance in Morocco's automotive: labour market vulnerability, coercion and union weakness

6.1 Introduction

According to official discourses and some policy reports, the expansion of the automotive value chain in Morocco has not only marked a path of economic upgrading but also presented an opportunity for social upgrading. To quote a 2019 study by the ILO:

Les niveaux de qualification et de régularité de l'emploi restent relativement élevés dans la chaîne de valeur du secteur Automobile. Autre fait marquant de la chaîne de valeur du secteur de l'Automobile, les niveaux des salaires élevés, soit 1,5 le salaire moyen de l'ensemble des salariés du secteur privé formel, tous secteurs confondus. Ceci place la chaîne de valeur du secteur de l'Automobile dans une typologie qui génère plus d'emplois avec des salaires meilleurs et déclare plus les salariés au régime de la sécurité sociale. (Ibourk 2019, p. 161)

This chapter questions such accounts, relying on fresh evidence from official statistics, interviews to key informants, local press reports, especially from Moroccan leftist outlets, as well as Facebook groups and pages managed by workers and unions. Drawing on these variegated sources has been fundamental to achieving a detailed and multi-voiced picture of labour dynamics. Accordingly, I combine an analysis of macro-trends related to employment, wages, and labour policies with a more fine-grained study of the labour regime and workers' resistance in the Moroccan car industry. In this regard, I focus on two key sub-branches within the country's automotive production: the wire harness supply chain and car assembly factories — nodes responsible for the majority of employment in the local automotive production chain. Coherently to my theoretical framework, I do not limit the discussion to highlighting the difficult conditions endured by Moroccan automotive workers. The non-linear link between economic and social upgrading has been widely recognized even in mainstream GVC literature, albeit it is often interpreted as a problem of institutional coordination between social agents.

On the contrary, this chapter avoids the "inclusionary bias" and "problem-solving" logic typical

of the aforementioned approach (Werner and Bair 2019). Thus, I identify low wages and poor working conditions not as contingencies stemming from institutional failures but as necessary outcomes of Morocco's uneven integration into the global automotive industry and as crucial elements for maximizing exploitation rates.

In this vein, as in the previous chapter, the State is not seen as a neutral actor between labour and capital. Instead, I emphasize its role in systematically reproducing a permanent surplus population through dispossession policies, fundamental to devalue wages and sustain exploitation in peripheral automotive locations. The state also plays a key role in weakening labour by enforcing restrictions on migration, regulating precarious forms of employment, and actively undermining independent labour organization. Within these key dimensions of the labour regime, it is therefore crucial to assess how different forms of workers' power shape labour resistance and interact with the labour regime itself. Workers' power is unevenly distributed across the different nodes of the global automotive industry, not only along the core–periphery divide but also within production chains located in Global South countries. Accordingly, I examine the labour processes and relations specific to different sub-branches and production sites that compose the automotive sector in Morocco.

In doing so, I nevertheless problematize the relations between labour and their organizations. Unions are crucial for reconstituting the “collective worker” (Marx 1995) — fragmented in the market and labour process(es) — as a social force and in mobilizing this force by leveraging workers' structural power to disrupt the normal reproduction of capital valorisation. Nevertheless, unions can also function as mass integrative apparatuses, prioritizing institutional gains over responding to demands from below and thus contributing to the fragmentation of the collective worker.

As I will show, Moroccan unions are generally very weak, particularly within the automotive sector. This weakness stems from historical factors, such as the division among labour associations, and objective conditions that I address thoroughly in my analysis. High levels of unemployment, TNCs' reliance on rural migrants, gender oppression, high precariousness, and, above all, harsh managerial and State repression constitute formidable obstacles to worker organization and resistance in Morocco's automotive sector. Despite these conditions, Moroccan automotive workers have frequently shown a willingness to organize and mobilize, even under the challenging conditions in the wire harness supply chain. Additionally, the

emergence of car assembly factories, where workers possess higher structural power, has presented an opportunity for unionization and the potential to shift the balance of forces within the local supply chain, which largely depends on Renault and Stellantis. In fact, the fate of workers in the weaker parts of the supply chain cannot be separated from that of workers in other nodes — the separate analysis of different subsectors and workplaces provided here is primarily for analytical purposes. A further significant aspect of this chapter is a critical examination of the unions' role, characterized by a controlled militancy aimed at securing legal and institutional recognition. This examination is based not only on fieldwork analysis but also on the scattered, yet valuable, literature on State-union relations in Morocco, which highlights the financial and institutional inducements underpinning the unions' moderate strategies at both national and grassroots levels.

The chapter is organized as follows: In the first section, I examine the impact of trade liberalization and neoliberal policies on industrial restructuring, agrarian dispossession, and migration, all of which underpin low wages in the Moroccan automotive industry. The second section clarifies the State's role in precarizing and coercing labour, providing key insights into unions' history and moderate strategies, particularly regarding their relations with State institutions. This is followed by an in-depth analysis of labour relations within the wire harness supply chain, highlighting the link between labour process characteristics, labour repression, and limited union activity, especially when non-militant. The third section focuses on car assembly factories, investigating how controlled militancy has succeeded in mobilizing higher strategic power, especially in favourable political and geographic contexts, albeit only for some workers and often at the expense of wage demands. In the fourth section, I examine a major labour mobilization that occurred between June 2018 and February 2019, led by workers without union support at one of the country's most significant wire harness companies, Delphi. This episode of grassroots organizing is emblematic for addressing the ineffectiveness of the unions' approach in uniting workers across the local supply chain.

6.2 The Reproduction of Labour Surpluses: Limited GVC-Led Employment Spillovers, Dispossession Policies, and Border Criminalization in Morocco

If various — albeit questionable — elements exist to defend the idea that Morocco has been experiencing an economic upgrading trajectory in the automotive sector, the presence of a path

of social upgrading is hardly observable. Rather, as I will demonstrate, "economic upgrading" is built on a sustained dynamic of "social downgrading," to continue echoing mainstream GVC lexicon. The official discourse of the Moroccan government, often uncritically echoed by the press and taken for granted by many policy and academic research works, praises not only the accomplishment of integrating the global automotive industry in terms of production but also employment. However, data spread by the Ministry of Industry are inflated, with claims of over 220,000 jobs in the automotive sector (MCINET s.d.). As for the case of FDI and exports, the expansion of the workforce in the car industry in Morocco has indeed been impressive over the last decade, even resorting to more reliable data from the HCP – Haut Commissariat au Plans. From 2014 to 2022, employment in Morocco's "transport equipment" industry almost tripled, rising from 40,000 to 122,782 workers (HCP 2024), overcoming the 2019 figure of 117,000 after the COVID related slump at 105,946 in 2021 (HCP 2022). This means that the car sector corresponds to the third most important manufacturing industry in terms of jobs, after garment and textile and agroindustry, amounting to 380,201 and 326,291 workers, respectively, in 2022 (HCP 2024).

However, this picture must be contextualized. From 2008 to 2022, the garment and textile industries lost almost a quarter of their employment, shrinking from 560,000 workers to the aforementioned figure inferior to 400,000. Clearly, automotive employment has not been able to absorb such losses (HCP 2014). In fact, manufacturing employment has stagnated since Morocco emerged as a hub in the EU-led automotive region, with a share on total employment remaining constant at around 12% between 2008 and 2023 (IMF 2023). Although the automotive sector is not directly responsible for this outcome, it would be a mistake to separate the crisis in the textile industry, and thus languishing figures on manufacturing employment, from Morocco's success in becoming a node in the EU-led car industry.

Firstly, it is important to consider that, although comparatively labour intensive considering the global automotive industry, car and component plants are structurally more capital-intensive than garment and textile factories in Morocco. In fact, from a simple calculation on 2023 data, it results that the creation of one unit of labour implies a value of productive inputs equal to around 75,000 euros for the automotive industry and 9,000 for the garment and textile sector (HCP 2024)¹⁷. In addition, the limited domestic linkages of the newly emerging sector indicate

¹⁷ I obtained these figure by dividing the number of workers for the value of inputs of each sector.

a low indirect effect on job creation in other sectors¹⁸. More importantly, both the difficulties of the clothing industry and the achievements of the automotive sector stem from the very process of subordinated integration into the EU-led economic space involving Morocco. Tariff liberalization within the broader WTO context and the establishment of the Euro-Mediterranean free trade agreement were pivotal in underpinning the expansion of transnational automotive companies in the North African country (Piveteau 2018). Yet, they also exposed Morocco to global competition, particularly from East and Southeast Asia (Harrigan et El Said 2009, Akesbi 2023). Since 2004 – when the Multifiber Agreement expired, removing preferential export quotas for Maghrebi and Middle Eastern countries in the EU – Morocco’s share of the European market plummeted from 0.77 to 0.52, between 2005 and 2011, whereas that of Bangladesh soared from 0.35 to 0.55 in this very timespan (Banque Centrale de Tunisie 2019 p.93).

This industrial downsizing was crucial in providing cheap labour for the expanding automotive industry, both directly – the first employees of wiring harness companies in the Tangier free zones were former garment workers (Ouedraogo J. et F. Vatin 2017)– and indirectly, by depressing labour demand and reproducing a massive surplus population. The extent of this phenomenon can only be fully appreciated by analysing key processes on the labour supply side, still related to Morocco’s uneven incorporation as a periphery of the EU, as well as to the critical role of neoliberal policies enforced by the state in agrarian relations.

In the last decade, Morocco has witnessed significant rural-urban migration, driven by the crisis of traditional agriculture due to unbalanced trade liberalization and enclosure policies detrimental to collective lands. Integration into the Euro-Mediterranean free trade area led to a significant reduction in tariffs on agricultural goods in Morocco. For instance, protections on wheat imports from the EU decreased by 38% after 2003 (Akesbi 2015 p. 53). Conversely, the EU maintained a complex system of import quotas against Moroccan crops, with tomatoes serving as an emblematic example (Akesbi 2015 pp. 63-65). In addition, Brussels, along with other financial institutions, exerted significant pressure on Morocco to reduce subsidies supporting local farmers as a condition for accessing advanced, and notably European, markets (Akesbi 2017 p75). By contrast, financial measure supporting EU farmers in the framework of

¹⁸ The aforementioned report by the ILO (Ibourk 2019) calculate a strong indirect effect on employment associated with the automotive sector. However, it utilises 2015 data, when the sector was not distinguished from the broad metal sector and electrical sector. Such operation is arbitrary and results in unreliable conclusions: for instance, the metal sector accounts for the steel sub-sector, traditionally characterised by high backward linkages and therefore employment spillovers. Indeed, it exists in Morocco, with at least two steel mills. However, as we have signalled in Chapter 4, these steel mills does not produce for the export-led and foreign-TNC dominated automotive industry.

the Common Agricultural Policy (CAP) has not been substantially reduced in the last decades (Heinemann 2020). As a result, only the most capital-intensive and competitive landowners have managed to secure access to foreign markets and withstand global competition, while many smallholders have been driven out of business. This polarization has been further accommodated by around 20 years of privatization policies, particularly targeting State and collective lands.

In 2004, the Moroccan government initiated an extensive plan involving the long-term leasing of State lands to "private developers," who gained control of 120,000 hectares out of a total of 270,000. Although these lands were previously de facto owned by local communities, collective lands, known as *Guich*, have a specific juridical status in Morocco. Collective lands were one of the main targets of the 2008 Morocco Green Plan, deepening privatization policies in support of large agribusinesses focused on export crops. From 2008 to 2014, leasing of collective lands to both domestic and transnational capital involved over 700,000 hectares—equivalent to roughly a tenth of total agricultural land and half of the *Guich* land (Mahdi 2015 pp. 2-4). The program also involved large dam megaprojects aimed at transforming Morocco into a "North African California." However, most of these investments were concentrated in areas where export agriculture is predominant (Akesbi 2012, ATTAC Maroc 2020 pp. 163-164). Morocco has also experienced 6 years of consecutive droughts from 2017 to 2023 (Collas 2024). The effects of climate change, therefore, intertwine with a polarizing strategy concerning hydraulic resources, exacerbating the water crisis and worsening the living conditions of peasants.

Direct dispossession is not the only cause of rural-urban migration. Significant processes of proletarianization are also occurring in the countryside, alongside the development of export agriculture, particularly in the Souss-Massa region (Bouchelka 2016). Nevertheless, the gap in living standards between predominantly agrarian zones and cities remains vast. The state plays an active role in maintaining this disparity, not only through unbalanced dam investments and support for large agribusiness but also by enforcing a policy that keeps the minimum wage in rural areas at a level 30% lower than the urban one (CNSS, n.d.).

This has contributed to a sustained decline in agricultural employment, which dropped from 45.8% to 30.8% of total employment between 2004 and 2022 (Tradingeconomics 2024). Given the limited industrialization that Morocco has experienced, despite gains in the automotive sector, most participants in this agrarian exodus have crowded into the informal labour market,

which shifted from 44,4% to 70% from 1995 to 2014 (CRES p. 35). However, the automotive industry, concentrated in a few coastal areas, has heavily relied on these internal migrations as an inexhaustible reservoir of cheap labour. According to a 2019 survey, 70% of workers employed in the Tangier free zones originate from outside the province, particularly from rural areas of the Sidi Kacem and Kenitra regions (300 km far from Tangier) (Belkheiri 2020 p.11).

As we have seen, Kenitra has become directly important in Morocco's automotive landscape, but it also encompasses vast agrarian areas. Besides state incentives, one reason for directing the automotive sector's expansion toward this location was proximity to pools of cheap labour. The Kenitra regions itself dispose of relatively vast rural surpluses, but anecdotal evidence from my informants has confirmed findings from previous studies indicating that, even in this context, major automotive companies recruit workers from underprivileged regions, such as Souss-Massa and Drâa-Tafilalet (#3, #26¹⁹)

A final mechanism that cannot be overlooked, through which Morocco's unequal relations with the EU core - in synergy with state policies - help sustain the reproduction of a surplus population for the benefit of the export economy, is the restriction and criminalisation of migrations. In the last three decades, the very process facilitating labour mobility within the EU has coincided with increasing restrictions for North African workers seeking to emigrate. Since the establishment of the Schengen area in 1995, Moroccans can only obtain a visa for Europe by meeting high income requirements or by securing study or temporary work agreements with EU countries (Vermeren 2019). Particularly over the past two decades—and even more so after the 2008 crisis—EU governments have heavily funded the Moroccan police to enforce border control. Between 2018 and 2023, over 360.000 people were arrested attempting to sail to Spain or enter the Spanish enclave of Ceuta in northern Morocco (Zaanoun 2023). Importantly, Tangier, the heart of Morocco's automotive industry, also serves as a major migration hub, even attracting regional migrants from sub-Saharan Africa – a relevant share of those aforementioned arrests. Automotive companies have not yet tapped into this regional migration flow, but mostly rely on internal migrants. However, securing a job in the Tangier Free Zone often represents a temporary step for Moroccan workers who are waiting for opportunities to emigrate to Europe, either legally or illegally (Kopinak et al. 2020)

In fact, all of my informants have told me that the desire to emigrate to Europe is widespread

¹⁹ #9 UMT official, Kenitra, 18/03/2023; #26 Worker at Stellantis Kenitra, Kenitra, 20/06/2023.

among Moroccan workers, particularly those in the automotive sector. Facebook groups of Moroccan workers employed in car and component factories, or those seeking employment in the sector, are often filled with comments comparing living standards with EU workers and expressing dreams of emigration (Picture 1).



Picture 1. “Where I would like to go (airport). Where I go every day (factory work)” (translation from Arabic). Photo retrieved from a Facebook group managed by workers of Stellantis Kenitra. On the left side is the interior of the factory, while on the right is the boarding corridor for an airplane.

Locating Morocco’s integration within these broad neoliberal trends of State-led dispossession and asymmetrical liberalization of trade and labour mobility with the EU-core is essential for assessing a dynamic often obscured in mainstream approaches: the persistent stagnation of wages in Morocco's automotive sector, regardless of a steady increase in productivity (Figure 13). Interestingly, this wage stagnation is also linked to a widening wage gap—not only in comparison with more advanced countries but also relative to the EU’s Central and Eastern European (CEE) semi-periphery (Figure 14). This gap arises not only from an industrial upgrading process that has created better employment opportunities in the latter, but also from

the freedom granted to CEE workers to emigrate to more advanced areas of Europe.



Figure 13, yearly average wage vs. yearly value added per worker in the automotive industry in Morocco. Source: Author's elaboration on HCP data.

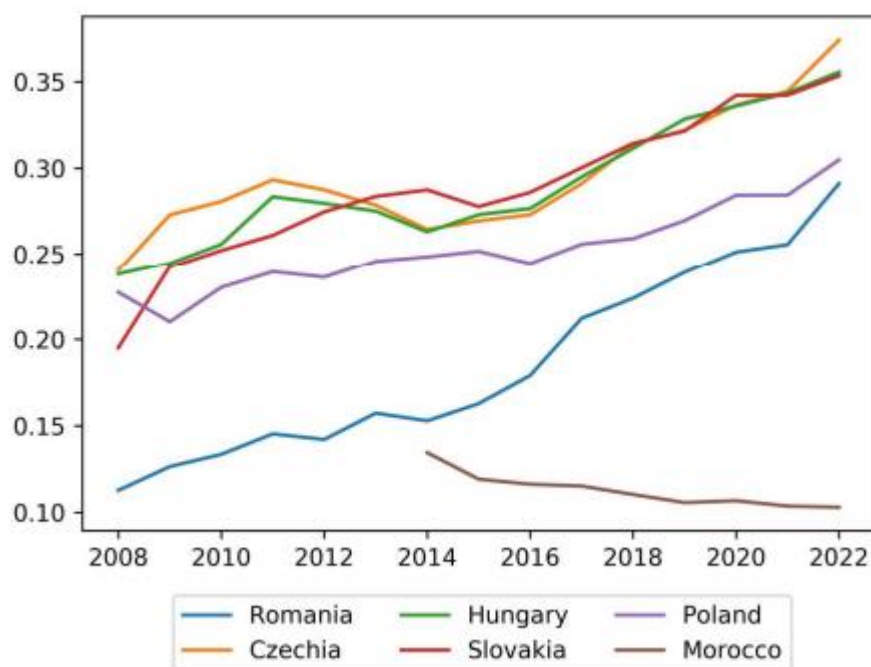


Figure 14, Average wage in CEE countries and Morocco's automotive industry as a percentage of that in main locations of the EU automotive core (Germany and France). Source: author elaboration on HCP and Eurostat data.

6.3 State-labour relations: Moroccan labour associational weakness amid coercion, precaritization and unions' mass integrative role

6.3.1 Precaritization policies, institutional constraints to unionization and strike criminalization

Alongside the combination of political economy dynamics inherent in GVC-led integration and the State's privatization measures consolidating Morocco as a reservoir of 'cheap labour', policies purposefully aimed at precarizing and weakening workers by suppressing independent labour organization have been crucial in facilitating its rise as an automotive hub. In reality, Morocco's labour code approved in 2003 prescribes relatively restrictive regulation on fixed term contracts. After one year from the sign, in fact, they automatically transform in permanent ones (two years if the job is in the agriculture sector) (Rouyaume du Maroc 2004). Nevertheless, the labour code also permits to recruit workers through temporary work agencies, which make more difficult to control the respect of regulations on fixed term contract. According to data from the Moroccan Ministry of Labour this kind of contracts amount for a 9% of the total workforce in the automotive industry (MIEEPEC 2019 p. 54). The most important juridical tool for precarising labour however corresponds to special programs managed by the public placement agency ANAPEC, providing to companies particularly favourable conditions for the recruitment of young workers. Notably, the IDIMAJ program permits to recruit workers with at least a secondary diploma under short-term internship contracts. These contracts can be renewed at will for up to two years; they can be terminated without restrictions, do not require the payment of social security taxes, and allow employers to pay as little as half the already low minimum wage (Espace Paie n.d.). Prior to 2016, employers were not required to demonstrate any commitment to retaining workers after the two-year internship period. Since then, at least 60% of IDIMAJ contracts must be converted into full-time contracts for companies to continue benefiting from the program (Machrafi 2016). Nevertheless, anecdotal evidence from key informants suggests that enforcement is quite lax, particularly in the Free Zones, where automotive TNCs are concentrated.

The threat of lay off underpinned by high precarity add to direct State coercion in making difficult labour organisation and resistance. Officially, the right to organize unions is allowed

by the Moroccan labour code. Yet, establishing a workplace union requires a tedious bureaucratic communication with the authorities, who can potentially forbid the organization by resorting to the penal code. According to article 3, right of association is free, unless “based on unlawful purpose, morality and that can undermine the integrity of the state”. An unlawful purpose, however, could be the organisation of a strike. On the basis of article 288:

Est puni de l'emprisonnement d'un mois à deux ans et d'une amende de 200 à 5.000 dirhams ou de l'une de ces deux peines seulement, quiconque, à l'aide de violences, voies de fait, menaces ou manœuvres frauduleuses, a amené ou maintenu, tenté d'amener ou de maintenir, une cessation concertée du travail, dans le but de forcer la hausse ou la baisse des salaires ou de porter atteinte au libre exercice de l'industrie ou du travail (Rouyaume du Maroc 2018).

6.3.2 Union's weakness amid fragmentation and institutionalization

High precarity and state repression compound the historical weakness of the Moroccan labour movement, perpetuating the fragility of workers' organizations, notably in new and private sectors like the car industry. Union density in the North African country is very low, not exceeding 6% if calculated on the entire workforce and 11% over total wage and salaried workers (Danish Trade Union Development Agency 2024), with a preponderance in the public administration and some State-owned companies in the mining industry and railways (Feltrin 2019 pp. 106-7). The landscape of labour associations is moreover fragmented, with 4 main confederations competing over the limited pool of unionised workers: UMT – Union Marocain des Travailleurs Marocaines, CDT – Confédération Démocratique du Travail, UGTM – Union Générale des Travailleurs du Maroc, and FDT – Fédération du Travail (*Ibid.*). According to the Article 425 of the labour code, to obtain recognition at the factory level, workers' representatives must achieve at least 35% of the votes at the elections of employee committees (Rouyaume du Maroc 2004). Divisions and competition among unions make therefore difficult to obtain workplace representations, in synergy to the company blackmailing strategies leveraging on unemployment and precarity.

Constraints to labour organization do not imply that unions have no leverage at all in Morocco, while, as I will return to, their difficulties in taking root in private export sectors such as the car industry pertain, at least in part, to their strategy. Before delving into a study of labour relations in the automotive supply chain, a reference to the role of the State in reinforcing an institutionalist strategy among Moroccan unions is essential. In fact, in general terms, ideology

and approaches are quite different among, and inside, these unions. In this respect, it could be useful to provide some details related to the two most representative labour association, and the most active in the automotive industry as well. UMT is the historical confederation leading the independence struggle. In the post-colonial decades, it has assumed a corporatist and tendentially pro-regime stand. However, in critical junctures grassroots pressures has brought it to assume a more confrontational attitude, such as the 1979 riots and general strike against the elimination of price controls, and in the 1990 general strike, which also resulted in an upheaval, demanding wage increases against inflation (Buehler 2015). Currently, UMT is often accused of being the most disposable to accommodate the bosses' requests for 'loyal' union representation. However, at grassroots, local and sectoral level radical activists have found some spaces of manoeuvre, particularly among teachers, in the Rabat regional branch (at least until 2012), and the federation of agricultural workers, respectively (Feltrin 2019 pp. 106-107, (Zeroual and Lefnatsa 2019; ATTAC Maroc 2020). The CDT emerged as a left wing split from the UMT in the 1970s and is today affiliated to the Ittihad Party, member of the radical left coalition Front de la Gauche Marocain. Although the UMT and other unions as well participated in the 2011 uprising, the CDT was the only confederation to overtly support the 20 February Movement, demanding a democratic constitution (Feltrin 2018 pp. 199-200, Feltrin 2020).

Regardless of their specificities, both UMT and CDT, together with other Moroccan unions, has agreed to the social dialogue framework that has been established since the 1996. This had as other crucial passages the year 2003 (Catusse 2008), with the approbation of the labour code, and 2011 (Feltrin 2018), marking the amendment to the constitution that the regime enacted to counterweigh popular pro-democracy demonstration. The establishment of this framework was pivotal to guarantee the labour associations' explicit, and or implicit, support to relevant turns in Moroccan politics and neoliberal restructuring (Catusse 2008, Chouki 2020): in 1996 social dialogue underpinned the approbation of a new plan of privatisations and the entering in the euro-mediterranean free trade agreement; in 2003 it secured the implementation of fixed term and interim contracts; in 2011, it was pivotal to obtain the union's endorsement – including from the CDT - to the constitutional reform, that neutralised the 20 February Movement, while maintaining fundamentally unaltered the executive power of the Monarchy. In all these junctures, as Feltrin aptly put, the regime made institutional concessions that, while increasing “the exclusion of the workers”, reinforced the “inclusion of the unions” (Feltrin 2020). This, in the words of the Marxist intellectual Chawki Lotfi reinforced a:

co-partenariat subordonné [between the unions and the state] supposé maintenir un climat de paix social en échange d'une permanence de la représentativité et des privilèges qui leur sont afférents aux corps intermédiaires. Elle a impliqué la routinisation des formes d'action instituée voire leur absence dès que les gouvernements mettaient en forme un scénario de dialogue (Lotfi 2020 p. 66).

In 1996, it was created the Councillors Assembly – *Chambre des Conseillers*, with a consultative role in the legislation process, and composed by members of professional associations 2/5 of the total 270 seats were assigned to the business associations and unions. The 2003 labour code implemented a scheme for the reimbursement of campaigns at the election for the Counsellors Assembly (Rouyaume du Maroc 2004). The 2011 constitutional amendments actually reduced the members of this institution from 270 to 120 ('Bref Historique | النواب مجلس المملكة، البرلمان، النواب مجلس المغربية', n.d.). However, labour associations maintain 1/6 of total seats, whereas professional elections keep representing the most important source of funding for the unions, due to their relatively scarce membership. In addition, the social dialogue occurred in 2011 has guaranteed significant gains for the key constituencies of Moroccan labour confederations. The agreement implemented a 10% increase in the minimum wage between July 2011 and July 2012. However, it excluded agricultural and textile workers, while also introducing a wage increase double that of other sectors, along with widespread promotions for civil servants (Feltrin 2018: 203-4, Buehler 2015: 102).

The unions have not ever passively accepted the poor results of social dialogue indeed. Against stalled negotiations they staged at least three general strikes in the last decade, in 2014, 2016 and 2019, respectively. However, they always paid attention to avoid any escalation, as guarantee not to compromise their role as institutionalised interlocutors of the government. In fact, any of these actions exceeded a single day of mobilisation. In a context marked by the reverberations of the COVID pandemic (with a GDP decline of 7.8% in 2020) and rising inflation due to the Ukrainian war, unions participated in another round of social dialogue in 2022 (Danish Trade Union Development Agency 2024 p. 8). Yet, achievements for private sector workers again lagged behind: alongside another widespread promotion scheme, public sector workers secured a 7% wage increase, whereas the former obtained only a 5% raise (against 6% average inflation in 2022) (Gauthier, n.d.) and a conditional promise of another increase in 2023, dependent on the approval of new, more restrictive regulations on the right to strike ('Dialogue social: l'accord a été signé ce samedi 30 avril 2022 (détails)' 2022). So far, unions have continued to oppose such regulations but have not mobilized to secure further concessions for private sector workers. Due to weak representation in the private sector, direct

pressures from union leadership have not played the most significant role in curbing demands outside the public administration and state-owned companies. Nonetheless, this broader context has significantly influenced union strategies at a more grassroots level, profoundly shaping patterns of labour organization and resistance in private-sector-dominated fields such as the automotive industry.

6.4 No space for consent: the labour regime in Morocco's wiring harnesses supply chain and unions' structural, institutional and strategic limitations

Wage stagnation, if not decline, represents the other side of the coin in an automotive scenario where the bulk of employment remains concentrated in the low-wage, labour-intensive wire harness supply chain. Although precise data on employment across different production segments are unavailable, figures from the largest TNCs suggest that electric parts factories account for approximately 60-70% of the total workforce. No significant differences exist in the employment picture between the Tanger Free Zone and the one in Kenitra. As the General Secretary of Kenitra's Atlantic Free Zone declared, in 2021, wire harness plants alone employed more than 60% of workers in the area (Rboub 2021 p. 6). To understand the extent to which the prominence of this sub-sector is associated with a tendency towards wage devaluation and intensified exploitation—epitomised by rising productivity in the presence of stagnating pay, as Figure 1 shows—it is necessary to examine the features of the labour regime at the point of production.

Firm	Employment	Sub-sector	Nationality	Localization in Morocco
Aptiv	20.000	Wire harnesses	US	Tanger, Kenitra, Meknes
Sumitomo	20.000	Wire harnesses	Japan	Tanger, Kenitra
Leoni	20.000	Wire harnesses	Germany	Tanger, Kenitra; Bouskura, Bouznika (Casablanca)
Lear	14.000	Wire harnesses	US	Tanger, Kenitra
Renault	11.660 (2023)	Car manufacturing	France	Tanger
Yazaki	11.000	Wire harnesses	Japan	Tanger, Kenitra
Faurecia	4.000 (2022)	Interiors	France	Kenitra
TE Connectivity	3.500 (2022)	Connectors for wire harnesses	Switzerland	Tanger
Stellantis	3.000 (2023)	Car manufacturing	France	Kenitra
Kromberg & Shubert	2200 (2021)	Wire harnesses	Germany	Kenitra

Table 10, Top companies in terms of employment in Morocco’s automotive industry. If not indicated, data refer to 2019. Source: Challenge 2019, various press sources and key informants.

6.4.1 Exploitation, precarity and gender oppression in wiring harnesses factories.

The wire harness supply chain consists of various products, particularly plastic components such as connectors, copper wires—the semi-finished goods essential for producing cables—and wire harness assembly. The latter is the most labour-intensive production and is responsible for the majority of jobs. This sector is dominated by huge TNCs, which concentrate several thousand workers in different production units.

Wire harness assembly is a highly manual process that depends on the flexibility demanded by global customers. Despite automation being a trend in the industry, human labour remains more adaptable to the constant changes in specifications required by different models of cars. The process consists of three main tasks: the gluing of wires with tape, the insertion of connectors, and the bundling of cables according to instructions from modules. These are all highly manual activities, although raw cables are cut by machines and distributed to workers via an automated assembly line. Improvements in productivity do not primarily depend on machinery, but rather on the ability of workers to adjust to the work pace that the assembly line dictates (#18, #27, #30, #32)²⁰.

This means that profit maximization is driven less by technological advances and more by wage compression, extended working hours, and increased direct control over the labour force. Such compulsions are embedded in the very imperatives of global production. Tasks must be performed quickly and in strict accordance with customer requirements, as delays and quality flaws incur heavy penalties. Audits within the same TNC are crucial in determining which plants are assigned deliveries, thereby affiliates across a network that spans from North Africa to Ukraine compete to reduce costs and meet quality standards, that is to maximise exploitation rates.

The reliance on a migrant and predominantly female labour force is crucial to the reproduction of this framework. A striking feature of employment in the wire harness supply chain is its high feminization rate, exceeding 50%, compared to only 25% nationally (Ibourk 2019 p. 89). This percentage would be even higher if only production workers were considered, reflecting a specific recruitment strategy by firms that target young women aged 18 to 30. HR officials and managers justify this choice by arguing that women are more suited than men to a job that requires precision and concentration—or, more simply, because of "women's typical patience and small hands" (#22, #52, #24)²¹. However, a closer analysis of the consequences of working on a wire harness production line reveals that it is not a matter of "patience" and "small hands." In fact, following rapid visual instructions and performing repetitive tasks for hours, with breaks not exceeding 20 minute for lunch and other needs, leads to eye strain and severe headaches at the end of the workday. Varicose veins and circulation problems are also common after several

²⁰ #18 Worker at Yazaki Tanger, Tanger, 03/06/2023; #27 Worker at SEWS, Kenitra, 20/06/2023; #30 CDT workplace union at a US TNC located in Tanger, online interview, 24/06/2023; 32# Worker at SEBN Tanger, online interview, 25/06/2023.

²¹ #22 HR consultant, Tanger, 09/06/2023; IFMIA official, online interview; 52# Business consultant and former manager in the Moroccan automotive industry, Kenitra, 14/06/2023; 52# IFMIA Tanger official, online interview.

years in the industry (#14, #18, #27, #30, #32)²². This situation explains why women under 30 are the main target for recruiters. As one worker explained: "This job destroys you physically after a few years. Hiring older workers would mean less productivity due to the health problems that workers develop with time" (#14²³). In this way, companies can also reduce maternity leave, although the prevalence of night shifts (often without rotation) frequently forces women with dependent children to quit their jobs (#14, #22)²⁴. However, this does not pose a significant problem for companies. In fact, to some extent, they strategically seek high turnover rates to spare money on wage increases for seniority and weaken the cohesiveness of the working class. Despite taking months for a line operator to develop dexterity, the training for new workers lasts no more than two weeks (#14, #52)²⁵, and the vast labour surplus makes it easy to find new recruits.

Allegedly, women are also more likely to endure direct coercion from supervisors. As one worker evocatively shared: "When a supervisor insults a man, he reacts or leaves the factory. But if it happens to a woman, she cries and works faster" (#27²⁶). This should not be mistaken as a female attribute. Instead, it is rooted in a socially constructed gender dynamic that reinforces the subordination of the weakest segment of the collective worker. Most female workers are rural migrants whose meager wages are crucial to supporting their families in the countryside (Bennarosh 2022). Moreover, the alternative to a job in wire harness assembly for women from lower-class backgrounds is often unemployment, agricultural work, or at best, informal employment in the garment sector. Wages in these sectors are less regular, and there is no health insurance, which is why the ILO refers to the automotive supply chain as a form of social upgrading compared to the garment and apparel sector (Ibourk 2019). However, this observation overlooks the interdependence between the two sectors: poor working conditions in the informal sector exert downward pressure on the formal sector. All the workers I spoke with acknowledge that "wire harness companies are not the worst employers here in Morocco," yet words like "infernal" and "slavery" are frequently used to describe working conditions. Furthermore, the very report by the ILO I cited admits that average wages in the wire harness supply chain are less than half the national average (Ibourk 2019 p. 95). Most workers earn only

²² #14 Worker at a French wire harnesses company, Casablanca, 19/04/2023; #18 Worker at Yazaki Tanger, Tanger, 03/06/2023; #27 Worker at SEWS, Kenitra, 20/06/2023; #30 CDT workplace union at a US TNC located in Tanger, online interview, 24/06/2023; #32 Worker at SEBN Tanger, online interview, 25/06/2023.

²³ #14 Worker at a French wire harnesses company, Casablanca, 19/04/2023.

²⁴ #14 Worker at a French wire harnesses company, Casablanca, 19/04/2023; #22 HR consultant, Tanger, 09/06/2023.

²⁵ #14 Worker at a French wire harnesses company, Casablanca, 19/04/2023; #52 IFMIA official, online interview.

²⁶ #27 Worker at SEWS, Kenitra, 20/06/2023.

the minimum wage of 290 euros (311 Dirham – 2023 figure), a sum far from a living wage (Anker and Anker 2017). According to ValuingNature (Vionnet 2023), a company specializing in calculating this indicator in various locations around the world, a living wage in Morocco amounts to 560 euros months²⁷.

The low wages earned by Moroccan wire harness workers, in turn, underpin labour discipline and the extension of the working day. Around 30 per cent of their income depends on meeting productivity targets and performing overtime. Informants, previous studies, and press coverage suggest that in most factories the standard working time amounts to 48 hours per week, plus overtime one or two Sundays per month, with daily working time, in this case, that can reach up to 12 hours (#14,#18,#27,#30²⁸, Sadour 2014, Trinidad Requena 2018, Bellamine 2023). However, due to the unpredictability of just-in-time production, unpaid, or half paid, temporary stoppages - as was particularly the case during the COVID pandemic - are not rare. Companies understand the connection between subsistence wages and labour discipline. As a result, other benefits common in Morocco, such as those provided during major holidays like Ramadan or Eid, are kept very low or not offered at all (#14,#18,#27,#30)²⁹. Interestingly, some workers I interviewed mentioned that microcredit is crucial for them and their colleagues to pay rent and cover unexpected health expenses (#14,#30)³⁰.

The only real way to earn a higher wage is through seniority increases. However, according to my informants, they are often treated arbitrarily: "I know workers who have had the same seniority status for over 10 years" (#27³¹), one informant told me. In this sense, career advancement through discretionary means—often based on kinship or loyalty to management—causes significant dissatisfaction and division among workers (#27,#30,#32)³².

Although informal labour is not widespread in Morocco's automotive industry, very precarious

²⁷ 2019 data adjusted to inflation to obtain a proxy of the 2023 data. This figure, which is a national average, is underestimated considering that Tanger is a touristic hub attracting hundred thousand European travellers, which means that prices are far higher than in other locations in Morocco.

²⁸ #14 Worker at a French wire harnesses company, Casablanca, 19/04/2023; #18 Worker at Yazaki Tanger, Tanger, 03/06/2023; #27 Worker at SEWS, Kenitra, 20/06/2023; #30 CDT workplace union at a US TNC located in Tanger, online interview, 24/06/2023.

²⁹ Ibid.

³⁰ #14 Worker at a French wire harnesses company, Casablanca, 19/04/2023; #30 CDT workplace union at a US TNC located in Tanger, online interview, 24/06/2023.

³¹ #27 Worker at SEWS, Kenitra, 20/06/2023.

³² #27 Worker at SEWS, Kenitra, 20/06/2023; #30 CDT workplace union at a US TNC located in Tanger, online interview, 24/06/2023; #32 Worker at SEBN Tanger, online interview, 25/06/2023.

employment relations are another key element in perpetuating despotic labour conditions and wage stagnation in wire harness factories. A recent survey by the Ministry of Social Affairs found that enterprises with more than 500 workers—representing the majority of production units in the wire harness supply chain—had the lowest rates of internship contract conversion, equal exactly to 60% (MIEEPEC 2023 p. 9). No precise data, are available on the use of IDIMAJ contracts in the automotive industry. However, a cursory glance at job postings, as well as inputs from key informants (#22, #52, #24, #23)³³, indicates that they are the preferred, let alone the sole, recruitment method, particularly for wire harness companies, which mean that they correspond to a relevant share of the workforce. This observation is supported by a quote from a manager I interviewed:

The resort to ANAPEC contract is widespread, it is the only way to be recruited. On average, turnover rates are around 20%, so each year you hire about 20% through ANAPEC, adding to those recruited the previous year. In this way, it's easy for internship contracts to account for 40% of the workforce (#24³⁴).

6.4.2 Constraints to labour organization in the Free Zones amid labour market weakness, workplace power and coercion.

A weak labour market position, gender oppression, and widespread precarity make labour organization a difficult task in wire harness factories. Nevertheless, highly synchronized just-in-time production renders these factories strategic chokepoints, giving workers a non-negligible disruptive power, whereas demands for wage increase and a higher regulation of working conditions would threaten an entire business model. The undermining of union activity is therefore crucial for the reproduction of a despotic labour regime and wage devaluation. Most managers I interviewed preferred to evade questions about labour relations. However, the following quote is significant in understanding their approach:

When you think of unions in Morocco, you must forget how unions work in Europe. In Europe, they understood the importance of establishing mutual trust with the firm. In Europe, they respect the rules. They understood that if the firm performs well, it is in the workers' own interest. Here in Morocco, it is different. Well, I perfectly understand that a minimum wage is very low: what are 300 euros a month? I spend that in a single night. However, it is also true that we face enormous competitive pressures, and if Morocco wants to upgrade and keep attracting foreign investments, it cannot afford to lose

³³ #22 HR consultant, Tanger, 09/06/2023; #52 IFMIA official, online interview; #24 Business consultant and former manager in the Moroccan automotive industry, Kenitra, 14/06/2023; #23 Moroccan manager of a French TNC, Kenitra, 12/06/2023.

³⁴ #24 Business consultant and former manager in the Moroccan automotive industry, Kenitra, 14/06/2023

competitiveness. Moroccan unions do not comprehend that. Their only interest is to elect officials to the national professional assembly, which is why they prefer not to tell the truth to the workers in the hope of gaining votes. I am not against unions in principle, but I have never known an honest unionist here in Morocco! (#23³⁵).

The pressures that bosses exert leveraging on high precarity and a weak labour market position aggravate the legal difficulties for the unions to obtain a significant percentage in workplace elections. In the majority of these companies, workers committees are therefore directly selected by the management itself (#3,#16,#26,#27). Previous studies and informants agree that exerting pressures to male relatives of women workers to discourage them to unionise or support the union is a very common practice. Obstacles, however, begin even earlier than the workplace elections. More often than rejecting authorisation for creating unions the State simply gives free rein to employers to repress labour organising. As a union official from Kenitra told me, in the last two years (2021-2023), the UMT has sent 35 requests to local authorities to create union branches in the Free Zone, covering almost a third of the factories in the cluster. In most cases, the company's response was harsh:

Almost every time workers tried to establish a union branch they were fired and blacklisted. The employers shared their names with companies in Tangier, making it impossible for them to find a job in the automotive sector anymore (#9³⁶).

The unique spatial and institutional organization of the Free Zones is particularly suited to stifling union activity (Camps-Febrer Blanca 2022). Police strictly controls access, and within the walls that encircle the zones, surveillance is entrusted to private guards, who are often involved in evicting union activists from their workplaces. More than ten years on, the current situation is therefore not much different from that described in a 2012 report on Morocco's Free Zones (ILO 2012).

³⁵ #23 Moroccan manager of a French TNC, Kenitra, 12/06/2023.

³⁶ #9 UMT official, Kenitra, 18/03/2023.

January 2015, Tanger Automotive City: security guards harass a worker who attempted to create a union branch at ECI (a US wire harnesses TNC). The weeks before, dozen of workers who had attempted to create a union branch were fired and beat by the security guards.
February 2016, Tetouan: some temporary workers protest to regularize their temporary and ANAPEC contracts. The employer – Reydel a French plastic parts TNC - fires them.
June 2018: a muscular police intervention by the police attempts to break a sit-in launched by Delphi workers. The workers protested against the elimination of the collective agreement after the firm changed the name of its Moroccan affiliate.
January 2019, Tanger Free Zone: the whole UMT branch of Delphi is fired, as a response of several strikes and mobilizations occurred all along 2018. The same month, Sofia, a German TNC producing copper material, fired workers who tried to create a union branch.
February 2020, Tanger Free Zone: several union activists at APTIV (former Delphi), YAZAKI et SEBN are fired. Together with Delphi, these firms were at the forefront of a series of strikes to defend basic workers and union rights in 2018
January 2021, Atlantic Free Zone (Kenitra): a strike erupts PSA Stellantis. Hundreds of policemen encircle the factory to prevent that the strike spreads to the night shift. Strike leaders are harassed and many participants are fired.
April 2021, Tanger Free Zone: Jobelsa, a Spanish TNC producing seats dismisses 400 workers refusing to pay them the severance pay
April 2022, Berrechid (Casablanca province): a French wire harnesses TNC fired 4 union activists. A strike ensued asking basic workers' rights and the regularization of temporary contracts.
April 2023, Tanger automotive city: a US based wire harnesses TNC fires the whole union branch for having demanded the respect of basic labour rights, in particular stop to arbitrary career advancements and recognition of sickness leaves. Security guards evicted them from the factory.
June 2023, Tanger Free Zone: a group of workers planned to establish a union branch in a Swiss TNC producing connectors to deal with excessive overtime and derisory festivity bonuses. The firm fired them and evicted from the factory.

Table 11: major episodes of union right violation in the Moroccan automotive sector.
Sources: ITUC and author

The table above summarizes the major episodes of labour and union rights violations in the automotive supply chain, as reported to the ITUC (International Trade Union Confederation) by Moroccan unions over the past decade (ITUC 2023). This list is not exhaustive, and only a more systematic effort, beyond the scope of this research, could provide a more precise empirical picture. However, during my four months of fieldwork alone, I documented at least five additional episodes (when press sources were unavailable, I included these episodes without specifying the company names to protect my informants). Wire harnesses factories dominate the table, whereas it clearly emerges a pattern of tempestive intervention by security

guards, and firing of union activists, in occasion of organising attempts, or protests against violation of the law. In some circumstances, particularly strikes, police intervention was instead crucial to quell labour militancy, as for Delphi workers, whose important case will be scrutinised in a next section.

That said, despite elevated precarity, managerial and state coercion being crucial to undermine workers organisation, a reference to the unions' approach and strategy should be made to fully understand their weakness in the wire harness supply chain. Militant commitment to support workers is not key to the Moroccan unions. As a leftist activist quoted by Feltrin declared:

the union leadership doesn't have a strategy to keep and develop the new [workplace] unions. For example, in the Tangier Free Zone, the people who at some point created a [workplace] union might be a total of 4,000... It's a lot. But many left, so there is no accumulation of forces and cadres (Feltrin 2018 p. 178)

In fact, as we have already seen for the case of Kenitra as well, it is not rare unions endorse workers attempts to organise, but lack of means devoted to train inexperienced activists expose them to repression. For instance, I personally witnessed a situation in which some workers of a TNC in the wire harnesses supply chain opened a semi-public Facebook group, in which not only they exposed claims concerning working conditions, but also declared their intention to organise a workplace union. Unsurprisingly, the company discovered the initiative and laid off the workers involved in the plan. Other time, the non-militant, let alone legalistic, approach by the unions combines with lack of experience and structural weakness to discrediting labour organisation among workers. In this regard, it is worth citing a respondent from a wire harnesses factory, who observed:

the unions' approach is to say to workers: well, let's create a union branch, let's go to the authorities and ask the boss to indict elections for union representatives. The problem is that most of the times, the bosses react by firing them! As a response, workers sometimes organize sit-ins, or file legal actions, but the unions do not really support them. For consequence, 90% of workers ask themselves: why should I form a union in my workplace? (#27³⁷)

The repression and fragility of labour organization in the wiring harness supply chain result in virtually non-existent coverage of collective agreements. An analysis of the Ministry of Social Work's database reveals that any company hold a collective agreement in the wiring harness

³⁷ #32 Worker at SEBN Tanger, online interview, 25/06/2023.

supply chain (MIEPEEC, n.d.). Most workplaces are regulated solely by the labour code, which leaves many issues ill-defined and open to negotiation between employee representatives and companies. This grants the latter significant freedom to dictate bonuses, wages, and other working conditions. Furthermore, infringements of the labour code are also common. I have already mentioned the arbitrary concession of seniority increases and unpaid overtime. In addition, all my respondents reported that arbitrary recovery of holiday leave is a common practice, not to mention the denial of paid holidays altogether. As a worker from Kenitra said, “I worked for 7 years at SEWS. I swear that in 2019 I did not have a single day of holiday”(#23³⁸) Similarly, another worker from Tangier stated, “In the ten years I worked at ****³⁹, I never had more than 4 consecutive days of rest.”(#30⁴⁰)

6.5 Selective consent: the labour regime in car-assembly facilities

Although the majority of the labour force is concentrated in the electric part sub-sector, a small but significant minority—approximately 15,000 jobs—is employed in car assembly factories. Notably, Renault employs 8,000 and 2,600 workers in Tangier and Casablanca (#20)⁴¹, respectively, while Stellantis has a workforce of around 3,000 in Kenitra (#26⁴²). In these contexts, working conditions are different and relatively better than in the wiring harness supply chain. As the ILO reported (Ibourk 2019 p. 95), average wages in car assembly factories are above the national figure. However, this represents a mean value that conceals significant wage disparities between production workers and clerks—an “ETAM” earns roughly three times more than an “opérateur.” (#11⁴³). Additionally, the ILO study conceals important divisions between permanent and precarious workers, while, as I am going to illustrate, each company deserves a specific analysis to assess the extent to which car assembly workers have made gains. Finally, the significance of these gains cannot be separated from dynamics of union sectionalism and labour demobilisation.

³⁸ #27 Worker at SEWS, Kenitra, 20/06/2023

³⁹ I agreed with the interviewed not to mention the company

⁴⁰ #30 CDT workplace union at a US TNC located in Tanger, online interview, 24/06/2023.

⁴¹ #20 UMT Renault a, Tanger, 04/06/2023. In its 2024 financial report Renault declares 6334 workers employed in Tanger. However, around 1500 workers recruited through temporary agency have to be added to this number – we will scrutinise this information in the next sub-section.

⁴² #26 Worker at Stellantis Kenitra, Kenitra, 20/06/2023. During the interview the respondent telephoned to his HR responsible to have this information

⁴³ #11 CDT Somaca, Casablanca, 12/04/2023.

6.5.1 Renault: balancing coercion and consent amid “social partnership” and capital’s reaction

Renault Tangier is the most important production unit in Morocco’s automotive landscape. As we have seen in the previous chapter, it focuses on low-cost models. This implies that the production process is more labour-intensive than in the core and semi-peripheral locations of Renault’s network. The average automation rate—i.e., the number of tasks performed by machines compared to those done manually—is about 40% (#20⁴⁴). In recent years, however, the management has promoted technological improvements, such as automating the painting department and the transfer of parts between lines. The ongoing introduction of hybrid models, which are more complex than standard cars, is expected to raise the automation rate to 60% (#20#21)⁴⁵.

The situation is less dynamic at Renault-SOMACA in Casablanca, where automation rates remain at 30-40% (#6⁴⁶). However, in both cases, compared to the situation in the wire harness supply chain, the workforce is more skilled, with the minimum training period for line operators at the IFMIA institute is one month (#52⁴⁷). The composition of the workforce also reflects the gender segmentation within Morocco’s automotive industry across sub-branch lines, with women representing only about ten percent of Renault’s total workforce, primarily concentrated in the quality control department (#20#21)⁴⁸.

Despite representing a subordinate node in terms of innovation and production complexity, Morocco—particularly the plant in Tangier—plays a key role in Renault’s low-cost strategy. Over the past decade, only in 2018 and 2020 did production volumes experience a significant reduction. Additionally, although there is latent competition with Romania, the Pitesti plant focuses on higher value-added models. This results in relatively lower pressures on Moroccan workers at Renault from the global organization of production, compared to their colleagues in the electric parts sub-branch, in which competition within the network is higher. Combined with a more skilled workforce and positive market trends, these conditions have opened up room of

⁴⁴ #20 UMT Renault a, Tanger, 04/06/2023.

⁴⁵ #21 UMT Renault b, Tanger, 04/06/2023.

⁴⁶ #11 CDT Somaca, Casablanca, 12/04/2023.

⁴⁷ #52 IFMIA Tanger official, online interview, 28/06/2023

⁴⁸ #20 UMT Renault a, Tanger, 04/06/2023; #21 UMT Renault b, Tanger, 04/06/2023.

negotiations for workers at Renault, as well as greater opportunities for union organization. In reality, when acquiring the plant in Casablanca, the French carmaker encountered an already strong workplace union affiliated with the CDT. This union had been consolidated during the period when SOMACA was a state-owned company and in 1995 achieved a collective agreement, together with a well-established framework of yearly negotiations with the management (#11⁴⁹).

In 2015, a collective agreement was also signed in Tangier (Al Mounadila 2015; Nouvelle 2015). However, unlike in Casablanca, this was the result of a period of confrontation between the company on one side and the workers and the union on the other. At the inception of production in 2012, the high expectations raised by the importance of Renault's investment in the official discourse contrasted with poor working conditions and authoritarian practices by managers, at the time predominantly French (#20,#21⁵⁰). Wages were no higher than 260 euros, and bonuses remained at a paltry level. Additionally, overtime and the recovery of holiday days, even on Sundays, were the norm (Al Mounadila 2015).

This sparked the formation of a group of workers who established a union branch affiliated with the UMT. The May 1st demonstration in 2013 was the union's first occasion to express its concerns regarding working conditions. At that point, the company communicated that it would only consider the workers' demands after the elections of the employee committee. However, during the voting turnout, UMT candidates were placed at the bottom of the electoral lists, favouring candidates selected by the company. Renault also threatened that the establishment of a union could compel to transfer production in Romania. Despite these pressures, UMT representatives secured 90% of the vote and won the right to elect all six workers' representatives responsible for negotiating with the company under Moroccan law (#20,#21)⁵¹.

This victory did not result in a more conciliatory approach from management. It was only after a protest, consisting of workers wearing a red armband for three days, that the first meeting between the company and the union was held, with the mediation of the Ministry of Industry. Some minor gains were achieved, such as a slight increase in the Eid bonus from 1,200 to 1,400 dirhams (Al Mounadila 2015). However, the turning point for further improvements came with the national general strike launched by UMT and CDT in October 2014. On this occasion, more

⁴⁹ #11 CDT Somaca, Casablanca, 12/04/2023.

⁵⁰ UMT Renault a, Tanger, 04/06/2023.; UMT Renault b, Tanger, 04/06/2023.

⁵¹ Ibid.

than 70% of Renault's workers participated in the protest (Portailsudmaroc 2014, #20, #21⁵²).

In the following weeks, mobilization continued at the Melloussa plant, including a halt to overtime and the demand for a 6% wage increase and the signing of a collective agreement. In February, sit-ins aimed at preparing for a strike were organized at the end of each shift. Ultimately, the union cancelled the stoppage after securing a meeting between the Ministry of Industry and the company, during which the workers' demands were accepted (#14, #15⁵³). These included a 6% wage increase for all workers, regardless their employment contracts were permanent or fixed-term, but provided they had worked for the company for more than six months. Additional gains included a monthly grant of 125 dirhams for rest time and meals (half an hour), which would increase to 250 dirhams in 2016. The "hour bank" was cancelled, and the company committed to respecting the legal 44-hour workweek. Other benefits included a Ramadan purchase voucher for all employees worth 500 dirhams, interest-free loans for purchasing Dacia-branded cars, and financial support for rent (Al Mounadila 2015).

In subsequent years, negotiations for updating demands became routine, and the union was able to secure wage increases of 5%, as well as higher bonuses. However, the establishment of an institutionalized framework for negotiations between UMT representatives and the company coincided with a segmentation between permanent workers and fixed-term employees (Benabdejlil et al. 2019 p. 382) recruited through the private agency Strategic, owned by the French group Tectra. Since 2014, this has become the only way to obtain a job at the Melloussa plant. According to my respondents (#20,#21)⁵⁴, 1,500 out of roughly 8,000 workers do not have Renault worker status, accounting for approximately 20% of the workforce, or 30-40% of production line operators.

Theoretically, the maximum duration of temporary contracts is two years. However, many "Strategic" employees remain agency workers for up to five years, regardless of legislation prescribing no more than two years renewal, without receiving any seniority increase (Workers' Unity, n.d.#31⁵⁵). Moreover, their exclusion from the collective agreement means they are not entitled to the same benefits as permanent workers, such as interest-free loans for cars and rent

⁵² UMT Renault a, Tanger, 04/06/2023; UMT Renault b, Tanger, 04/06/2023.

⁵³ Ibid.

⁵⁴ Ibid.

⁵⁵ Group interview with 3 Renault workers, Tanger, 26/06/2023, two of whom at the time of the interview holding a Strategic contract.

(#21⁵⁶). They have indeed no right to the 13th month, while bonuses and wage increases are also slightly lower for them, in particular while nights are paid 5 euros more for permanent workers, Strategic only earn 2.5 more (#31⁵⁷). Similarly, there was a disparity in Ramadan bonuses: 800 dirhams for permanent workers and 500 dirhams for agency workers. A different uniform also symbolically marks the division between temporary and regular workers (Opérateur Renault Tanger 2021).

Grievances of Renault's agency workers first emerged in March 2016⁵⁸, when a self-organized series of small stoppages and sit-ins led by Strategic workers reclaimed the end of wage and other discriminations, such as a bus stop 800 metre farther than the permanent workers and different meals in the canteen. According to respondents, despite several participants to the protest being fired and more substantial disparities remaining in act, the protest was effective in eliminating these discriminations, while since then wage increases tended to align to those of permanent workers. Respondents also report that the union did not support the protest:

They actively boycotted it. Even today, when Strategic workers approach labour representatives to present their demands, they are told that this is not their concern, since Strategic is not Renault. For us, the union is part of the administration (31⁵⁹).

The divide between permanent and agency workers, as well as the union's accommodative approach toward the problem, further reemerged in spring 2020 over COVID-related production stoppages. In this context, the union negotiated a wage reduction but secured 80% of the normal salary for permanent workers. In contrast, temporary staff only received an exceptional 2,000-dirham (180 euros) transfer provided by the government. This sum was not paid directly to workers but was instead delivered by employers, with TECTRA delaying the payment. This delay angered "Strategic" workers at Renault, some of whom staged a strike when production resumed. Eventually, the company paid them, but the UMT did not actively support their protest (Opérateur Renault Tanger 2020, Lutte Radicale 2020).

The union is aware of the issues that interim contracts pose, particularly the role that job insecurity plays in increasing the pace of work, to the detriment of all workers. Nonetheless, its

⁵⁶ UMT Renault a, Tanger, 04/06/2023.

⁵⁷ Group interview with 3 Renault workers, Tanger, 26/06/2023.

⁵⁸ Some documentation of the protest is available on this public facebook group purposefully created at the time by Strategic workers: <https://www.facebook.com/groups/1552073198438769/permalink/1563289217317167/>

⁵⁹ Group interview with 3 Renault workers, Tanger, 25/06/2023. This claim is supported by the screenshot to a Facebook post authored by a union representative published on the Facebook page Opérateur Tanger: <https://www.facebook.com/photo/?fbid=2617592958547280&set=a.592057866460663>

priority remains the preservation of a “social partnership” (*parternatiat social*) with Renault. Accordingly, its key strategy is to ensure that, whenever a worker resigns or retires, a “Strategic” employee is recruited as permanent staff (#20, #21)⁶⁰. More generally, for UMT Renault Tanger, negotiations constitute the decisive—if not the only—means of gradually improving working conditions, and, significantly, no mobilizations have been recorded since 2014.

Upon closer inspection, although wages are relatively high compared to those in the wiring harnesses supply chain, they remain very low in absolute terms, not exceeding an average of 350 euros per month. As already remarked, Morocco’s living wage is 560 euros, while in recent agreements wage increases have not kept pace with inflation. Moreover, whereas between 2014 and 2019 wage increases generally followed productivity, in the subsequent five years they fell well below it – Figure 15. Importantly, this latter period coincides with accelerated automation, which entailed a significant reduction in employment.

In effect, union informants communicated me that the reduction in the workforce has not been as drastic as suggested in Figure 16. Therefore, although I was unable to obtain precise data, the implication is that the share of agency workers has likely increased slightly, as in response to automation trend the union has opted to bargain over early retirements rather than challenge the 44-hour workweek (#20, #21⁶¹).

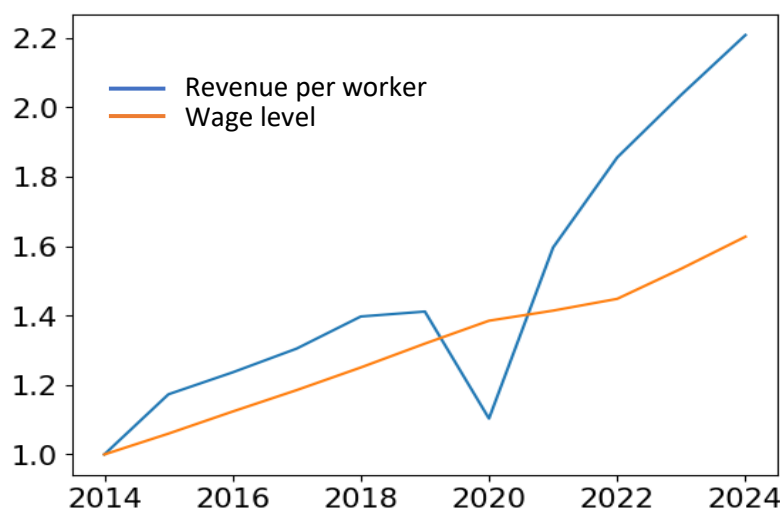


Figure 15. Productivity vs. wages – Renault Tanger (2014=1). Productivity is calculated as the ratio between occupation and revenue, in absence of value added data. Author’s calculation and elaboration on Renault Financial Reports 2014-2024.

⁶⁰ UMT Renault a, Tanger, 04/06/2023; UMT Renault b, Tanger, 04/06/2023.

⁶¹ Ibid.

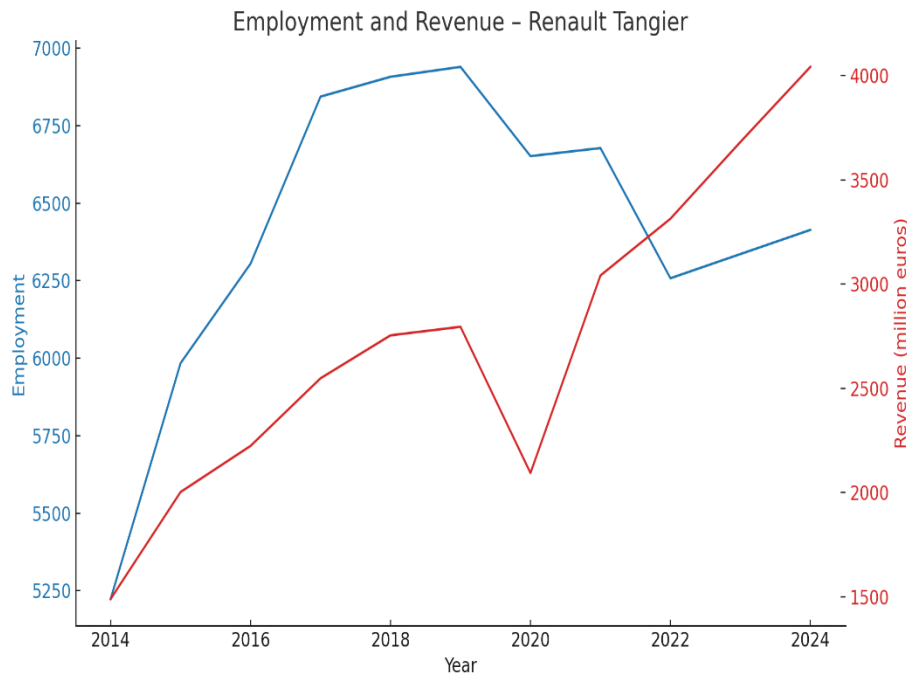


Figure 16. Direct employees vs. revenue – Renault Tanger. Source: Author’s calculation and elaboration on Renault Financial Reports 2014-2024.

Interestingly, when asked to comment on the strategy of their Romanian colleagues, who achieved significant gains such as wage increases on par with productivity and no agency work (Guga and Adiscalitei 2015) through a more militant approach, a UMT respondent from Renault Tanger remarked:

We respect the collective agreement in which strike is an option only in cases of injury, death of a workers, or attempts by the company to reverse workers' gains. In Romania, they have not yet accepted that Dacia is a private enterprise (#21⁶²).

Unlike union officials in Europe, who often attribute the lack of militancy to passivity of workers, UMT representatives in Tanger express an opposite concern:

Some say we are with management and not with the workers. It is often difficult to explain to the workers that a strike could jeopardize investments and the existence of the social

⁶² UMT Renault a, Tanger, 04/06/2023.

partnership itself (#21⁶³).

In this regard, it is worth noting that union representatives hold weekly meetings with the management of Renault. On the other hand, despite having a union office dedicated to addressing individual worker demands, general assemblies are convened only twice a year, before and after negotiations (#20, #21)⁶⁴.

To conclude, it is worth remarking that, despite the main organisation being CDT, at Somaca Casasablanca the approach of the union is not significantly different from that in Tangier: “Why should we strike when we have a well-established social partnership and the best collective agreement in the Moroccan industry?” (#11⁶⁵). In fact, in addition to a list of contractual benefits similar to Tangier, wages in Casablanca are slightly higher, approximating 400 euros, thanks to higher bonuses and a profit-sharing percentage. That said, in the name of social partnership, in 2023 the union has consented to Renault hiring 800 production workers (25% of the labour force) via an external agency, in exchange for an early retirement plan (#11)⁶⁶.

6.5.2 Stellantis: constrained space for consent amid wildcat conflict and unions’ institutionalism

The workforce expansion in car assembly activities has not automatically brought an extension of a layer of relatively better paid and entitled workers like at Tangier and Casablanca. Considering working conditions at PSA-Stellantis, they are slightly worse than at Renault, and closer to the wire harnesses supply chain. This could be fully understood by starting from an analysis of the labour process and the employment relations peculiar to such context. The factory owned by the Italo-French group is less automated than that in Tanger, with automation rates equal to around 30%, according to some technicians I interviewed (#16⁶⁷). Workers I spoke with told me that some routinely automated tasks, such as the installation of the car doors, are instead manual (#26⁶⁸). Accordingly, there is a constant pressure to increase the work pace,

⁶³ Ibid.

⁶⁴ UMT Renault a, Tanger, 04/06/2023; UMT Renault b, Tanger, 04/06/2023.

⁶⁵ CDT Somaca, Casablanca, 12/04/2023.

⁶⁶ Ibid.

⁶⁷ #16 Group interview with 3 technicians at Stellantis Kenitra, 24/04/2023.

⁶⁸ #26 Worker at Stellantis Kenitra, Kenitra, 20/06/2023.

which is source of many tensions with surveillants (#26, #34)⁶⁹. An automation rate lower not only in comparison to Europe, but also considering other facilities in Morocco, is probably associated with the recent implantation of the factory. However, despite ongoing plans of expansion, its centrality in the strategies of Stellantis is lower than the importance that Tangier plays in Renault's network. Whereas the factory in Melloussa is the 3th most important plant in terms of employment and production volumes for the French-car maker (Renault 2024 p.21), the former is not among the top 10 production sites of the Italo-French group⁷⁰. Moreover, when Renault set in Tanger, it mainly resorted to regular contracts for recruitment (Benabdjelil et al. 2019). Conversely, virtually the totality of production workers of PSA entered the factory through the IDIMAJ program, with wages below the minimum and the constant threat of lay off. More recently, this percentage has diminished but internship contracts still correspond to a share of 30% of the total workforce (#26⁷¹). In addition, as in Tangier most workers are recruited outside the province. However, according to my informants, a significant percentage of them originate from the more under-privileged regions of Southern Morocco (#26, #34)⁷², coherently with a company strategy aimed to maximise exploitation:

[workers from Kenitra] are more prone to absenteeism because they mostly live with their parents and they conceive their job as an integration for family income. People from Southern Morocco are more hard-working people: all the petty shops you see along the road, which remain open until last night, are owned by Southern Moroccans. However, the key point is that when they come in Kenitra they have to pay rents and also send some money to their family. That's why they work so hard (#26⁷³).

There is, moreover, the need to add that the province of Kenitra is itself a largely agrarian area. Unlike Tanger, which has become an expanding tourist hub, and Casablanca, where a more diversified industrial structure exists, employment opportunities are more limited. This is reflected in unemployment data, which in Kenitra stand almost one percentage point above the national average (12.9%). By contrast, in Tanger the rate is around one point lower than the national figure, while in Casablanca it is only 0.1 point higher (HCP 2020).

Relatively low levels of technology, combined with strong pressures to reduce costs and raise

⁶⁹ #26 Worker at Stellantis Kenitra, Kenitra, 20/06/2023; #34 Worker at Stellantis Kenitra, online interview, 28/06/2023.

⁷⁰ This situation is changing in very recent months in which it has been inaugurated a significant extension of the factory, expected to bring the workforce to 7000 workers', though as effect of the crisis in the EU automotive industry all over 2025 Stellantis' employees worked only 4 days per week and the plan of new recruitment was not still effective in summer 2025.

⁷¹ #26 Worker at Stellantis Kenitra, Kenitra, 20/06/2023. The worker I interviewed called his HR responsible to ask for this information

⁷² #26 Worker at Stellantis Kenitra, Kenitra, 20/06/2023; #34 Worker at Stellantis Kenitra, online interview, 28/06/2023.

⁷³ #26 Worker at Stellantis Kenitra, Kenitra, 20/06/2023; #34 Worker at Stellantis Kenitra, online interview, 28/06/2023.

productivity, and with the weak market position and precarity experienced by workers, sustain both the extension and the intensification of the working day, as well as processes of wage compression. The normal week at Stellantis Kenitra is 44 hours, but pauses are very short – only 24 minutes per day – and not remunerated. Pressures to perform overtime between Saturday afternoon and Sunday night are frequent, with this latter option implying absence of a weekly day rest for night shift workers – permanent instead of rotating. Overtime is moreover not paid as such, so +50% than the normal wage, but through a mechanism of bank hours (#26,#34)⁷⁴. According to the 2020 Corporate Social Responsibility report by Stellantis, at the plant in Kenitra workers' entry wage is 68% higher than the country's minimum wage (Stellantis 2021 p. 118). As I have already put, this value is very low in Morocco, and according to workers Stellantis does not pay more than 300 euros, inclusive of bonuses, per month (#26,#34)⁷⁵. The information from the CSR report moreover omits that a relevant share of the workforce maintains an internship contract, with a remuneration below the minimum wage, so that the figure above makes sense only for permanent workers.

On the basis of these conditions, at January 27 2021 a wildcat strike erupted at PSA-Stellantis-Kenitra, after some weeks of production stop due to component shortages. The trigger was the fact that this timespan was detracted from the bank hour. The fuel was a long list of issues, similar to the ones that had ignited the mobilisations in the early 2010s at Renault Tanger: abolition of the bank hour system, overtime paid at least 50% more than regular hours, paid sick leaves, paid canteen tickets, abolition of the permanent night shift, and general wage increases. However, in the list presented by the workers to the management there were also demands such as stop harassments and better treatment of production workers (NPA Auto-Critique 2021). Racist insults from French cadres were indeed frequent, an aspect which strongly contributed to overheat tensions (#34⁷⁶).

The strike began at the morning shift and completely halted production until late afternoon. By then, hundreds of policemen were deployed to evict workers from the factory and avoid that the mobilization spread to the night shift (#34⁷⁷). On Tuesday, a delegation of protesters was received by the management to deliver a file with the workers' demands. In parallel, the CGT branch of PSA Poissy (France) sent a solidarity message to colleagues in Kenitra (Zine 2021).

⁷⁴ Ibid.

⁷⁵ Ibid.

⁷⁶ #34 Worker at Stellantis Kenitra, online interview, 28/06/2023.

⁷⁷ Ibid.

The workers obtained the payment of the bank hours, as requested, but the management did not committed to any serious negotiation. Rather, the subsequent days strike leaders were summoned separately at the director's office in an attempt to convince them to resign by saying that their comrades had already accepted so, in exchange for a generous severance pay. Eventually, 70 employees were laid off with the accusation of damages to production materials (#26⁷⁸). However, it is probable that it was an excuse to fire the workers who were at the forefront of the mobilisation. Moreover, a similar logic could have underpinned the decision of not renewing hundreds of internship contracts in the following months (#34⁷⁹). The mobilization was however important to spread among workers the will to organize. In February, some workers who participated in the mobilization and had previous experience with UMT at Renault Tanger declared the foundation of a union branch. A few months after, in late October, election for the workers' committee took place, and UMT candidates were able to achieve 40% of votes (UMT Stellantis Kenitra 2021), albeit due to the high share of internship contracts only a minority, composed by permanent workers, participated to the turnout (#34⁸⁰). Despite the labour association achieving the status of legitimate representative of the workers, the company failed to recognise the workplace union, let alone to meet the demand it raised, particularly the elimination of the bank hour, increase in basic wages and bonuses, as well as the establishment of financial support for rents and cars, coherently with conditions benefitting workers in Renault.

Room for manoeuvre to replicate these gains was, however, more limited than in Tanger. This was not only because, as previously mentioned, structural conditions were more favourable there than in Kenitra. Rather, the mobilization that led to the 2015 collective agreement at Renault unfolded within a more favourable political context than the 2021 strike at Stellantis in Kenitra. In the former case, the agreement was achieved in the years immediately following the 2011 uprising, a period marked by a relative relaxation of repression and sustained mass mobilisations, including the nationwide general strike of 2014, which proved pivotal in compelling Renault to respond to union demands. In contrast, from 2016 onward, following the crushing of the Rif uprising, a wave of political arrests and the criminalisation of social and political struggles intensified, and worsened further under the pretext of the COVID-19 pandemic (Bennani Chraïbi 2021). This meant that a more radical political commitment by the union was required, as a necessary condition to coalesce workers and attempt extracting

⁷⁸ #26 Worker at Stellantis Kenitra, Kenitra, 20/06/2023

⁷⁹ #34 Worker at Stellantis Kenitra, online interview, 28/06/2023.

⁸⁰ Ibid.

concessions in Stellantis. On the contrary, the institutionalist approach promoted by the UMT contributed, at least in part, to workers' demobilization, as the continuation of this account suggests.

In spring 2022, repeated refusals by management to enter negotiations led the union to stage a protest. In accordance with a model learned from Tanger, the plan was to begin by wearing a red band on the left arm to signal support for the union and then possibly escalate. Eventually, a strike was announced for the 21st (UMT Stellantis Kenitra 2022a). At that point, the regional branch of the UMT and the Ministry of Industry intervened to halt the action. As one worker reported:

The union representatives told us that it was preferable to address the problems step by step through dialogue, as the general director had threatened not to convert internship contracts into permanent ones if they persisted with their demands (#26⁸¹).

The message was certainly effective, given the high level of precarity among Stellantis workers. Nevertheless, the fact that the union actively conveyed this warning did little to foster resistance and instead accommodated management's tactics. As another worker observed:

Many workers were afraid, given the memory of the company's reaction to the 2021 strike. At the same time, it proved difficult to persuade part of them that the issues had to be addressed gradually, especially since some of them—particularly overtime and the banked-hours system—were so pressing (#34⁸²).

In exchange for halting the strike, the union obtained official recognition and a local office within the factory. However, the gains from the first round of negotiations were very limited: wages increased by only 2 percent—despite inflation running at 6 percent—and exclusively for permanent workers. Bonuses, such as the Ramadan allowance, remained very low at 200 dirhams (UMT Stellantis Kenitra 2022b), compared with 600 for Renault workers in Tanger. Importantly, other issues at the core of the 2021 strike were entirely neglected, and the timetable for establishing a collective agreement was postponed.

To be sure, my data do not allow me to state conclusively that a more radical union strategy would have secured broader worker support or more substantial gains. Nevertheless, evaluating workers' power solely in terms of immediate gains sidelines broader processes of class formation, which may also unfold through the enduring memories of defeated struggles. Moreover, even in the weakest link of production there remains some leverage when leadership

⁸¹ #26 Worker at Stellantis Kenitra, Kenitra, 20/06/2023. Similar version also by #16 Group interview with 3 technicians at Stellantis Kenitra, 24/04/2023

⁸² #34 Worker at Stellantis Kenitra, online interview, 28/06/2023.

is committed to fostering grassroots organisation and adopting an antagonistic stance toward capital. In the next section, I examine a labour struggle that illustrates this potential.

6.6 Grassroots conflict and self-organization in wiring harness factories versus labour fragmentation, repression, and union institutionalism: the 2018 Delphi Strike

In 1999 Delphi was one of the first TNCs that targeted Morocco as an export platform, beginning with only a few hundred workers and reaching more than 4000 employees in the mid-2000s. It was also the first company in which a widespread labour conflict emerged in the country's automotive industry. In summer 2006, a group of workers decided to found a union, affiliated to a minor confederation, the UNTM - Union Nationale des Travailleurs Marocaines, connected to the institutional Islamist Party PDJ. Work on Sundays and holidays, unpaid overtime, 12h workdays and payslips not distributed to illegally retain a part of the wages (Indymedia Estrecho 2007). These were the key issues raised by the labour association to the company, which responded by denying to negotiate with the union. As a response, the 5th of December the workers decided to stop working on the weekend, and on Friday the 8th they tried to launch a demonstration inside the factory. 500 policemen intervened to break the action and the company fired 450 workers with union membership, over a workforce of roughly 4000. In addition, 30 among the leaders of the protest were arrested. It followed three months of demonstrations, obtaining the solidarity of civil society organisations such as the Ligue Marocaine des Droits de l'Homme et L'Union des Diplômés Chômeurs, until a sit-in in face of the factory was crushed by the police the 28th of February 2007 (Indymedia Estrecho 2007). Order was re-established in the company over the next decade, during which Delphi opened other 5 plants between Tanger, Kenitra and Meknes – an underprivileged city close to the border with Algeria.

In autumn 2017, the wire harnesses TNC Delphi split its transmission branch from the wiring systems division, since then denominated APTIV. In the spring 2018, the workers were offered to sign a new contract, due to the change of name of the affiliates in Morocco from Delphi to APTIV. The long experience of tactics to which the company had resorted to undermine labour rights, suggested the workers that it was a trick to eliminate seniority and obtain an overall

reduction of wages. In addition, not much was changed since the protest that had occurred in 2006: 12h working days, unpaid overtime, holidays denied and underpaid night shift, lack of bonuses, but also frequent insults and sexual harassment kept being the norm (Al Amali. 2018). Therefore, the decision by the new owner to change name and compel to sign new contracts was seen as the umpteenth outrage. This ignited round of discussions among workers, who eventually committed to mobilise, regardless of the lack of an established union representation in the company (Al Mounadila 2018b). Only some months before, in fact, the manoeuvre of the management to elect a complicit employee committee had succeeded (Al Amali 2018).

In June 2018, a general assembly voted to go on an open-ended strike, from the 7th until the acceptance of the workers' demands, that is the respect of the labour code and elected a committee composed by 6 workers entrusted not solely to negotiate with the company, but to establish contacts and coordinate the strike among all the three Delphi plant in Morocco, Tanger, Kenitra and Meknes (Al Mounadila 2018, Comité Ouvrière Internationale 2019). 10 workers for each shift were moreover nominated to coordinate the mobilisation (Al Amali A. 2018). A Facebook group, still existing and reaching in a few times thousand members was also created to communicate each step of the struggle. In particular, videos of workers assembly were regularly broadcasted on the social media. According to reports, resonating with photo and video material, the strike achieved a widespread participation, with women playing a leading role. This marked a crucial difference from the strike occurred in 2006, when only a limited share of workers rallied behind the union, facilitating the management and the State to repress the protest (Al Mounadila 2018b). Around one thousand workers over a workforce of 6000 had a temporary contract in Tanger, and many of them did not participate to the stoppage. However, the cohesiveness of other workers prevented that it negatively impacted the protest.

The first response from APTIV was to allow the labour inspectorate to enter the company, but the workers did not halt the mobilisation. On the Saturday the 9th of June the wali of Tanger and the management accepted to meet 10 representatives from all the 5 branches of APTIV in Morocco to discuss the workers' demands. In exchange for a promise to vaguely take them into consideration, the company and the authorities asked to resume work on Monday. Contemporarily, 60 workers – many of whom among the leaders of the strike – were intimidated by arrest threats. Moreover, policemen visited the families of many of the strikers to blackmail them and convince their relatives to desist from keeping mobilising (Al Mounadila 2018c). Regardless of these pressures, the workers' rejected the proposal and decided to hold the picket

line. At this point, the carrot gave way to the stick and a harsh police intervention crushed the strikers, gathering outside the factory in the TFZ (Al Mounadila 2018a). Eventually, the workers stopped the protest in exchange for some concessions from the management, such as the guarantee to maintain the contract previous to the change of name, the introduction of Ramadan and Aid bonuses, and the payment of the 5 days strike (Buthaina 2018b). Despite some activists with experience in labour organisations leading the strike, unions did not support it. Rather, according to a report, confirmed by some Facebook posts on the coordination group, they tried to pressure the workers to step down the mobilisation on Monday as requested from the company and the State (Buthaina 2018a). This is not surprising, given the escaping of Delphi workers from the typical legalistic and top down approach to labour organising followed by Moroccan established labour association. Nevertheless, some of the leaders of the strike eventually decided to affiliate to UMT and CDT, recognising the importance of consolidating a stable labour organisation (PNC Maroc 2020, Comité Ouvrière Internationale 2019).

In November 2018, however, a wave of lays off involved union activists at Delphi (*Ibid.*). The same weeks, 18 workers affiliated with the UMT at SEBN, another wire harnesses factory owned by the Japanese company Sumitomo in Tanger, were fired. This time the unions mobilised with meetings and sit-ins in solidarity with Delphi and SEBN workers, who launched a strike the 29th of Novembre (Tanjaoui.ma 2018). The 19th of January 2019 the CDT even organised a march for the union freedom at the ingress of the Tanger Free Zone (IndustriAll 2019). This action was successful in gathering hundreds of union and leftist activists and broaden solidarity to the workers targeted by managerial repression (Al Jamaa 2019). Nevertheless the UMT did not mobilize alongside the leftist union that day, while not responding to appeals for a province wide strike as asked by union activists at Delphi was organised (Comité Ouvrière Internationale 2019). It could be observed that due to the weakness of the unions, notably in the Tanger Free Zones, a similar action risked not actually being effective. This objection could be answered by remarking the strategic importance that unionised workplaces, such as Renault, play for the automotive supply chain in Morocco. A relevant share of wire harnesses and other components produced there goes as input for the factories in Melloussa and Casablanca. Hence, the prospects to extend the struggle at Delphi were more favourable than in 2006, that is before Renault's implantation in Tanger. This time the launch of a strike in such crucial chokepoint was potentially able to tilt the balance of forces at advantage of the whole automotive workforce. Interestingly, the interdependence between the various nodes of the automotive supply chain is admitted by UMT and CDT. In fact, Moroccan unions have a weak tradition in multiemployers-sectoral organisations, outside the

public administration and banking. In recent years, the recognition of this failure has pushed both UMT and CDT to efforts to found a metalworker federation (IndustriAll 2022). Nevertheless, this acknowledgment is not underpinned by a militant strategy. Rather, CDT and UMT mostly bet on establishing connections with European unions through IndustriAll to lobby for the respect of international labour rights. Recently, most of their energies in this direction has been devoted to elaborate proposals for the renewal of Renault's "Global Framework Agreement". The last document of the like, which was signed in 2019, is indeed very vague and, despite signalling that the TNC should exhort suppliers to respect labour and union rights, it discharges the firm from responsibilities towards their misbehaviour. Without resorting to workers' structural power and coordination of conflicts, it is however not clear how an improvement of a similar agreement should be achieved.

Importantly, workers and union activists from Renault Tanger showed solidarity and participated to sit ins in favour of SEBN colleagues (Opérateur Renault Tanger 2018). Nevertheless, they did not go farer, coherently with the strategy paying attention not to compromise social partnership with the management I have scrutinised. It is hard to evaluate which was the weight of regional and national union structures in this behaviour. However, it is crystal clear that escalating with a solidarity strike at Renault, particularly in a scenario of broader turmoil, would have implied an overt confrontation with the State. This would not solely result in physical and organisational dangers, but would risk to undermine the institutionalised framework guaranteeing the reproduction of the union leadership, due to the disruptive effects on the Moroccan economy caused by a strike in car assembly plants – themselves flagship accomplishments of the regime's industrial strategy. In addition, these effects, could create a scenario in which the mobilization threatened one of the key pillars of exploitation in Morocco's automotive industry: labour repression. In this regard, it is not surprising the controlled militancy promoted by national union structures between December 2018 and February 2019.

6.7 Conclusion

The integration of Morocco into the global automotive industry has been accompanied by dynamics of wage devaluation, rooted in an uneven incorporation into the world economy and neoliberal state policies. Employment creation by automotive TNCs has been significant but

insufficient to absorb the impact of industrial restructuring, particularly affecting the textile sector, which has undergone two decades of trade liberalization under the WTO and Euro-Mediterranean framework. Unbalanced free trade agreements have also provoked a crisis in traditional agriculture, still relatively important in Morocco, while favouring capital centralization in the hands of national and transnational agribusiness, due to export restrictions to advanced EU markets. State policies enforcing the privatization of collective lands have accommodated and aggravated this situation. Such processes are inseparable from Morocco's integration into the global automotive sector in two senses: 1) trade liberalization was a key premise to attract FDIs from car-makers and suppliers seeking a low-cost export platform in North Africa; 2) the limitations of Morocco's car industry explored in Chapter 4, along with its relatively capital-intensive nature, did not favour a sustained industrialization process. As a result, agrarian dispossession expanded the industrial reserve army/surplus population, which automotive TNCs have benefitted from by relying on rural migrants to keep wages low. Another important factor, still related to Morocco's unequal relations with the EU and critical for providing a cheap workforce to the car industry, is the enforcement of restrictions on migration to Europe.

Low wages are not merely conditions that companies passively benefit from due to favourable contextual features. Rather, wage devaluation is essential to support TNCs' need to maximize exploitation and meet the imperatives of transnational production. Consequently, this chapter provides a specific analysis of labour relations, focusing not only on working conditions but also on the spaces for workers' resistance within (and alongside) the various labour processes in which the collective worker is fragmented in Morocco's automotive production chain.

Prior to this analysis, I emphasized the state's role in precarizing the workforce and undermining independent working-class organization through anti-union legislation. However, I avoided the error of conflating workers with their organizations. Despite high precarity and repression, workers in Morocco's automotive industry have repeatedly demonstrated their willingness to resist. Additionally, their low labour market bargaining power is partly offset by a relatively strong workplace power, due to the high synchronisation needs of just in time production. Nevertheless, a union strategy that favours institutional gains over militant commitment has at least partly contributed to an unfavourable balance of power for labour in the automotive industry. Besides the historical weakness and fragmentation of Moroccan labour associations, I situate this approach within a "social dialogue" framework which "includes the

unions to exclude the workers,” (Feltrin 2018) reinforcing their financial dependency on the State and enabling certain gains for their key constituency: public sector workers.

Subsequently, this chapter has scrutinised labour relations in the two key components of Morocco’s automotive industry: the wiring harnesses supply chain and car assembly factories. Relying on a highly feminized workforce from agrarian regions in the interior, with a very weak labour market position entrenched in gender oppression, is essential for the exploitation needs of wiring harnesses suppliers, which dominate employment in Morocco’s automotive industry. This sub-sector is characterized by a highly manual labour process in which extending working hours and work intensity through coercive measures are more important than technological improvements for maximizing surplus value and meeting just-in-time global production demands. State intervention in the labour market also systematically weakens the working class in this sub-branch: despite indicators of low informality, wire harnesses factories exploit a highly precarious workforce, largely recruited through internship contracts, with wages far below the already very low minimum wage. Additionally, state restrictions on the right to strike and labour representation complement harsh managerial repression of union activity within the Free Zones, where automotive investments are concentrated. This, combined with high precarity, renders difficult labour organizing in wire harness factories, leading to the absence of collective agreements and widespread violations of minimum workers’ rights regarding seniority, holidays, and working hours. However, it is worth stressing that a union strategy focused on legal recognition, without militant commitment, is completely ineffective against anti-union behaviour by both management and the state, contributing to workers’ distrust of established labour associations and the lack of union organization in the Free Zones.

The situation in the electrical parts supply chain differs somewhat from that of car assembly. The growing significance of Renault Tanger within the company’s global network has been accompanied by technological upgrading, which has created leverage for bargaining over productivity increases and strengthened workers’ strategic power. As a result, a cycle of mobilisations led by unionised workers has used this leverage to secure notable gains, including a collective agreement and regular wage increases. However, the institutionalisation of negotiations between the UMT branch and the company has led the union to adopt an increasingly moderate stance. In turn, this shift has coincided with a growing dualisation within the workforce, separating permanent employees from fixed-term agency workers, who are excluded from most benefits and were left without union support during a wildcat strike in

2020. Moreover, in Tanger, the establishment of a “social partnership” between the UMT and Renault has proved ineffective in curbing the company’s strategy of accelerating automation. On the one hand, automation has generated productivity increases that have far outpaced wage growth; on the other hand, it has entailed a reduction in employment and a slight increase in the share of agency workers.

The PSA–Stellantis case in Kenitra further illustrates that the expansion of relatively higher value-added production does not automatically translate into improved working conditions. The factory in this central-eastern province has grown rapidly, yet it occupies a less strategic position within Stellantis’ global network than Renault’s Tanger site. Consequently, the labour process remains more labour-intensive and workers’ strategic power is weaker. In addition, given its proximity—closer than Tanger—to labour surpluses from southern Morocco, workers at the Kenitra assembly plant face a weaker market position. Low wages, compulsory overtime, and limited breaks triggered a wildcat strike in January 2021. While the strike secured satisfaction for its immediate demand, it failed to address broader grievances. The company moreover responded with intimidation and retaliatory layoffs. The mobilisation nonetheless facilitated the establishment of a UMT branch, which sought to relaunch collective action the following year. However, accommodating pressures from the state and the regional union leadership, alongside managerial threats to dismiss precarious workers, the union agreed to halt the strike and accepted limited gains in exchange for institutional recognition.

There is, of course, no guarantee that a more radical approach would have generated sustained worker support or more substantial achievements, given the high levels of precarity and repression. Nor are immediate material gains a sufficient benchmark for assessing a union strategy in terms of class formation. A relevant example that both vindicates a militant approach and underscores the shortcomings of Moroccan unions’ institutionalist strategy is the five-day strike by Delphi workers in June 2018. Organised through a grassroots assembly coordinating the US TNC’s plants in Morocco, the strike maintained pressure on both management and the state and achieved significant gains. Notably, leading activists joined UMT and CDT after the strike concluded, yet when management attempted to dismiss them in autumn 2018, the unions offered only symbolic solidarity and legal assistance. This response is hardly surprising, given the threat that a solidarity strike in strategically important car assembly plants would pose to the unions’ collaborative relationship with the state.

Chapter 7 - Labour regime and resistance in Tunisia's automotive: associational and institutional power compensating weak structural power?

7.1 Introduction

In Chapter 5, I mentioned political instability affecting Tunisia over the last decade and a half as one of the aggravating constraints to upgrading, alongside more general global capitalist hierarchies and interdependencies. However, I also observed that this element cannot be considered in abstraction from socio-economic distress and the limited room for democratic stabilisation produced by peripheral integration into global production.

Along these lines, in the present chapter I explore how Tunisia's consolidation as a hub for labour-intensive automotive components has been integral to the very political economy dynamics that have provoked the impoverishment of popular and working-class layers at the root of the 2011 uprising and the subsequent phase of social conflict and political turmoil. I therefore focus on the relation between these dynamics and the constitution of a relatively coherent labour regime shaping exploitation in the Tunisian TNC-led automotive industry.

In doing so, I incorporate into the analysis the ways in which labour regime consolidation interacted with national labour politics and grassroots resistance in car component factories opened in the post-2011 phase. Accordingly, I emphasise both the potentials and the limitations of workers' power in this context against the backdrop of structural constraints, while also taking into account the role—particularly accentuated in the Tunisian case—of unions as mass integrative apparatuses.

In addition to contributing to the general debates on labour and global value chains discussed in the theoretical part of the thesis, the following analysis provides new inputs to political economy and political sociology research on labour in the period following the so-called “Jasmine Revolution”. Indeed, although insightful, existing literature has mostly focused on State–UGTT relations (Bishara 2020, Netterstrom 2016, Hartshorn 2019), often treating the union as a proxy for the working class. Moreover, despite export-led industrialisation being frequently mentioned as crucial for addressing labour in Tunisia, even studies more attentive to deeper class dynamics and keen to avoid trade union fetishism either did not maintain a focus

on export-oriented industries (Feltrin 2018, 2020), addressed them in abstraction from broader global value chain processes (Barrière 2018, Barrière et al. 2023), or failed to bridge the latter with workers' struggles except as contextual factors (Smith 2015).

Regarding the substance of the chapter, in the first section I illustrate how Tunisia's integration into the automotive GVC has not significantly promoted an expansion of industrial employment, due to its weak articulation with other sectors explored in the previous chapter. Hence, this integration has both contributed to and been assisted by state-led reproduction of substantial labour surpluses through policies of land dispossession, uneven geographical development, and migration restrictions.

Subsequently, in the second section, I show that between the 1990s and 2000s an accelerated strategy of catching up with global production and attracting FDIs was secured through the undermining of post-independence populist-corporatist industrial relations. This process unfolded under the banner of increasing precarity, compression of collective bargaining, and, most notably, intensifying union co-optation by the state. Although this latter element changed in the aftermath of the 2011 uprising—in which UGTT dissidents and rank-and-file members played a major role—the union has nevertheless continued to perform a fundamentally mass-integrative function. This has occurred as a result of its longstanding orientation towards national unity and its institutionalisation within the post-2011 political system. The latter indeed brought some concessions to workers, particularly to the UGTT's key constituency in state administration. However, these concessions soon collided with Tunisia's subordination within global capitalism, the deepening capitalist crisis, neoliberal restructuring, and, since 2021, processes of authoritarian restoration.

As section three substantiates, all these elements have been crucial in shaping the labour regime within which Tunisia's insertion into the global automotive industry has unfolded. Pivotal to this arrangement is the simultaneous concentration of FDIs in littoral regions and the recruitment of a rural, migrant, and highly feminised workforce from economically marginalised areas. The increase in surplus value extraction has moreover been reinforced by low standards set through collective bargaining, high inflation, and extreme degrees of precarity—particularly impactful for women workers. GVC-led super-exploitative labour conditions constituted an important driver of the 2011 revolution and the subsequent wave of strikes, in which automotive industry workers were at the forefront, though they almost immediately faced harsh reactions from capital facilitated by their weak labour market position. The focus on this conjuncture provided in section four is therefore key to addressing the

ambivalent role of the union vis-à-vis grassroots struggles and firms' strategies to deflect them. Elevated unionisation in the automotive sector thus reveals not solely instances of associational power. As I argue in section five, it also reflects the UGTT's role in checking labour militancy—in a sector where workers possess relatively significant workplace power—in exchange for limited concessions and growing representation. This role has been consistent with the union's broader politico-ideological orientation and relations with the state, but has also been reinforced by partnerships with German unions and development agencies aiming to educate Tunisian labour organisations in the practices of social dialogue.

In the sixth and final section, I illustrate how the UGTT's contribution in stabilising the labour regime has further strengthened amid a reduced room for institutional bargaining in a context of deepening crisis and authoritarian restoration, alongside a partial improvement in workers' structural power in the automotive sector since 2021. To this end, I analyse the union's boycott—and eventual convergence with state repression—of a major dispute that erupted in 2023 in one of the most important German wiring harness TNCs operating in Tunisia.

7.2 The reproduction of labour surpluses: limited GVC-led employment spillovers, 'internal' uneven development and outmigration restrictions in Tunisia.

According to data from the INS (2024: 29), jobs associated with automotive manufacturing in Tunisia nearly tripled between 2007 and 2023, passing from 21.000 to 53.000 respectively, with the most significant increase occurring between 2009 and 2011, and again between 2019 and 2023. However, these figures likely underestimate the actual extent of employment in the industry, as they only account for firms that declare to the *National Register of Enterprises* that their main activity is in the car sector. Data from the 2023 survey conducted by APII, which draws on a more grounded inquiry (see Chapter 6), suggest a larger scale of employment. Taking this source as reference, firms involved in the automotive supply chain amounted for approximately 85,000 workers in 2023, representing around 60 per cent of jobs in the electrical and mechanical macro-sector. In any case, it is widely acknowledged that integration into the EU-centred automotive production network has been a key driver of occupation expansion in the latter, with data increasing from around 50,000 to more than 150,000 workers between 2007 and 2023 – Figure 17.

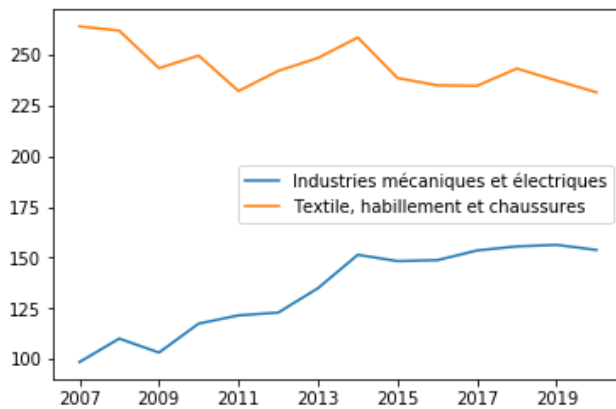


Figure 17. Employment in the electrical and mechanic sector, Tunisia (thousands). Source: author's elaboration on INS data.

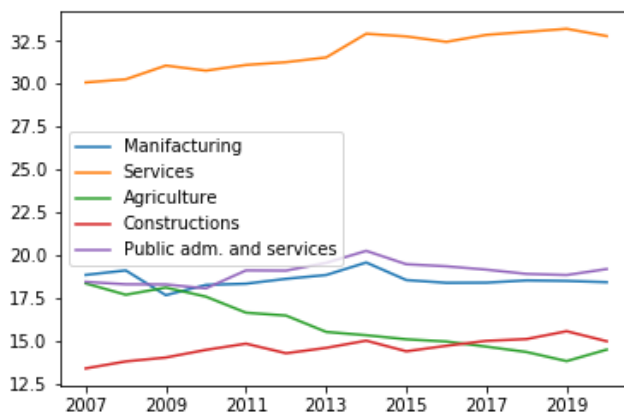


Figure 18. Percentage share of total employment. Source: Author's elaboration on INS data.

Nevertheless, this growth has not resulted in an overall improvement in employment opportunities. Despite relatively rapid growth, jobs created in the electrical and mechanical industries have barely compensated for a significant occupational decline in garments and textiles. Although less dramatically than in Morocco, restrictive rules of origin linked to the Euro-Mediterranean free trade agreement, together with the expiration of the Multifibre Agreement with the EU since 2004 and growing East Asian competition, have severely affected this sector (Harrigan and Said 2009, p. 125). More broadly, trade liberalization underpinning integration into global production, combined with the lack of industrial spillovers from the GVC-led export economy, has resulted in stagnation in the contribution of manufacturing to employment, which remained fixed at around 18 per cent between 2007 and 2020 – Figure 18.

In this context, most new entrants into the labour market have been absorbed by services and construction, with around 80 per cent of these jobs being informal, as it results from comparing

numbers provided by the National Register of Enterprises (INS 2024) with those on total sectoral employment. This trend, however, has not been sufficient to generate adequate employment levels, as reflected in persistently high unemployment rates of 14.5 per cent overall in the last decade —figures reaching around 50 per cent among young people and 22 per cent among women.

In addition to the expansion of young job-seekers —albeit decelerating since the mid-2010s (World Bank n.d. c) —a key contribution to the enlargement of labour surpluses has come from declining job creation in agriculture, a trend that GVC integration cannot absorb but rather exploits to obtain ‘cheap labour’. In fact, the share of the primary sector in total employment fell by almost one quarter over the past decade – Figure 2. Neoliberal agricultural policies implemented since the 1980s have been crucial to this process, conclusively reversing the agrarian reform introduced in the 1960s, whose cooperativist foundations had already been dismantled during the 1970s. Under structural adjustment pressures, an important step in this direction was the extensive privatization of collective lands and the leasing of public estates initiated in 1988. Since the 1990s, these measures were followed by policies promoting large-scale, export-oriented agriculture targeting EU markets, in the context of – unbalanced - trade opening from Brussels in the mid-1990s (Ayeub and Bush 2019, Jouilli 2008, Jouilli and Elloumi 2023).

The outcome was a deepening impoverishment of peasant and herding communities. The number of landholders owning less than five hectares more than doubled, from 130,000 to 281,000 between 1962 and 2004, while those owning more than 20 hectares declined from 20 to 10 per cent of total farmers, despite continuing to control almost 60 per cent of agricultural land (Hayeb and Bush 2019: 97). A more recent phase of agrarian dispossession has followed the liberalization of irrigation schemes, which has favoured water-intensive, export-oriented agribusiness and proved particularly detrimental to small producers in a context of hydrological stress aggravated by climate change. Although no agricultural censuses are available after 2004, dispossession and impoverishment trends appear to have continued unabated, as documented by case studies (Gharbi and Elloumi 2023) and by the steady expansion of land allocated to export crops, most notably olive cultivation, which increased of 10% between 2009 and 2021, against a 20% decrease in cereal production (Jouilli 2023: 13). The impact of this process has been geographically uneven, with the rural regions of interior Tunisia being at the same time the most affected by the agrarian crisis and largely deserted by infrastructure, industrial, and tourism investments. This situation has further aggravated since the 1990s, when the country embarked on an accelerated trajectory of integration into the global economy, which went in

hand with the definitive abandonment of previous policies aiming to reduce regional industrial disequilibria. Instead, these were replaced by incentive schemes accommodating the preference for coastal localization by transnational corporations and domestic export-oriented capitalist elites—historically based in the Sahel and the Tunis region (Smith 2015; Tizaoui 2015: 149-155).

After the 2011 revolution, in which one of the main grievances was precisely the deprived status of central and southern areas (Feltrin 2018, Yousfi 2017), some efforts were undertaken to reduce internal uneven development. In this regard, for the first time in decades public investment per capita in depressed regions outpaced that of littoral regions between 2013 and 2019 (GBO 2020: 21). Nevertheless, this was not sufficient to fill the gap nor to revert a model in which the former continues to serve as a reservoir of cheap and highly feminized labor for the latter, and most notably for the GVC-led export economy, as I will show focusing on the automotive industry.

Indeed, according to 2019 data, unemployment rates in central and southern governorates remain significantly higher—on average around 20 percent—than in regions more integrated into the global economy, where they stand at approximately 10 percent (ITCEQ 2019: 11). Young women are the most affected by these numbers, since in deprived regions the only employment opportunities outside agriculture are concentrated in male-dominated sectors such as construction. For this reason, women have surpassed men in inter-regional migration flows since the 2009–2014 period (INS 2017: 14).

A final significant mechanism contributing to the crowding of super-exploitable workers in coastal areas is the restriction of migration toward Europe, which intensified after the establishment of the Schengen area in 2004. This process was associated with an increase in income requirements for visa access and accompanied by the approval, in the same year and under pressure from European countries, of a Tunisian law criminalizing expatriation (Ben Achour and Ben Jemia 2011: 9). After the crisis, with the partial exception of the 2011–2012 period—during which political instability resulted in a temporary relaxation of controls—international migration became increasingly difficult, both due to a reduction in legal channels and to policies of “border externalization” promoted by EU governments in conjunction with Tunisian authorities, a tendency that further intensified after Kais Saïed’s 2021 coup (Meddeb 2023, Rezgui 2025).

In this regard, official data show that regular emigration abroad is mainly a prerogative of people originating from the wealthiest areas, notably Tunis and the Sahel (INS 2021: 96-97).

By contrast, no official statistics are available on irregular emigration; yet, case study researches suggest that it is predominantly composed of people from the poorest governorates, with Zarzis and Ben Guerdane—in the southern region of Medenine—emerging as key departure hubs (Ben Achour et Ben Jemia 2011, Boubakri 2013, Nasraoui 2026).

7.3 State-labour relations: the centrality of the UGTT’s mass integrative role amid precaritization, low wage policies and the post-2011 ‘democratic transition’

7.3.1 The dismantling of post-Independence state–labour relations and the union (contested) subordination to the state

Since the 1990s, the state has actively accommodated Tunisia’s intensified integration into global production, also by means of significant reversals in the system of industrial relations established in the first three post-independence decades. As mentioned in Chapter 6, the leading force in the struggle for national liberation from France was the UGTT, which also operated as a direct political actor under prime minister and former unions’ general secretary Ben Salah in the 1960s. Through this trajectory, it secured an institutionalized role in monopolistic workers’ representation and the adoption of pro-labour legislation within a “authoritarian populist” political arrangement (Feltrin 2018: 128-38, Hinnebusch 2020). Crucial to this configuration were relatively wide welfare policies and employment guarantees, sustained by a significant share of public sector employment. In particular, elevated severance pay and the obligation to pass through tripartite committees—bringing together the state, the UGTT, and the business organization UTICA—made lay-offs for economic reasons difficult, whereas fixed-term contracts were subject to highly restrictive conditions (Alexander 1996, pp. 112–116; Sari 2021, pp. 51, 147–153).

A cycle of labour struggles between the late 1960s and the 1970s (Khiari 2003, pp. 64–68; Naccache 2015) confirmed this configuration even during the *infitah* period. However, the terminal crisis of the state-led ISI model in the second half of the 1980s, together with structural adjustment and trade liberalization eventually exerted pressure to downsize the public sector and substantially modify labour regulations. A major innovation was the 1996 amendment of

the labour code, which introduced fixed-term contracts with long renewal periods—up to four years—without any form of protection against dismissal. Extensive precarity subsequently became one of the main grievances triggering the mass mobilizations culminating in the 2011 uprising (Feltrin 2018). Nevertheless, no significant improvement in job security was introduced in its aftermath.

Despite marking a crucial step in the precaritization of labour, the 1996 law did not alter, formally, the broader institutional framework governing relations between public authorities, business organizations, and trade unions. Rather, it reaffirmed the centrality of tripartite negotiations in national collective bargaining, established in the 1970s responding to heightened labour militancy (Khiari 2003: 67-68, Sari 2021: 149-51). In fact, employment relations in Tunisia remain governed by 54 compulsory industry-wide agreements, negotiated under state supervision between the sectoral federations of the UGTT and UTICA. These agreements complement the labour code by regulating job classifications, wage-setting, and bonus structures, while extending non-discriminatory conditions to precarious workers (Sari 2021: 247-52).

It is however worth remarking that, in compliance with pressures from domestic and transnational capital, since the 1990s the state has committed to compress wages within collective bargaining negotiations. Whereas until the 1980s pay conditions were revised annually in line with productivity and inflation, this mechanism was transformed since the following decade into a triennial revision while the principle of safeguarding purchasing power and spillovers to workers of value added gains was dismissed (Khiari 2003: 77-8). This approach has not solely characterized the authoritarian Ben Ali regime, but also technocratic, Islamist, and secular governments that ruled the country in the aftermath of the 2011 revolution and the adoption of the 2014 democratic constitution. Collective agreements are moreover concise and establish only limited standards⁸³, which in most private activities have not been amended since 2008 (Ouerfelli 2024).

A pillar of the 1990s restructuring of industrial relations was an aggravation of authoritarianism under Ben Ali's presidency. This did not primarily take the form of harsher regulation of labor representation or strikes, but rather corresponded to a reinforcement of the regime's police-state character and to the growing alignment of the union's top officials with the President. In effect,

⁸³ For instance, the collective agreement for the "electricity and electronics" activities, the most widespread one in the Tunisian automotive industry, has only 60 articles, against the 140 and 180 for the metal workers collective agreements in Italy and France, respectively.

the UGTT national executive had long maintained close relations with the ruling party since independence. Yet, in the 1970s and 1980s, under pressure from workers' struggles led by left currents, the leadership was compelled to pursue greater union autonomy. Following the union's major defeat during the anti-IMF bread riots in 1984, repression further weakened the organization, making it easier for Ben Ali to co-opt its leadership after he came to power in 1987 (Feltrin 2018: 153-154, Khiari 2003: 32-33). Since then, the UGTT not only consented to major reforms, such as privatization of public enterprise, trade liberalization, growing fiscal discipline and short-term contracts, but also actively accommodated with wage restraint efforts by quelling labour conflict. Indeed, under a 1973 law still in effect, in Tunisia strikes have not only to be declared with a ten-day notice period for being legal, but they also need authorization from the union's national, or regional executive committees – a mechanism that, to this day, remains central to keeping workers' mobilizations in check. However, growing top-down control was not sufficient to crush dissent within the labour association's rank and files and even sections of the officialdom. Under this pressure and perceiving that securing a certain degree of union legitimacy was as crucial for preserving the UGTT as a pillar of the regime, in 2000 Ben Ali forced its loyalist general secretary Ismail Sahbani to resign following corruption charges. A more ambiguous phase of union–regime relations opened under new general secretary Abdelessalam Jerad, who maintained overall support for the political status quo, but refrained from actively mobilizing the union to campaigning for the President in occasion of 2004 and 2009 elections (Netterstrom 2016: 393-4). Top-down control over the organization moreover relaxed and space opened for networks of more independent officials and for a far-left opposition rooted in the rank and file to coalesce and gain influence. The December 2010 uprising represented a historical opportunity for these opposition forces, and in particular the more left-wing ones, to redirect the organization's trajectory. Starting from their strongholds in the education sector and in the centre–south regions—where mass mobilization initially erupted—radical union leaders and activists succeeded in pushing larger sectors of the UGTT to support the movement and, eventually, compelling Jerad to authorize a series of regional strikes, which proved pivotal in toppling Ben Ali on 15 January 2011 (Feltrin 2018: 227-238).

7.3.2 The post-2011 UGTT's mass integrative role amid inclusion in democratic politics, dependency and authoritarian restoration.

The reluctant support for, or opposition to, the regime expressed by Jerad's leadership and by dissident officials, such as post-2011 new general secretaries Hocine Abassi and Nouredine Taboubi, did not, however, translate into a structural critique of the neoliberal agenda and the accelerated integration in global production pursued by the Tunisian state since the 1990s. Rather, both before and after Ben Ali's fall, no significant layer within the UGTT—except for the most left-wing sectors (Feltrin 2018: 314)—openly questioned the principle of supporting international competitiveness as a core element of union action. Though in combination with demands for improving social protection, preserving employment and limiting privatization policies, since the early 2000s such an approach has been indeed endorsed by the UGTT through a series of internal documents and public declarations (Ennaceur 2000: 91-92, Khiari 2003: 186, Hamzaoui 2013). This stance is consistent with the organization's politico-ideological orientation toward national unity and responsibility, rooted in its role in state formation and institutionalized through its longstanding involvement in collective bargaining and the country's political system from the independence onwards. As a respondent observed:

The UGTT *is* [italics mine] the state; it has representation and connections in the ministries, and therefore it has always complied with the strategies of the Tunisian State to preserve these positions in the public sector. Since Tunisia has committed to a strategy based on attracting foreign direct investment and favoring exports, the UGTT has always maintained a very cautious approach in the private sector (#38)⁸⁴.

Key institutional mechanisms must, however, be considered in accounting for the labor organizations' accommodative tendencies. The union is indeed highly dependent for its financing on legal automatic fee transfers, as well as on the state's willingness to grant paid secondments to full-time union officials in the public sector - the union's core constituency. In effect, the UGTT holds non negligible representation figures even in formal private economic activities union density is calculated at 21% of formal employees (DTDA 2021: 2)⁸⁵. However, state administration workers – 55% of whom with a union card in 2016 (Ben Sedrine and Amami 2020: 146) - constitute the bulk of membership, while amounting for the majority of fees as their wages are more double than the national average (INS n.d.). This layer has also higher job security and thus labor market bargaining power, alongside a more longstanding militant tradition, than non-state workers, which further contribute to make their grievances a pressing concern for the UGTT's leadership (Feltrin 2018: 133-38).

The incentives mentioned above were no less crucial than direct cooptation in securing the labor organization's support to Ben Ali, while they have been preserved in the post-2011 phase. In

⁸⁴ #38 UGTT official, Sousse, 03/12/2023

⁸⁵ As I will show in section 4 data for electrical and mechanical industries are also higher

this context, however, the key mechanism adopted by the Tunisian state and business elites to aligning the leadership of the UGTT with their interests has been its inclusion in national dialogue arrangements, responsible for decisions over government reshuffles and preliminary discussions over economic policies (Feltrin 2018: 245-7, Yousfi 2016). No government from 2013 to 2020 was approved in Tunisia without an agreement between the union and UTICA, both of which were also invariably consulted by prime ministers before presenting financial laws to parliament (King 2021: 76-80). This inclusion, in turn, represented the culmination of the UGTT's institutional strategy, pursued since independence and grounded in its capacity both to accommodate and to control social conflict as the country's largest mass organization (Khiari 2003: 67-68, Ben Khalifa 2021).

The union's approach indeed yielded some results, including the stabilization of the democratic transition in 2014 amid alleged threats of civil war and authoritarian retrenchment. It also obtained a partial curb on austerity pressures, and some material gains for labour—particularly for public administration and service employees who experienced a significant expansion in the first three years of the revolution⁸⁶ (Feltrin 2018: 248, Yousfi 2019). Admittedly, between 2015 and 2017, the UGTT secured significant wage increases for both state personnel and private-sector workers, yet the former obtained raises around 40% higher over the same period. Nevertheless, as I will show through the prism of struggles in the automotive sector, the union's institutionalist strategy also contributed to defusing grassroots organization and resistance. At the same time, it legitimized neoliberal national unity governments, most notably Chahed 2016-2019, which, under pressures stemming from Tunisia's subordinate position in global capitalism, rapidly eroded earlier labour advances. In 2015, despite foreign direct investment recovering after a post-2011 decline, two terrorist attacks precipitated a collapse in tourism revenues, on which the current account remained heavily dependent due to the country's peripheral integration into global value chains. It followed a rapid depreciation of the dinar, approved by the Tunisian Central Bank in order to secure a three-billion-dollar IMF credit line necessary to avert a balance-of-payments crisis (IMF 2019). The outcome was an inflationary spiral and a sharp increase in the Tunisia's predominantly foreign-denominated public debt, which in turn undermined workers' purchasing power and intensified pressures for the implementation of harsh austerity measures (OTE 2023), affecting, together with broader

⁸⁶ Between 2011 and 2015, more than 50,000 public sector employee with precarious contracts were recruited as permanent workers, while state administration staff significantly expanded, passing from 435,487 to 591,174. However, a significant part of this increase occurred in the interior and defense ministries (Fekih 2020).

popular layers, the very UGTT's constituency⁸⁷.

The economic situation further deteriorated with the COVID-19 pandemic contributing to the conditions that on 25th July 2021 enabled President Kais Saied to stage an authoritarian coup by leveraging the discredit of both Islamist and secular political parties that had governed the post-2011 transition and had left unfulfilled the socio-economic grievances raised by revolution (Nefti 2024). This discredit also affected the UGTT, which thus became a relatively easy target of the new regime's assaults, including the arrest of union leaders and attempts to sideline the organization from state politics (Ben Salah 2025). Conversely, the centralization of power diluted the prospects for the labour association to bargain controlled militancy in exchange for influence over government reshuffles, whereas a decade of frustrating mobilizations among popular strata had produced a legacy of political apathy (Ben Khalifa 2021). Hence, the union leadership's lack of alternatives to institutionalism fostered a further passivation of the UGTT. In spite of rhetorical opposition to Kais Saied's authoritarian restoration, after a largely symbolic public sector general strike in 2022, the union has up to now mostly maintained a see-and-wait approach vis-à-vis the regime, while at the same time reinforcing top-down controls on internal dissent⁸⁸ (Ouerfelli 2024, 2025).

7.4 Widespread collective bargaining *and* exploitation: the labour regime in Tunisia's automotive industry

7.4.1 Geographies of exploitation in Tunisia's automotive supply chain

Moving to a more direct focus on Tunisia's automotive supply chain, a disaggregation of employment data points to the predominance of the electrical components sub-branch. While other sub-sectors also account for a non-negligible share of employment, electrical components

⁸⁷ Between 2011 and 2019 public spending in education and health decreased significantly – -30% -10% respectively – due to a significant cut in recruitment (Oxfam 2020: 2, Ziadia 2023), while since 2018 pay increases of state administration workers has experienced wage increases mostly unable to keep the pace with inflation (INS n.d.). Nevertheless, in 2017 the UGTT leadership boycotted a general strike in the education sector (Khiari 2017), before refusing to mobilize in the context of the January 2018 mass protest led by the precarious youth of deprived regions and Tunis' popular neighbourhood against significant subsidy cuts and rise to indirect taxes implemented by Chahed's national unity government (CADMT 2018, Chamki 2018). Only between November 2018 and January 2019 the UGTT indicted two one-day strike of public administration workers (Bobin 2019)

⁸⁸ In July 2021 General Secretary Nouredin Taboubi had summoned a non-elective extraordinary congress modifying the UGTT's statute so that the national executive could be renewed more than two times – article 20. Since then, a growing rift emerged between the union leadership and layers of dissident officials. A similar move by Jerda was the contentious issue starting from which leftist networks coalesced in the UGTT's 2006 congress (Feltrin 2018: 222-223).

alone concentrate over 70 percent of total jobs and host the largest workplaces, most notably in wiring-harness assembly – see chapter 6. It is for this reason that the section primarily focuses on this activity, which represents the core of Tunisia’s automotive integration.

Activities	Total employment	% Women	% Fixed term contracts
Various	901	31,2	60,75
Car bodies & chassis	2752	47,13	53,37
Metal	847	49,67	32,02
Mechanical	8496	59,73	25,94
Plastics	8418	56,77	35,08
Textile	1547	67,27	62,88
Electrical & electronics	65457	72,33	39,05
R&D	716	59,06	66,45

Table 12. Total, female and precarious employment in the Tunisian automotive industry by sub-activities, source: Author’s calculation and elaboration from APII 2023.

Concentration of employment in the automotive branch

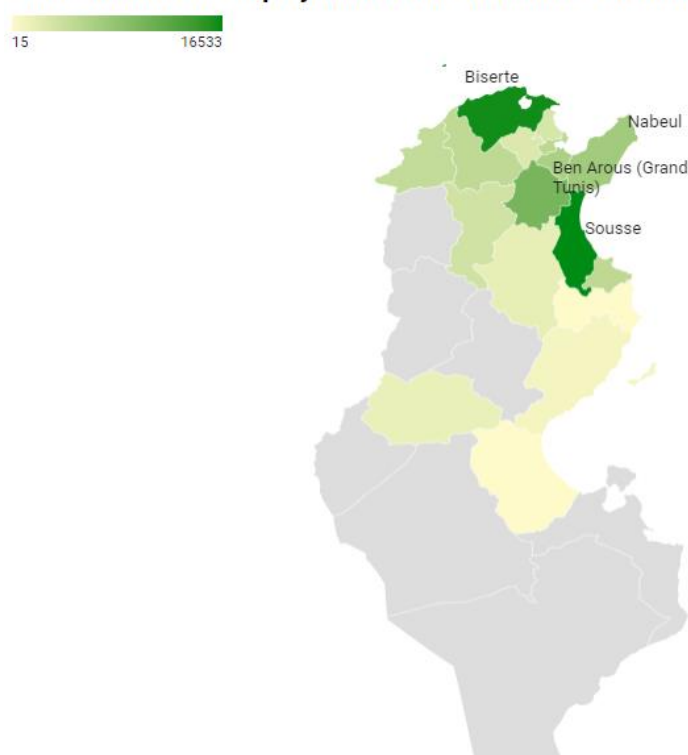


Figure 19, workers employed in automotive industry by governorate in Tunisia, source: APII – Agence pour la Promotion de l’Industrie et de l’Innovation, Tunisie.

With regard to the geographical dimension, in line with patterns identified in section 7.2, most

automotive companies and employment are located in a few coastal regions, albeit a de-concentration trend is also ongoing, as I will return to later. By contrast, particularly in the sector's key hub—namely Sousse—the majority of the workforce is not solely highly feminized, but also migrant from interior regions. This conclusion is drawn from a convergence of respondents' accounts and from an analysis of more than 700 Facebook profiles sampled from a public discussion group of workers employed by LEONI in Messadine, a suburb of the Sahelian city hosting the country's largest wiring-harness plant, with around 7,000 workers.

In effect, profiles declaring Sousse as a birthplace, or reporting the attainment of education in the governorate, constitute a relative majority of the total. However, only 30 percent of female employees originate from Sousse, whereas the corresponding figure for male workers exceeds 40 percent. It is also instructive to consider the aggregate share of workers whose birthplace is located in Tunisia's most underprivileged regions. For the sake of simplicity, this analysis adopts the INS and World Bank definition of "poor regions" as those governorates in which the share of the population living below the poverty line exceeds the national average (ITCEQ 2019). Only 30 percent of male workers originate from these areas, whereas the corresponding figure for women reaches 41 percent. These shares are concentrated in the governorates of Kairouan, Kasserine, Sidi Bouzid, and Gafsa, which rank among the most agrarian regions of the country and are also characterized by higher unemployment rates and elevated proportions of the population living below the poverty threshold.

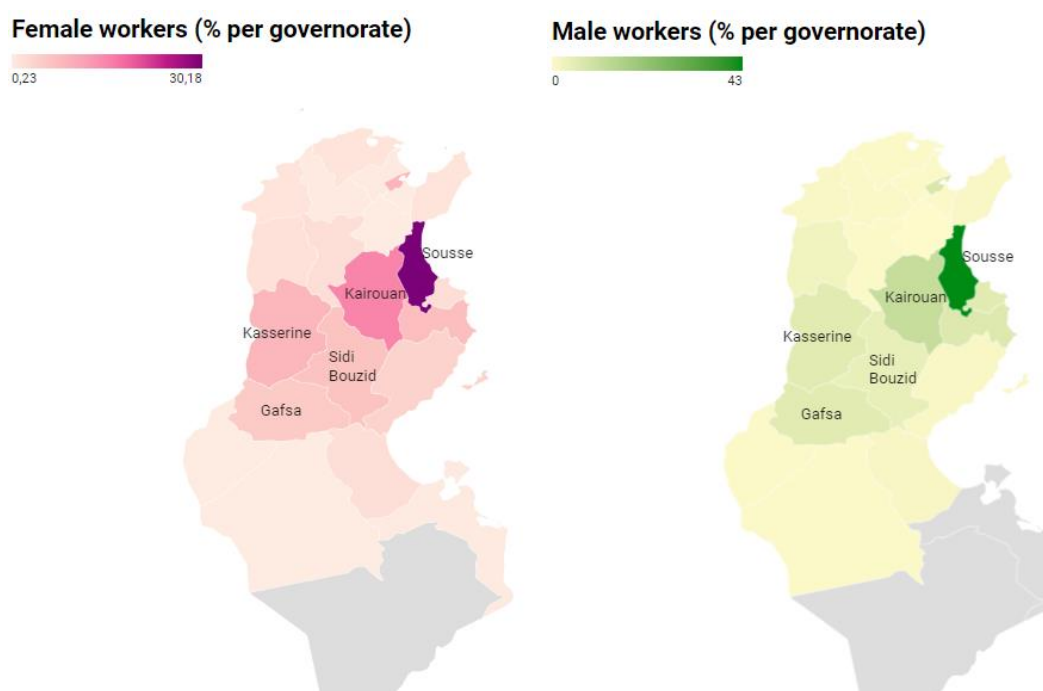


Figure 20, origins of workers at LEONI Messadine, source: Author's from Facebook

data.

The picture in Tunis looks slightly different: as respondents told me (#2, #51)⁸⁹, despite internal migration remaining important, the majority of workers originate from the Greater Tunis area. However, despite being often depicted as a relatively ‘wealthy’ context, this region is characterized by the presence of highly impoverished neighbourhoods and suburban villages. Here, residents are mostly second-generation rural migrants or working and middle-class people expelled from more central locations, either because of increasing rents or as an outcome of impoverishment suffered during the last decades of adjustments and economic crisis. Interestingly, the industrial zone of Ben Arous is located close to El Morouj and Sidi Hassine, two marginalized neighbourhoods accounting to more than 150,000 inhabitants (Perelli & Sistu 2018), with the latter district home of a COFAT wiring harnesses plant employing around 3000 workers. In Sidi Hassine, in reality, people under the poverty line identified by the World Bank are below national data (INS 2020). Nevertheless, according to latest census data, the neighbourhood shows unemployment rates around 25%, which is an average between 12% for men and 38% for women (INS 2014). These numbers are above the national value and close to those of the most deprived regions. That said, it is noteworthy how Sousse has experienced a more rapid expansion of employment compared to Tunis during the last decade, at the beginning of which it was the capital city’s area that concentrated the bulk of automotive jobs (Layan and Lung 2008). None of the biggest automotive players in Tunisia, which are a bunch of German transnational companies active in the labor-intensive wiring harness assembly, have plants in the Grand Tunis area, since LEONI closed its factory in Ben Arous in 2012 (APII 2023, AllAfrica 2012).

In effect, Sousse has traditionally been the most important industrial centre together with the capital city’s area and Sfax – also in the Sahel, yet remained sidelined by the rise of automotive investments. Even more so, it was the target of early attempts to build a domestic-oriented car industry, which as seen aborted in the 1990s (Tizaoui 2000). Yet, in light of our analysis, this cannot account for the employment trends mentioned above; on the contrary, they seem correlated to a higher proximity to rural labour surpluses that Sousse exhibits compared to Tunis. A similar logic, yet less correlated to inter-regional migration, seems lying behind the emergence of Bizerte as the second most important automotive location (see Figure 1). Despite

⁸⁹ #2 Former UGTT national executive member, Tunis, 05/05/2022; #51 UGTT-FGME in a French TNC, Ben Arous, 08/05/2024.

not ranking among the most agrarian and underprivileged regions, this governorate is characterized by relevant rural and impoverished areas surrounding the chief town and main sub-urban industrial areas, such as Menzel Bourguiba and Mateur (INS 2020: 50-53). The latter, in particular, hosts plants of LEONI and Yazaki employing 4000 and 3000 workers, in addition to other relevant companies such as the Tunisian-owned COFAT and TTE. Comparable considerations apply to North Eastern governorates of recent industrialization, yet disposing of still significant agrarian sectors (*Ibid.* : 45-49), such as Nabeul and Zaghuan, which rank second and third in terms of automotive jobs – Figure 1. Zaghuan hosts a Sumitomo’s wiring harnesses plant employing approximately 4,000 workers and an Autoliv facility with around 3,000 workers producing steering components, while Nabeul is home of an affiliate by Coroplast, a German firm also active in wiring harnesses and accounting to about 2,000 workers, together with a number of smaller producers of electrical components, including Autocable, owned by the Italian TNC Prysmian (APII 2023).

A focus on main locations of automotive FDIs should not lead to neglecting how some important investment has also recently occurred in marginalized governorates of the Centre, North West and South. For example, Draxlmeier has a plant in Siliana, in the Centre, where more than 3000 workers are employed. Sumitomo employs 4000 workers in Jendouba – Centre West - Yazaki controls an affiliate in Gafsa – in the Centre South - with a staff of around 2000, whereas Kromberg & Shubert is located in Beja – North West - and employs almost 3000 workers (*Ibid.*). Interestingly, in very recent years COFAT and Draxlmaier have moreover invested in the Kairouan region (APII 2023, TAA 2026). It is however unclear to what extent this trend will continue, against the backdrop of logistical and path-dependent impediments to global production de-concentration from locations closer to the coast.

7.4.2 Exploitation, precarity and gender oppression in wiring harnesses factories

Reliance on a labour-market-vulnerable, highly feminized, and migrant workforce is crucial to keeping wages low and intensifying exploitation in labour-intensive manufacturing such as wiring-harness assembly. In this regard, while providing for a series of bonuses related to Ramadan, transport, lunch, and showers, the *electricity and electronics* sectoral agreement—to which most automotive-related companies belong—sets extremely low baseline wages, the lowest in the country’s industrial landscape, amounting to 540 dinars (around 180 euros) in 2022 (JORT 2022). By comparison, even the clothing sectoral agreement establishes a slightly

higher level, at 559 dinars, although the high degree of informality prevailing in that sector, relative to automotive activities, complicates conclusions drawn solely from collective bargaining figures (Hassine 2014).

In any case, wages established under the “electricity and electronics” sectoral agreement fall well below the income required to meet workers’ basic needs. According to a recent estimate, the “living budget” for a family of four in Tunisia amounts to around 600 euros per month (Concialdi 2021). A similar result emerges from data produced by the Living Wage Coalition, which estimates the country’s “living wage” at 538 euros per month (Vionnet 2023). Respondents consistently confirm these assessments. As one union official put it: “We do not call it a wage. It is pocket money.” (#40⁹⁰) Along similar lines, a worker employed by a wiring-harness TNC prosaically described the situation as follows: “Wages are barely sufficient to eat, move from home to job and buy cigarettes.” (#4⁹¹) According to all informants, unsurprisingly, most workers cannot afford rents and either live in shared apartments in neighbourhoods close to industrial zones or remain with their families, particularly in the case of plants located in rural interior locations.

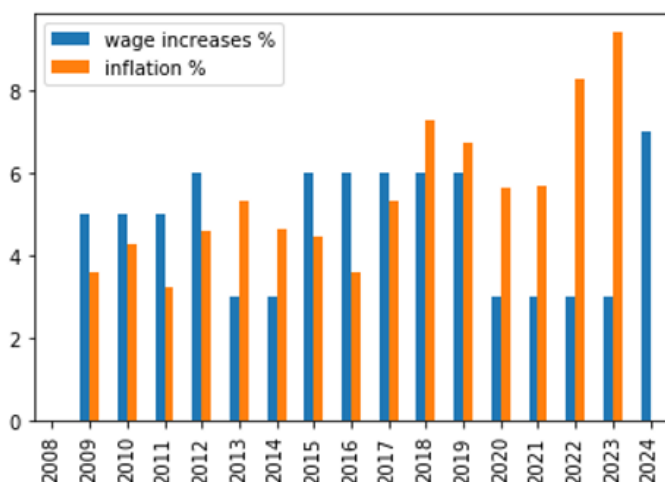


Figure 21. Wage increases set by periodic revisions of the electricity and electronics collective agreement vs. inflation rates. Source: Author’s elaboration on JORT, INS and Wold Bank.

⁹⁰ #40 UGTT official, Bizerte, 07/12/2023.

⁹¹ #4 Worker at Yazaki Bizerte, online interview, 22/06/2022.

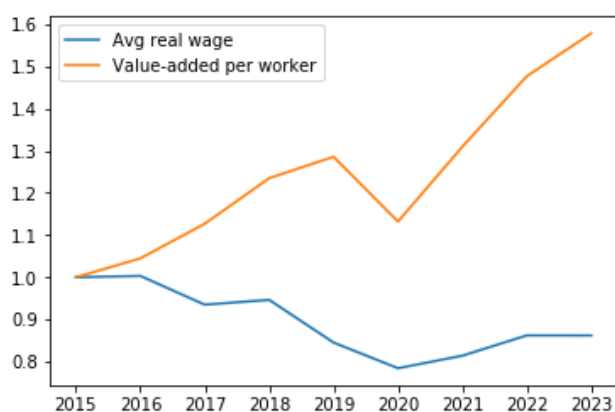


Figure 22. Real average wage (total wages/total workers) vs. value added per worker in the electrical and mechanical industries. Index values, with 2015=1. Source: Author's calculation and elaboration from INS 2020, 2024, 2024b.

Over the last fifteen years, wages defined by the electricity and electronics collective agreement have been periodically revised, displaying a growth in nominal value but a cumulative decline in real terms. Hence, while consumer prices increased by 47 percent between 2015 and 2022, nominal wages rose by only 40 percent for automotive workers. In the same period, trends extrapolated from collective bargaining mirror findings on average real wages. As Figure 4 illustrates, this indicator, calculated from national account data on electrical and mechanical industries, has declined by approximately 10 percent. Conversely, however, value added per worker has increased by around 60 percent. Drawing on fieldwork material, this divergence seems clearly connected to extensions and intensification of labor at the point of production.

Formally, working time is set at 40 hours per week. In practice, however, overtime on Saturdays is widespread and constitutes an important mechanism through which many workers attempt to approximate a living wage. Moreover, the collective agreement provides for only a 15-minute lunch break. This provision is formally compensated by a monthly bonus of 5 euros, but the time of the pause is not fully paid. As a result, in some factories workers leave the workplace a quarter of an hour later at the end of their shift (#41, #43, #49)⁹².

At the same time, very low base pay is complemented by productivity bonuses, which, according to interviews, may account for up to 30 percent of total workers' earnings. In turn, these bonuses represent a key means through which management imposes preferred production targets while minimizing costs. This is facilitated by omitted definition of piecework rates in the electricity and electronics collective agreement. Therefore, such rates are highly variable

⁹² #41 UGTT-FGME workplace union in a German TNC, Nabeul, 09/12/2023; #43 Worker at Draxlmaier, Sousse, 16/12/2023; #49 Group interview with 4 Draxlmaier workers.

and depend on labour–management power relations at the workplace level. The following quotation from an interview is indicative to what extent productivity bonuses are both important for workers' income and strategically managed by firms to increase profits:

One of the main customers of Draxlmaier is BMW and sometimes we work on wirings for luxury cars. However, this is bad for workers since these cars have more heavy and complex wirings than others. So, we produce less with more fatigue and obtain lower productivity bonuses, while the company makes the highest earnings since wiring systems for luxury cars have higher prices! (#43)⁹³

Elevated workforce feminization could suggest that another practice to increase exploitation is women harassment and discrimination, yet this does not unambiguously emerges from respondents. That said, my interview pool is biased toward union officials and activists, who are not only predominantly male but also tend either to minimize problems due to a mix of fear and cooperative attitude towards managers – see next section - or to report situations in which the presence of a committed UGTT workplace branch makes it plausible that abuses are at least partially contained.

By contrast, interviews conducted with workers in a major German-owned factory point to a markedly different situation:

Harassment and insults against women are frequent; everyone with even a minimal degree of power takes it out on the female workers. On the pretext that it is inappropriate for women to smoke, men are entitled to two five-minute breaks, in addition to the lunch break, while female workers are not (#50⁹⁴).

Structural conditions, however, suggest that gender violence does not constitutes a contingent scheme through which labor is subordinated and fragmented. Female automotive workers are indeed in a particularly weak position, since, while being more exposed to unemployment, they are also more frequently recruited under precarious conditions. No conclusive data are available in this regard. Nevertheless, if we consider only the three most important sub-activities—which together account for 95 percent of total employment—the electrical and electronics segment ranks first both in the incidence of short-term contracts and in women's share of the workforce (Table 1). Moreover, all respondents agree that the vast majority of technical and administrative workers are male, whereas the opposite holds for line operators. This provides a reasonably solid basis to infer that women also constitute the bulk of short-term contracts, since low-skill production workers are the primary target of labor flexibility strategies. In effect, elevated precarity is crucial for wiring harness suppliers to accommodate demand fluctuations, such as

⁹³ #43 Worker at Draxlmaier, Sousse, 16/12/2023

⁹⁴ #50 Group interview with 3 workers of a German Multinational Corporation, Beja, 06/05/2024.

the termination of projects with customers, lasting on average four years—a timespan that, interestingly, is close to the maximum period allowed for fixed-term contracts in Tunisia. A significant share of precarious workers is nonetheless fired before the legal transformation in permanent workers, a practice that may partly explain outstanding turnover rates of the workforce, amounting to 35% in 2022 considering the whole automotive industry (INS 2024: p. 25). This habit permit to spare on seniority increases set by collective agreements, which are however quite low looking at this document. More fundamentally, elevated precarity permit to reinforce the whip of capital on workers and boost exploitation rates. As a worker in a Japanese wiring assembly firm told me:

the production targets are insane: we are required to produce around 200 pieces per day, but fixed-term workers run even faster because the boss threatens to fire them if they do not reach these targets. Clearly, this exert pressure also on permanent workers, since productivity bonuses are distributed for groups of workers (#4⁹⁵).

Though economic and extra-economic coercion are key to exploitation, technology investments are also important to increase surplus value. As mentioned, wiring material is cut and distributed to workers by automatized machines, whose errors may cause interruption to production flow, so that LEONI has recently invested in machine learning to minimize defects, as an engineer involved in the program has told me (#1)⁹⁶. Still more interestingly, some informants reported that a big German transnational corporation has recently introduced an AI-driven system consisting in a light signal strictly guiding workers in their operation (#50)⁹⁷. In both cases, however, digital tools are not mobilized to improve skills, but rather are functional to labour intensification and growing surveillance.

Due to long hours and rigid work pace, fainting and health problems, such varicose veins and sight diseases are widespread. Interview evidence is supported from data on professional diseases. Although specific figures on the automotive industry do not exist, according to 2023 official statistics, in Tunisia 83% of professional disease, notably musculoskeletal ones involve women, a figure that the ILO itself explains with the relevance of the garment and the electrical and mechanical industry sector in the employment landscape (ILO 2023: p. 33). A further aggravating factor is the 6x3 rotation shift work organization, with night shifts often lasting 3 consecutive weeks, which foster sleeping disorders and represent a challenge for women with children. Physically and psychologically deteriorating working conditions are another cause of the 35% workforce turnover rate previously reported. According to respondents, this sometimes

⁹⁵ #4 Worker at Yazaki Biserte, online interview, 22/06/2022.

⁹⁶ #1 Engineer at LEONI, online interview, 04/04/2022.

⁹⁷ #50 Group interview with 3 workers of a German Multinational Corporation, Beja, 06/05/2024

create production bottleneck:

There is an increasing problem of workforce turnover. Two months ago the company had to delay a project with BMW because over 300 women recruited to work on that 200 quit the job due to unbearable work pace. Situations like that are not rare (#49, a similar account was given also by respondent #47)⁹⁸.

In case of continuous industry expansion, this tendency might give some more leverage to workers against exploitation. Nevertheless, until reservoirs of impoverished labourers and unemployed remain significant, capital's ability to maximise exploitation rates is not fundamentally altered by these episodes.

7.5 The labour regime amid early contestations and adaptation: unions, workers power and capital's reaction to the 2011-2014 wave of strike in the automotive supply chain

Relatively large agrarian labour surpluses, alongside elevated unemployment and precarity, correspond to a low labour market bargaining power for workers in Tunisian automotive supply chain. Despite these features being also an underlying deterrent for building associational power, they nevertheless go in hand with a strong presence of organized labour in the sector, facilitated by formally extensive workers' representation rights included in the Tunisian system of collective bargaining (UTICA n.d.)⁹⁹ Unionization has moreover significantly inflated in the post-2011 period, when the FGME-Federation Generale de la Metallurgie et de l'Electronique – the metal workers federation of the UGTT – has indeed shifted from 33.000 to 50.000 members between 2012 and 2017, which amount to a 30% union density considering the 150.000 workers employed in the electrical and mechanical industries (FES 2018, p. 71). Pushed by these numbers the organization has become the most important private federation of the workers' syndicate, in terms of membership. The significance of the electrical and mechanical industries in the union equilibrium has been evidenced by the election of Tahar

⁹⁸ #49 Former worker of a German Multinational Corporation, Beja, 06/05/2024; #47 Draxlmaier CGTT fired shop steward - Tunis 27 -04 -2024.

⁹⁹ According to the Electricity and Electronics Collective Agreement, union activity is formally guaranteed through specific institutional provisions, including the right to union notice boards (Art. 6), a minimum of one monthly meeting between union representatives and management counted as paid working time (Arts. 5 and 8), and between 60 and 200 paid hours annually for union duties depending on firm size (Art. 5). The agreement also recognizes the enterprise union and provides protection against anti-union discrimination. Moreover, no representativeness threshold is required for the election of workplace representative bodies (Art. 9).

Berberi, former leader of the FGME, as general secretary of the private sector in the UGTT executive committee in 2022. Stronghold of the federation are automotive firms, notably in the wiring harnesses segment, where union branches exist in all the most important foreign companies, LEONI, Draxlmeier, Kromberg & Schubert, Yazaki & Valeo among others (Ben Sedrine and Mongi 2022).

The significance of these numbers for an analysis of workers' power should however be addressed in light of their relation with broader dynamics of class struggle and formation. In this regard, a crucial starting point is the economy-wide wave of strikes involving Tunisia in the aftermath of the 2011 uprising (Feltrin 2018: 242-43). According to figures from the Ministry of Social Affairs, in 2011 there were 567 strike actions, involving more than 200,000 workers (quoted in Mtallah 2014). While the most impactful protests affected public enterprises in the transport, services, and energy sectors, private export-oriented activities were among the most concerned in terms of the number of stoppages, with garment and textile industries ranking first, while electrical and mechanical industries ranked third, accounting for 20% and 16% of total strikes, respectively. This means that in proportion the latter sector had a significantly higher density of protests than the former, which employed almost two times more workers in a higher number of companies at the time. 2012 saw only a slight decline in actions, to 524, 21% and 14% of which were once again staged in the clothing and the electrical and mechanical industries – Figure 23. These data included protests in several automotive facilities, particularly foreign TNCs, such as Valeo, LEONI, Kromberg & Schubert, and Yazaki (Dahmani 2012, Thorne 2012).

In effect, workers, most notably in car related activities, were not protagonists of the first months of the rebellion against Ben Ali exploded in December 2010. As many accounts and respondents report, in the most agitated weeks of the uprising, major transnational firms' employees organized teams to surveil companies against the threat of disruption caused by demonstrations and sit-ins (#2, #38, #40, #42)¹⁰⁰. Soon, however, the culture of protest spread within factory gates, quite unsurprisingly indeed, as workers' grievances were common to those of the marginalized and precarious youth who led post-2011 social movements. Wage increases, particularly targeting productivity bonuses and the payment of seniority, were an important demand, involving 35% of reported actions. Yet, the main claim, present in 43% of protests in

¹⁰⁰ #2 Former UGTT national executive member, Tunis, 05/05/2022; #38 UGTT official, Sousse, 03/12/2023; #40 UGTT official, Bizerte, 07/12/2023; #42 UGTT-FGME national executive official, Nabeul 9-12-2023

the electrical and mechanical sector, concerned working conditions, in particular a halt to abusive practices related to short-term contracts and the regularization of precarious workers (Smaili and Nciri 2017: 53-54).

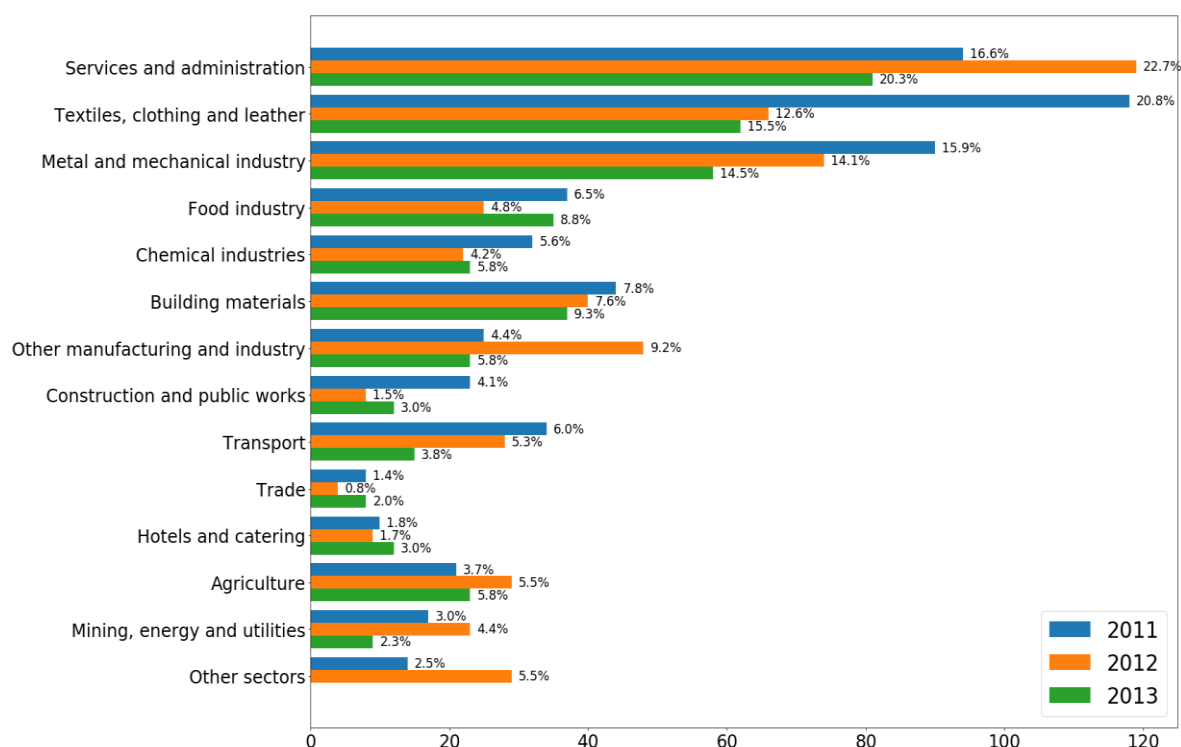


Figure 23. Strikes in Tunisia 2011-2013. X axis=number of strikes, Y axis=sectors. Source: Author's elaboration from Republic of Tunisia - Ministry of Social Affairs, data reported by Mataa Allah 2014.

Moreover, as seen, the bulk of the automotive sector workforce originates from deprived regions. Community networks, together with shared problems, should therefore have played a role in spreading a culture of protest, a conclusion further supported by the fact that labor protests also involved big wiring harnesses factories located in North East and Centre governorates —most notably Yazaki in Gafsa and Kromberg & Schubert in Béja, respectively.

Many strikes were illegal and spontaneous, but UGTT activists were often involved and leveraged protests for strengthening union activity, including in automotive companies, sometimes displacing corrupt workplace representatives. As a respondent from a big French automotive supplier told me, for instance, the 2011 strikes were key in compelling the former workplace union to resign after workers discovered that it had accepted the application of the gas-station collective agreement (#52¹⁰¹) —a practice, according to informants, quite

¹⁰¹ #52 UGTT-FGME in a French TNC, Ben Arous, 08/05/2024

widespread before the revolution to entice TNCs (# 2¹⁰²).

Facilitated by the breadth of the strike wave, in autumn 2012 the UGTT was able to negotiate significant wage increases in the private sector. Since 2011, wage bargaining had been centralized at the national union level, and the agreement provided for a 6 percent wage increase, exceeding the inflation rate – Figure 20. Often, however, favorable negotiations at national tables were accompanied by difficulties in consolidating labor organization and gains at workplace level. Firms reacted to wage increases and concessions over bonuses with termination of precarious contracts, but also with the expulsion of protest leaders and union representatives, then targeted as responsible for employment losses due to supply disruption. In various cases, transnational corporations combined this move with lockouts, communicated as closures or relocation plans made necessary to afford the enormous penalties paid to global customers for strikes. In the automotive sector, it was the case at Yazaki in Gafsa (“Le group Japonais...” 2011), Kromberg & Schubert in Béja (Smaili and Nciri 2017, #49¹⁰³), LEONI in Bizerte (Dahmani 2012b) and Sousse (Business News 2013), and Draxlmaier in Siliana (“Draxlmaier Tunisie annonce...” 2014).

Some evidence, however, contradicts TNCs’ allegations regarding the role of the strike wave in provoking job losses, highlighting the tactical role of layoffs and closure threats. In effect, between 2010 and 2011, employment in automotive activities *stricto sensu*, a category closer to the workforce of major specialized foreign suppliers, declined from 40,220 to 38,578 (INS 2024a). It has however to be considered that the former period coincided with the EU sovereign debt crisis, with poor prospects for car production in Europe (Dahmani 2012a), while the workforce oscillated between 39,000 and 41,000 until 2017 (INS 2024a). As LEONI, one of the firms most active in leveraging lockouts against strikes, moreover admitted in its 2012 financial report:

The difficult political situation in Tunisia and Egypt is repeatedly leading to unrest and also to strikes at our production facilities in these countries. The risk of production and transport disruption, for instance involving closed seaports or airports, cannot be ruled out during political unrest. The option of temporary supply from production facilities in other non-affected countries is severely limited because of the customized products in the Wiring System Division. Relocation is possible only with a corresponding lead time necessitated by setting up the required production capacity and recruitment. That is why we offer our customers the option of supply from two facilities in different countries. In many cases, however, our customers have decided for economic reasons to continue to share the risk of 100

¹⁰² #2 Former UGTT national executive member, Tunis, 05/05/2022

¹⁰³ #49 Former worker of a German Multinational Corporation, Beja, 06/05/2024

percent supply from North Africa. (LEONI 2012: 114).

Given workers' weak bargaining power in the labour market, worries about the termination of precarious contracts and plant relocations were serious, which made companies' threats particularly effective. This was especially true in the broader crisis context in which the 2011 revolution unfolded, characterized by rising food prices and shrinking export markets, and further aggravated by declining public and private investment amid political instability (Dahmani 2012a). However, the outcomes of labour resistance in post-2011 Tunisia, including in the automotive sector, were shaped not only by these structural constraints but also by the way the UGTT's strategy interacted with national politics.

7.6 'There is power in a union', but to what extent? UGTT's institutionalist strategy and accommodation to TNCs spatial fix *threats* in the automotive supply chain.

In autumn 2013, following the assassinations of two leftist leaders in February and July respectively, the UGTT entered into a national dialogue with UTICA as a way out of the political crisis affecting the Islamist government elected in late 2011, which had previously attempted to sideline the union. Through this process, the UGTT played a key role in the government reshuffle that led to the appointment of a technocratic cabinet in December 2013, headed by Mehdi Jomaa, a former manager of the French transnational corporation Hutchinson, and ultimately to the adoption of a new constitution in January 2014 (Feltrin 2018: 244-45, Krichen 2018: 123). Although this latter year witnessed a resurgence of strikes after a downturn in 2013, the growing political role of the UGTT was accompanied by a commitment to dampen labour conflict and strikes (Barrière 2019, Euch 2014), which indeed almost halved in both state and public-sector activities in the subsequent years¹⁰⁴.

According to respondents, in the automotive sector, this reverberated in an accommodation to

¹⁰⁴ I repeatedly, and unsuccessfully, requested data on strikes to the Ministry of Social Affairs. In any case, academic, journalistic and policy sources report figures from this very ministry, which confirm my claim. Feltrin (2018:) shows a record year in terms of workdays lost, while Karimi (2014) mentions a +16% of strikes actions compared to 2013 relatively to the first 10 months, implying data close to 2012, when as mentioned strike actions were 547. In 2015, according to website Jomouhria ("Decrease in number... 2016") total strikes counted by the Ministry of Social Affairs was 198; in 2017 and 2018 they were instead 247 and 248, respectively (TAP 2019). Concerning electrical and mechanical industries, strike figures for the years between 2011 and 2016 are as follow: 90, 74, 58, 78, 65, 41 (Smaili and Nciri 2017: 51).

companies' tactics against labor organizing and the recognition of "syndicat souriya" (#44, #47, 49#)¹⁰⁵ – facade unions - in some crucial transnational corporations. The practice seems lasting until today and could explain, at least in part, the post-revolutionary increase in membership of the UGTT-FGME. As informants from an important German TNC told me:

The union is part of the firms' administration; in fact, the union secretary regularly sits with management at lunch. Workers may approach the union and report their problems, but the usual response is: "I will report this to management." Any attempt to support workers in organizing protests has never been undertaken. At times, the union has been able to resolve individual issues. For example, a supervisor who was particularly aggressive toward some workers was reported to the union and subsequently removed. Nevertheless, the union also reports workers' productivity and discipline to the company. For this reason, many workers perceive the union as a *tahan* ["snitch", in Tunisian Arabic]. There is also a graffiti on the bathroom wall: *naqaba tahan* ["the union is a snitch"] (#49)¹⁰⁶.

This anecdote resonates with other interviews, such as the following one which, however, also nuances the picture:

I have recently participated as external supervisor to the elections of the union office at LEONI. The number of candidates was the same as that of places available to be elected... It is notorious that LEONI selects union representatives. The point is that workers at LEONI, but in general in the automotive sector, are mostly poorly educated and extremely precarious women, so that it is difficult that a strong union emerges, or consolidate in situations like this (#38)¹⁰⁷.

Structural constraints on independent labour organization are thus significant; however, the fact that the UGTT endorses collusive practices cannot be reduced to an adaptive response to static power configurations. It is instead coherent with an accommodating approach that union officials whom I interviewed have themselves claimed credit for, emphasizing its alleged effectiveness in safeguarding the industry's productive and occupational success. When asked about the key strategy of the workers' syndicate, a UGTT-FGME leader responded as follows:

[our main objective is to] safeguard a good social climate at workplace level and avoid strikes. This is the core role of the union and the strategy through which we had a very important role not solely to protect, but even expand employment levels after the revolution and in the last decade of social instability (#42)¹⁰⁸.

Strikes are not denied as a last-resort option; yet the idea that they threaten a "good social climate," and thus employment, by undermining the willingness of foreign companies to

¹⁰⁵ #44 UGTT official, Sousse, 16/12/2023; #47 Draxlmaier CGTT fired shop steward - Tunis, 27/04/2024; #49 Former worker of a German Multinational Corporation, Beja, 06/05/2024. This claim is also supported by findings from Barrière 2018 on the aeronautic sector, close to the automotive one, as mainly composed by wiring harnesses factories and unionized under FGME-UGTT banners.

¹⁰⁶ #49 Former worker of a German Multinational Corporation, Beja, 06/05/2024

¹⁰⁷ #38 UGTT official, Sousse 16-12-2023.

¹⁰⁸ #42 UGTT-FGME national executive official, Nabeul, 09/12/2023.

continue investing in Tunisia, also resonates in the following statement by a former member of the UGTT executive committee:

Automotive multinationals represent big employment opportunities. When you have a factory which employs more than 3000 workers it means that the people who depend on them are 4 times: many Tunisian families have a boy who studies thanks to the brother, or sister, who work in factories like them. What would happen if a bad social climate drove these companies to leave Tunisia? (#2¹⁰⁹)

Particularly in private export-oriented sectors, task of the unions is thus reputed checking wage demands and respond to competitive requirements of transnational corporation, to avoid that they could shift production facilities abroad. As an official from a regional executive committee told me:

It is necessary to improve productivity and product quality to convince multinationals to remain in Tunisia. A strike in a wiring harness factory is not like a strike in the public sector, where the product is the intellectual activity of the worker. If you strike in LEONI or Yazaki, the companies could decide to relocate, or shift projects, to Morocco, *India* [sic], or other countries where there are no collective agreements (#9¹¹⁰).

Interestingly, these positions are not solely consistent with the broader UGTT's institutionalist approach, but also with the framework for union action proposed by a cooperation program launched in 2013 by IG Metal, and the Friedrich Ebert Stiftung (FES), with the aim of educating the Tunisian union in "social dialogue" and explicitly promote "social peace" (FES 2018: 19, 21; Rahman 2018). FES is the international development organization of the German Social Democratic Party, and it is funded by the German state. As other studies have demonstrated, similar organizations cannot be considered neutral actors; rather, they ultimately respond to the foreign policy agenda and interests of their sponsors (Holhaus 2019).

This program entails regular meetings between FES, IG Metal, FGME officials and workplace representatives, which are moreover involved once a year in a training school (#35¹¹¹). According to respondents, no direct pressures from the FES-IG Metall are exerted to influence in a conciliatory way the union strategy. Outside the public sector, however, the UGTT suffers from a lack of proper full-time staff, which mean that training offered by the FES and IG Metal represented an important support. The main subjects of educational sessions are as follows:

the history of the UGTT, the Tunisian legal framework, negotiation techniques, and the importance of being responsible towards the company in the negotiation process. Last but not least, how to build a service-oriented union: the UGTT is still

¹⁰⁹ #2 Former UGTT national executive member, Tunis, 05/05/2022.

¹¹⁰ #40 UGTT official, Biserte 07/12/2023.

¹¹¹ #35 Official at Friederich Ebert Stiftung, Tunis, 23/11/2023.

too much influenced by a contentious tradition. Before the beginning of our program, the instinctive reaction of union leaders and activists to workers' demands was to declare a strike (#3¹¹²)

Key to the training content is therefore the emphasis placed on the connections between union moderation, competitiveness, and the safeguarding of employment. As the German official responsible for the cooperation programme with IG Metall stated in a recent meeting with FGME leaders and workplace representatives: “the issue of increasing wages is complex and requires the need to set goals [...] A structural weakness of wages is crucial for the attractiveness of Tunisia for foreign investors” (Echaab 2021). Actually, the documents produced by FES, and endorsed by Tunisian and German unions, acknowledge that the companies' inability to satisfy decent work criteria may often be identified as the cause of strikes. Yet, they also insist on the fact that labour conflict as a key means to obtain material gains is counter-productive. It is instead crucial to prioritize dialogue with the management understanding that:

The balance between private and professional life, professional development, promotions, and job security should have the same priority as increasing productivity and quality, as well as meeting delivery deadlines (Rahman 2018, p.58)

In this regard, the capacity to bargain over working conditions is not justified as the outcome of a balance of forces between labour and capital. Rather, it is portrayed as an interest of both the workers and the management to improve the firms' “internal competitiveness”:

The upgrading of activities improves labour productivity and should be accompanied by respect for decent work standards and the quality standards demanded by customers. Social dialogue is the mean to put in relation these two types of standards because, when the social climate deteriorates, companies are no longer able to meet market requirements (just-in-time and just-in-time production) and employees are no longer motivated to improve their skills and ensure the required quality levels. The result is a decline in competitiveness which, in highly competitive markets, can lead to the closure of the companies and the loss of associated jobs. The internal competitiveness of companies is greatly influenced by the existence of a favourable social climate, which, in turn, is based on good working practices and the existence of a constructive social dialogue between the social partners (Ben Sedrine 2022a, p. 127)

The contrast between a union framework shaped by German corporatism and the super-exploitative reality experienced by Tunisian automotive workers is striking. No less significant is however the gap between rejection of strikes and the relatively strong workplace power of these workers. Awareness of this power power is, however, not absent among UGTT informants:

¹¹² Ibid.

Some time ago, the grassroots union of a German cable company called me to help them negotiate bonuses. Germans really don't want to hear about strikes. As soon as the director, a German, heard the word "strike," he spat out his coffee and threw his cup against the wall. In the end, however, he agreed to increase the bonus (#38¹¹³)

Significantly, a union respondent in an electric part TNC reject the nexus strike-unemployment and more soberly frame challenges of labour actions within the classic strategic dilemma between fostering mobilization and avoiding to “devalue the price of strike” (Offe and Wisenthal 1980):

For twenty years, the boss has been telling me, 'If you ask for this, I'll go back to France; if you ask for that, I'll move to Thailand,' yet he's still here. He plays his own game. Strikes can be very effective, it is matter to calculate [...] You just don't understand: when strikes occur, workers tend to explode. They explode! They bring up everything—from wages to health issues to problems with the colleagues and supervisors [...] The main problem of strike is how to frame demands, so that you are both able to mobilize workers and avoid that the bosses refuse to negotiate, which is a problem for workers first, since it means that they have lose wage for nothing (#52¹¹⁴).

Consistently with these evaluations, counter-factual evidence can be advanced, which adds to that provided above relatively to the intimidatory character of relocation threats in reaction to the post-2011 wave of strike. In fact, though avoiding disruption is for sure a crucial driver of spatial fix strategies in global production, automotive wiring harnesses suppliers have few choices outside Morocco and Tunisia for minimizing labour costs in the EU-centred regionalized car industry. North Africa has been indeed recently targeted by automotive FDIs in the context of significant wage increases in CEE countries, while options to relocate towards still ‘cheaper’ locations, further South in Sub-Saharan Africa, is absent due to logistic impediments and lack of infrastructure. It is moreover undeniable that Tunisia competes with Morocco for attracting foreign investments in the North African region. However, these countries have also specialized in two different markets and customers – German and French carmakers respectively – so that while competition exists, it cannot be exaggerated. To what extent the UGTT’s accommodating strategy has been responsible for the rise in automotive FDIs over the last decade remains thus uncertain. By contrast, its role in contributing to stabilizing patterns of exploitation is far less so, as the next section further substantiates.

¹¹³ #38 UGTT official, Sousse 16-12-2023.

¹¹⁴ #52 UGTT-FGME shop steward in a French TNC, Ben Arous, 08/05/2024

7.7 The UGTT's role in labour regime stabilization amid crisis, authoritarian backlash and resurfacing conflicts: a focus on a 2023 labour dispute at Draxlmaier

The UGTT's institutionalist strategy could not survive on mere accommodation; yet, as anticipated, it was capable of obtaining some political and material gains. With reference to private sectors, between 2015 and 2017 negotiations with UTICA, also supported by three one day regional strikes in autumn 2015 (Yousfi 2017), succeeded in securing significant wage increases surpassing inflation for the triennium. However, under mounting pressures related to structural adjustment and currency depreciation since 2016 the union faced growing difficulties in extracting concessions, with wage increases in non-state activities remaining well below inflation in 2018 and 2019 – Figure 21.

At the same time, the UGTT was incentivized to avoid escalation with the employers' organization in a context of intensifying national discussions with the former, the government and the IMF over austerity measures¹¹⁵ (Ouerfelli 2024, Weipert-Fenner 2022: 159). The union's room of maneuver saw an additional restriction after the COVID-19 pandemic and the war in Ukraine. Politically, moreover, the UGTT came under heightened strain following Kais Saied's initial moves to break with institutionalized dialogue mechanisms. In December 2021, the government issued a circular forbidding ministries from negotiating with the UGTT in the absence of prior consultation with the president, while, for the first time in decades, state representatives withdrew from tripartite bargaining over private sector collective agreements (Nefti 2023). Fearing that UTICA would take advantage of the situation to further delay negotiations¹¹⁶, in January 2022 the UGTT accepted very low wage increases for the 2022–2024 triennium, well below inflation, which soon skyrocketed as a result of the war in Ukraine – Figure 21. Over the same period, however, the car component sector was experiencing an interrupted increase in exports and employment with a steady increase in the workforce from 41158 to 53277 between 2019 and 2023, only considering automotive jobs strictu sensu (INS 2024a). After the conclusion of centralized bargaining for the private sector, in 2022 this facilitated some wage concessions by major transnational corporation. Presented as outstanding results of negotiations by the UGTT-FGME federation, in reality these gains – invariably obtained without a sole hour of strike - remained far below inflation, while not adding to but

¹¹⁵ In 2017 UTICA and UGTT agreed to decentralize negotiations for collective agreements and embark a process of revision of sectoral documents – unchanged from 2008 - but the decision was suddenly reverted in the 2018 negotiations with the consent of both the organizations.

¹¹⁶ This is what eventually happened in 2025 (Ouerfelli 2026)

rather absorbing the increments fixed in the collective agreement (FGME-UGTT 2022). An apparent exception in this context, was the 8% wage increase, thus surpassing inflation figures, obtained at LEONI in 2021 (IndustriAll 2021). As various informants indicated, this outcome was nonetheless related to the particularly low pays and working conditions in the company, which in turn heightened the risk of workers' poaching by competitors, especially pressing in a context of sustained industry expansion. Seen this from the angle of labour's bargaining power this observation testifies an improvement of workplace, and even labor market bargaining power in the automotive sector. Against the backdrop of the UGTT leadership immobilism, this had indeed justified a more assertive strategy by some important workplace unions, such as that of Valeo in June 2021, which staged a three-day strike and secured a 9% wage increase.

A more longstanding dispute, by contrast, occurred at Draxlmaier Sousse. Nevertheless, an analysis of this conflict, rather than emphasizing the significance of structural power, further reinforce arguments about the role of unions in disempowering labour. Along these lines, the case is significant, as it involved a key facility, employing about 3000 workers, of the second-largest employer in the country's automotive supply chain. Draxlmaier Sousse is moreover one the most historically UGTT-organized workplace in the sector, with a presence of the labour association dating back to 2004. According to respondents, after a period of stagnation in union activity between 2009 and 2015, a new militant workplace syndicate gained influence in the factory due to its leading role in an illegal strike against layoffs in 2015. More recently, between 2021 and 2022, this union led a contentious cycle culminating in two major strikes that successfully secured productivity bonuses increases, a 15% raise in seniority pay and an expansion of medical provisions in the company's health insurance scheme.

Moreover, the UGTT at Draxlmaier Sousse had also begun to question issues of work organization, and a new conflict emerged in mid-April 2023 following the union's demand to change work positions for 172 workers suffering from occupational diseases (#47,#48)¹¹⁷. In response, on May 1st the company suspended union leave for worker representatives (#47, #48)¹¹⁸, Echaab 2023). On May 3rd, a spontaneous strike broke out. As visible in videos posted on Facebook, the action saw broad participation, but it was halted under UGTT pressure following the promise of a meeting with the company scheduled for May 8th. Eventually, the company did not attend the negotiation session, and the following day a further strike was launched. Several workplace unions in other wiring harness companies, including other

¹¹⁷ #47 Draxlmaier CGTT fired shop steward - Tunis, 27/04/2024; #48 Group interview with 3 Draxlmaier CGTT fired shop steward, 28/04/2024.

¹¹⁸ Ibid.

affiliates of Draxlmaier, published solidarity statements. Nevertheless, the dispute did not continue as a turning point for improving the balance of forces in the automotive industry. On the contrary, the UGTT's executive committee summoned Draxlmaier workers' representatives and asked them either to accept reintegration while renouncing their union roles or to de-escalate the conflict by negotiating a severance package and leaving the company. According to respondents, the move was justified by the increasing

Four of the eight shop stewards agreed; the remaining four left the UGTT and promoted the creation of a new union branch affiliated with the autonomous Confédération Générale des Travailleurs Tunisiens (CGTT), gaining strong support among Draxlmeier workers. This episode represented the most significant resignation from the UGTT in over a decade occurring in a context in which, as seen, the institutionalization of the unions' role was threatened by Kais Saied authoritarian drive. The gravity of the situation thus prompted the private sector's general secretary, Tahar Berberi, to issue a public explanation. His version, however, slightly contrasts with that of the dissenting union activists. According to Berberi, it was the members of the workplace union who insisted that the UGTT negotiate a severance package. Nonetheless, his statements confirm that the union was not willing to support mobilization against the suspension of unionists, as their confrontational practices went against the UGTT's approach:

[In late April] She led a work stoppage and gave a speech without informing the management or administration, and this is considered a crime. She did not inform any UGTT structures—we were not aware. The union, the federation, and the regional UGTT agreed on a negotiation table with management to be held within 48 hours. Do you know what she did? She wore a red band the next day to attend the meeting, without informing or coordinating with union structures. As a result, the management canceled the meeting, saying that if she had the red band, it was a show of force. This is not how you do business with the employer—it's not about 'me or him.' The union's role is not to get rid of bosses. Is it your role to get rid of bosses? What guarantee is there that, if I remove this boss, the next one will be better? Since when do we remove bosses? We have our demands, we have our campaigning methods, and we do not go beyond those. We have our legal framework, and that's that.” (Ghassen Ksibi Nouveau 2023)

Respondents reported that frictions between the workplace union and national officials had been frequent, as the former adopted a more militant approach than the UGTT would tolerate (#47, #48¹¹⁹). As noted, the dissenting activists had led several important struggles in recent years, all of which were initially supported by the UGTT regional branch. However, according to a Draxlmeier union leader, national and regional officials consistently pressured them to de-escalate, to which the workplace union instead opposed a more grassroots strategy:

¹¹⁹#47 Draxlmaier CGTT fired shop steward - Tunis 27 -04 -2024; #48 Group interview with 3 Draxlmaier CGTT fired shop steward 28 -04 -2024

For the UGTT, strikes are formal and top-down. But we at Draxlmeier believed that strikes should be built together with the workers. I think it's essential to maintain constant worker engagement with the union. We held informal meetings twice a month to discuss problems and how to address them. It was impossible to hold these meetings in the factory, so we met in a café in the industrial neighborhood where most workers live. (#47¹²⁰)

Ultimately, in the high-stakes conflict that erupted in Sousse in May 2023, the UGTT's priority of preserving its institutional and associational roles translated into direct collusion with the employer, reinforced by state repression against dissenting unionists. After leaving the UGTT, the activists were elected as workers' representatives under the banner of the CGTT, an independent union. However, Draxlmeier management repeatedly refused to recognize them—despite, according to respondents, their support from more than half of the workforce.

In response, a new vote—described by CGTT sources as a farce orchestrated by the company (#8, #47, #48)—was held, resulting in the election of a new UGTT management-aligned union. Unsurprisingly, UGTT respondents denied these claims. However, the seriousness of the violations of worker representation rights was acknowledged by the International Labour Organization, to which the CGTT appealed for an independent inquiry.

Subsequently, two CGTT union representatives were arrested by police on charges of illegal strike action, and in this context the company took advantage of the situation to lay off dozens of workers who had participated in the May strikes. According to respondents, bonuses won in previous negotiations were drastically cut, and key health insurance provisions—such as ophthalmological coverage—were removed (14#15#16#¹²¹). These developments pushed the new UGTT workplace union to organize a strike in December 2023. However, this action was likely an attempt to gain minimal legitimacy and curb the CGTT's influence, without challenging the UGTT's privileged status as the company's main interlocutor. As evidence of this, the strike was not followed up—despite the fact that, a few weeks later, the UGTT signed an agreement that largely accepted Draxlmeier's terms, including the cuts to health insurance. In parallel, a CGTT-led strike was annulled following pressure from state authorities and the police.

¹²⁰ #47 Draxlmaier CGTT fired shop steward, Tunis, 27/04/2024

¹²¹ #47 Draxlmaier CGTT fired shop steward, Tunis, 27/04/2024; #48 Group interview with 3 Draxlmaier CGTT fired shop steward 28 -04 -2024; #46 Group interviews with 4 Draxlmaier workers, Sousse, 01/05/2024

7.8 Conclusion

Over the last two decades, employment in the automotive GVC in Tunisia has expanded significantly; nevertheless, this trend has not translated into an overall increase in job opportunities in the broader manufacturing sector, nor has it generated a sustained process of industrial absorption of labour. The country's rise as a car component hub has in fact operated as a zero-sum dynamic in terms of workforce expansion, insofar as the trade liberalisation underpinning this trajectory simultaneously precipitated a deep crisis in the clothing sector. The overall outcome has therefore been an expansion of labour surpluses, further reinforced by longstanding state policies centred on privatisation and the promotion of export-oriented agriculture at the expense of small agricultural holders. Such dynamics have been particularly impactful in the north-western and centre-southern regions, historically neglected by FDIs and public investment, which have consequently become key reservoirs of highly feminised and cheap labour for the export economy. In this way, uneven geographical development has not merely accompanied integration into global production but has actively sustained it through the continuous reproduction of a surplus population. A further mechanism enabling the pooling of super-exploitable workers has consisted in restrictive migration policies, which have disproportionately affected inhabitants of economically marginalised areas and constrained their capacity to seek alternatives abroad.

Since the mid-1990s, integration in global production has been moreover accommodated by policies aimed to a substantial dismantling of the populist authoritarian system of industrial relations, most notably through the legalisation of four-year precarious contracts and the normalisation of employment instability. Although collective bargaining remains formally extensive in Tunisia, from the 1990s onwards state pressure to maintain wages below productivity growth and inflation intensified, albeit with varying degrees of severity across conjunctures. Central to this reconfiguration under the Ben Ali regime was the incorporation of Tunisia's main—and de facto sole representative—union, the UGTT, into the architecture of authoritarian governance through the co-optation of its leadership, thereby transforming it into a pillar of political control.

Yet the organisation's longstanding roots in national formation and working-class struggles preserved dissident layers capable of leading grassroots mobilisations, which proved decisive in the uprising that ousted Ben Ali in January 2011. Notwithstanding this oppositional dimension, the subsequent inclusion of the UGTT in the national dialogue arrangements that

structured the democratic transition—an inclusion actively pursued by the union through calculated leverage over labour conflict—ultimately reproduced its function as a mass integrative apparatus oriented towards the stabilisation of capitalist order. The union's institutionalist strategy did secure certain gains, particularly for its public sector constituency; however, it simultaneously legitimised neoliberal national unity governments which implemented policies that, in synergy with Tunisia's peripheral insertion into the global economy, rapidly eroded earlier labour achievements and progressively narrowed the organisation's room for manoeuvre. Moreover, this orientation generated significant demobilising effects, contributing to depotentiate popular and working-class resistance against deteriorating living and working conditions.

In the context of an aggravating economic crisis following the COVID pandemic, the cumulative effects of these dynamics contributed to Kais Saied's authoritarian restoration, a development that further diminished the union's institutional leverage while deepening its accommodating stance in the absence of a coherent alternative strategic project. All these underlying political economy and political dynamics are crucial for understanding the consolidation of a super-exploitative labour regime in Tunisia's export-led automotive industry. Following the patterns anticipated above, while FDI's are concentrated along the coast, the bulk of the workforce—particularly in the key sectoral hub of Sousse—originates from underprivileged interior regions, even though some important facilities are also located in those areas. In the electrical components sub-branch, which constitutes the core of the country's integration into the EU-centred automotive industry, approximately 70 per cent of workers - mostly recruited through internal migratory patterns - are women.

At the point of production, the labour vulnerability shaped by the aforementioned dynamics provides a crucial foundation for intensified exploitation. The extensive coverage of collective agreements can only partially counteract this tendency, since the electricity and electronics sector contract establishes very low standards and wages that remain below subsistence levels. Moreover, neoliberal policies such as currency devaluation have boosted TNC profits while eroding purchasing power, thereby increasing workers' reliance on piecework pay and overtime to sustain income, a mechanism that simultaneously deepens exploitation. The widespread use of precarious contracts—amounting on average to around 40 per cent of the workforce and disproportionately affecting women—further reinforces capital's disciplinary leverage, often drawing upon entrenched gender hierarchies. Interestingly, there are signs that major transnational corporations are also increasingly leveraging on technology investments to further intensify work paces and workers surveillance.

Within this super-exploitative context, occupational diseases are widespread and contribute to exceptionally high labour turnover rates, a dynamic that up to a certain point aligns with corporate strategies aimed at fragmenting the workforce and weakening collective organisation. In terms of workers' potential for resistance, in fact, all these elements correspond to limited structural power on the labour market side. Yet the automotive sector is also highly unionised, largely as a result of the strike wave between 2011 and 2012, which unfolded amid broad popular protests and created an opportunity structure for workers to mobilise their disruptive capacity.

Transnational corporations reacted swiftly to this mobilisation through the non-renewal of short-term contracts and lock-out strategies, often accompanied by threats of relocation. Workers' weak labour market bargaining power contributed to the effectiveness of these tactics, but this outcome cannot be understood independently of the UGTT's demobilising strategy, which sought negotiated inclusion in national dialogue arrangements alongside the business association UTICA. That orientation reinforced the longstanding internalisation of competitiveness—presented as essential to safeguarding employment—within the motives guiding union action. Far from reflecting workers' associational power, part of the membership boom experienced by the UGTT-FGME in the automotive sector, can therefore be explained by the recognition of management-aligned workplace representatives and the accommodating stance adopted by segments of the union leadership. This orientation was further strengthened by a training programme involving the German IG Metall, the Friedrich Ebert Stiftung, and the UGTT-FGME itself, centred on the promotion of social dialogue as the primary means to secure workers' gains and prevent TNC disinvestment. Such an approach stands in stark contrast to the super-exploitative labour regime prevailing in Tunisia's automotive sector and obscures the relatively significant workplace power available to labour, given North Africa's position at the bottom of the wage scale within EU-centred automotive production networks and the logistical constraints that limit spatial fix strategies in locations with still lower wages, but farer from Europe. In recent years, the progressive erosion of the room for manoeuvre available to the UGTT's institutionalist and accommodating strategy—aggravated by the COVID pandemic and the authoritarian restoration—has coincided with a sustained expansion of automotive investment in Tunisia, thereby strengthening the structural power of wiring harness workers. Against the backdrop of immobilism at the level of the national leadership, workplace unions in some key facilities have attempted to leverage this enhanced structural position. Nevertheless, in this conjuncture the workers' syndicate's commitment to social dialogue, connected to its broader mass integrative role, once again revealed itself as a stabilising force

within of the labour regime in Tunisia's automotive GVC. To substantiate this claim, I considered a major labour dispute that erupted in 2023 at one of the most important wiring harness facilities in the industry, where the UGTT leadership refused to support the workplace union against lay-offs imposed in response to a series of strikes. The leadership justified its stance by arguing that the mobilisation deviated from the union's established strategic line; shortly thereafter, it effectively converged with state and managerial repression by recognising a management-aligned workplace union, while several dissident trade unionists were arrested for continuing to promote strike action under the banner of an independent organization.

General conclusion: lessons from Morocco and Tunisia for studying uneven development, labour exploitation and resistance in global production

The thesis has drawn on the cases of Morocco and Tunisia in the automotive industry to intervene in contemporary debates on global production, development and labour from a critical perspective on mainstream GVC approaches. In this regard, I have pointed to the significance of systemic dynamics of capital centralisation as key mechanisms in the reproduction of uneven development, which, rather than cumulative and generalisable catch-up development—‘upgrading’—remains the characteristic trend mediated by global value chains. Accordingly, I do not approach GVCs from a firm-centric perspective, but as an organisational form of capitalism whose competition-driven dynamics of wealth and power monopolisation rest upon, and perpetuate, the exploitation of labour. More specifically, global production constitutes a capitalist response to inherent and long-term crisis tendencies, based on the combination of labour processes operating at uneven levels of development, which enable the leveraging of wage compression in the global periphery as a fundamental method to increase the extraction of surplus value.

The reproduction of uneven development, mediated by the monopoly power of TNCs over subordinate production networks and by the establishment of GVC-led extraverted accumulation, in turn reveals the structural foundations of super-exploitation in global value chains. Hence, in contrast to the social upgrading research agenda, *social downgrading* is not contingent but structural to the inherently uneven expansion of global production. Since capitalism is not merely an economic process or a set of abstract social relations, but also involves state-mediated class relations and antagonisms articulated on an international scale, I have emphasised that attention to these dimensions is indispensable for understanding how global political economy and labour inequalities—as well as resistances—interact with the transnationalisation of production. Along these lines, I framed this process as grounded in the neoliberal trade and investment architecture crafted by the most powerful states—the triad US, EU and Japan—to restrict the room for manoeuvre for autonomous development in the global periphery, thereby reinforcing its dependency on core-headquartered TNCs. The capacity of core states to command a disproportionate share of global surplus value, in turn, crucially supports their ‘own’ transnational capital in its efforts to retain technological and financial

supremacy, thereby further constraining upgrading in developing and emerging countries.

Nevertheless, I refrained from interpreting this process as merely externally imposed to subordinate political and economic elites: those who are effectively squeezed within global value chains are not suppliers, but workers. In this context, segments of large domestic capital in peripheral contexts may indeed find more or less direct profit opportunities through linking up with transnational corporations. Accordingly, I interpreted upgrading strategies—and the expanding role of the state in implementing them under contemporary capitalism—not as signs of developmental commitment in the abstract, but as part of efforts to consolidate a power bloc that mediates TNC dominance over the accumulation model while accommodating dominant domestic capitalist interests. It is therefore not only overarching global structures that constrain a step-by-step catch-up development trajectory, but also the consolidation of dependency and of a social base for this condition, which GVC-oriented policies themselves promote in subordinate countries.

The pursuit of the interests of TNC-led power blocs, and the reproduction of uneven development, moreover hinge on the political constitution of intensified surplus value extraction. Hence, in synergy with firm-level strategies and competitive imperatives, the state plays a central role in accommodating the multiscale processes of labour subordination and fragmentation that underpin super-exploitative labour regimes in global production. In this respect, the thesis focused on the following set of policies: the combination of privatisation plans and industrial strategies that accommodate TNC agglomeration in a limited number of hubs, which, together with the narrow employment impact of GVC-led extraverted accumulation, contributes to the reproduction of large, highly feminised and migrant labour surpluses; the criminalisation of borders, which enforces core states' restrictions on international labour mobility and facilitates the concentration of super-exploitable labour in the periphery; and the deliberate enactment of weak labour regulations, including measures promoting widespread precarity, alongside constraints on independent workers' collective action and organisation.

In this perspective, contrary to institutionalist approaches to social upgrading, the potential for improvements in labour entitlements and working conditions primarily stems from class conflict. The thesis thus recovered Beverly Silver's adage, "where capital goes, strike goes", and emphasized, how the workplace power of labour in GVCs may be improving, particularly in relatively complex forms of global production and along the track of broader trends of capital centralisation across suppliers that, together with the tendential exhaustion of new low-cost

locations, pose some limit to the mobilisation of spatial-fix strategies. As several studies within the Power Resource Approach have underscored, with the emergence of new working classes in the global periphery workers have moreover been capable of creating and leveraging associational and institutional power resources alongside structural ones.

While incorporating into the analysis Silver's class-relational perspective on workers' power, I instead distanced myself from the PRA's confidence in the existence of room for stable class compromise within global production. I therefore focused not only on how workers' struggles may achieve gains, but also on the reactions of capital and the state, grounding the analysis in broader political economy dynamics and in the capacity of labour regimes to pre-empt and adapt to forms of resistance.

My critique also targeted the PRA's neglect of the ambiguous role that associational and institutional power may play in processes of class formation, that is, in strengthening workers' collective agency in antagonism to capital and against the latter's strategies of labour subordination and fragmentation. Since workers are not reducible to their organisations, and the state does not lose its class character when it accommodates pressures arising from struggles, those power "resources" may in fact contribute to stabilising, rather than challenging, GVC-led labour regimes. Against this backdrop, I framed unions as "mass integrative apparatuses": capable of coalescing workers as a social force, yet at the same time inclined to selectively articulate their demands within strategies that subordinate class conflict to organisational and institutional gains—an orientation purposefully incentivized by capital and the state through various forms of institutionalised bargaining and political incorporation.

Bridging multiple scales of uneven development and class dynamics: a comparison of Morocco and Tunisia in the EU-centred automotive industry.

A focus on Morocco and Tunisia's integration in the automotive industry has revealed a strategic lens to address the significance of the broad framework outlined so far against mainstream GVC approaches. Contrary to expectations from the latter, and in spite of signs that, albeit at different degrees, both countries have embarked an upgrading trajectory, case studies have instead revealed two instances of a dependent and peripheral integration in global production and capitalism, crucially locked in by monopoly power of major automotive TNCs, as well as state agency coalescing dependency-consenting power blocs and super-exploitative labour regimes. Within this accommodative process only significant resistance to peripheralization came from

labour, whose relatively elevated workplace power in the automotive sector however has not been sufficient to extract sustained concessions from the state and capital under political economy constraints and dynamics of subordination and fragmentation of the collective worker across various scale. Importantly, combination of coercion with consent and thus the unions' role as mass integrative apparatuses have concurred to labour regime stabilization in both countries I analyzed.

Following an incorporating comparison logic, I nevertheless stressed how the case studies mediated these common processes through specific arrangements that depended on the interaction between domestic and global dynamics, outcomes in other nodes of regional production networks, and processes of mutual conditioning between the cases themselves.

The development of my argument thus began by locating the latter within the uneven regionalization of the car industry recently occurring in the Euro-Mediterranean space, a trend studied relationally in connection with the structuring of sub-regional politico-economic hierarchies that geopolitical agency of dominant European states has shaped over recent decades. The linking up of North Africa with the automotive sector has indeed been underpinned by its deepening peripheralization in the EU's sphere of influence, an outcome purposefully enacted to reproduce areas where core-headquartered transnational capital could leverage increased exploitation in compensation for the growing semi-peripheral inclusion of CEE countries in the EU bloc since the mid-1990s, and accelerated in the mid-2000s. Upward wage trends in Centre and Eastern Europe that this process facilitated - most notably through the expansion of relatively capital-intensive car-related investments and the establishment of free labour mobility - have therefore made Morocco and Tunisia increasingly attractive for automotive TNCs. In these countries, unbalanced integration in the EU trade and investment bloc had indeed contributed to deepening dependency, alongside the reproduction of vast labour surpluses through harsh industrial restructuring and processes of agrarian dispossession, in a context of aggravating restriction of international labour mobility from "Southern Mediterranean" countries.

Crucial in shaping the specific integration outcomes of Morocco and Tunisia in the EU-centred automotive production network, however, have been post-colonial path dependencies involving the configuration of the social forces that emerged as dominant after national liberation, as well as the character and timing of subsequent industrial strategies. In turn, these processes and the outcomes of GVC integration have importantly interacted with state-labour relations, labour regimes, and patterns of resistance in the automotive sectors examined in the case studies.

In Morocco, the weight of old rural elites within the post-independence power bloc consolidated around the monarchy somehow retarded industrialization efforts and stages—state-led import substitution and GVC-driven export orientation. This legacy has contributed to the dominance within domestic capitalist interests of a few large conglomerates focused on banking, insurance, trade, and construction, closely connected to the Royal Family's holding, a process further reinforced by the privatizations of the late 1990s and early 2000s.

Eventually, however, this power bloc proved particularly well suited to support the state–megaproject nexus epitomized by the deep-water port Tanger Med and the Tanger Free Zone, which, together with targeted enticement schemes for strategic FDIs, was crucial in meeting the relocation strategies of major car makers—Renault and Stellantis in 2012 and 2019, respectively. This turn rapidly projected Morocco into the relatively restricted club of car-exporting countries, while the more than half a million finished vehicles assembled in 2023 represented a catch-up in volumes with those of more well-established automotive locations in CEE.

A closer analysis of how the country integrates into the production networks of Renault and Stellantis, however, revealed its subordination across product and innovation hierarchies, not only vis-à-vis the core but also vis-à-vis semi-peripheral locations in the EU-centred region. Morocco indeed tends to focus on low-cost cars rather than premium models, in which not only advanced European countries but also CEE hubs increasingly specialize, while it does not host significant R&D facilities. Furthermore, the powertrain sub-segment is underdeveloped, as is the presence of more capital-intensive activities along the supply chain, which is skewed towards low value-added electric parts such as wiring harnesses.

Despite progression of automotive exports being impressive over the last decade and a half, the industry therefore remained highly import dependent, a condition aggravated by the lack of spillovers to domestic capital, which has proven unable to resist cost-reduction pressures from both car makers and core-headquartered megasuppliers that completely dominate the sector. These picture, marking a fundamental disconnect from the rest of the country's productive structure, have made integration in the automotive GVC substantially incapable of reducing balance-of-payments constraints even as profit repatriation by automotive TNCs represented a significant source of surplus-value drainage abroad. External constraints thusly mediated, lock in an industrial policy trajectory focusing on unconditional incentives to FDIs, at expense of more autonomous development goals.

The interest of Moroccan big capital and state elites does not lie, moreover, in improving domestic technology capability, but is crucially tied to the management and the expansion of

foreign investments, and annex infrastructure schemes, which further reinforce a policy trajectory ultimately reproducing a vicious cycle of dependency. In effect, this framework has seemed continuing to bring comparatively positive ‘upgrading’ outcomes, testified by the country’s capacity to attract investments in electric batteries by Chinese firms, including a cell pack assembly facility that is expected to come in operation in June 2026. Despite being soon for a deep scrutiny of this still embryonic trend, it should be located within constraints posed by geopolitical hierarchies, and most notably EU efforts to retain EB capabilities, as well as competition with CEE countries.

Shifting to Tunisia, unlike the neighbouring maghrebi Kingdom, it committed, already a few years after independence, to relatively sustained industrialization efforts rooted in the peculiar social constituency of the national liberation process, namely the urban and rural petty bourgeoisie in alliance with labour represented by the UGTT. After a decade of statist import substitution accumulation strategy, already in the early 1970s—when Morocco instead embarked on an ISI model—Tunisia indeed engaged in an export-oriented path, which made it comparatively well positioned to accommodate the accelerating expansion of GVCs - including the initial phases of automotive regionalization - in the 1990s.

These processes both promoted and were facilitated by the relative strength of domestic industrial and export-oriented capital within the power bloc, whose interests shaped patterns of integration into global production through significant state support in the form of fiscal enticements and investment subsidies for locally owned companies willing to establish subcontracting relationships with core-headquartered TNCs. This policy approach involved Tunisia’s integration into the EU-centred car industry itself and produced non-negligible results in fostering a pool of domestic automotive suppliers, which account for a minority but still significant 30 per cent of workers and roughly 20 per cent of the sector’s total capitalization. Some of these suppliers have reached significant size and upgraded from mere assembly tasks to relatively complex activities within their own niches, with the Elloumi Group representing the most important Tunisian-owned capitalist group, in the whole country’s economy, and a global leader in copper cable production for the automotive industry.

The prevailing tendency, however, has not been a multiplication but rather a reduction in the weight of domestic automotive capital, compared with low value-added and labour-intensive investments in electric parts, most notably wiring harnesses, monopolized by a limited number of TNCs, the bulk of them German. A closer analysis of the two major Tunisian-owned suppliers—the already mentioned Elloumi Group and TTE, owned by Sellami, another of the most important local capitalist families—reveals their strict subordination to transnational

capital, which discourages proprietary innovation and instead pushes these firms to adopt follow-sourcing as a key competitive strategy, that is, investing abroad close to customers' facilities rather than prioritizing domestic production.

The significance of domestic industrial and export-oriented capital within Tunisia's power bloc, and the associated policy framework, moreover historically prevented the concentration of resources toward port megaprojects and a few logistically equipped free trade zones that risked discriminating against local business interests, as occurred in Morocco. This in turn contributed to sidelining Tunisia as an attractive location for car-assembly FDIs, a gap recently acknowledged by the country's capitalists, who—without renouncing general enticement schemes for exporting firms—have begun pressing the government to upgrade port infrastructure.

These lobbying efforts reportedly failed during the phase of political instability following the 2011 revolution - to which it is worth stressing contradictions associated with GVC-led dependency and peripherality were not external. Nevertheless, after the 2021 coup by Kais Saied, the new authoritarian regime signed an “automotive competitiveness pact” committing to realize the long awaited Enfidha port project, in the Gulf of Hammamet. Morocco's success, however, more than an inspiration source for industrial policy adaptation yet constituted an additional constraint within competitive production and logistical networks shaped by transnational capital: the leadership of Tanger Med, associated with its being privileged by major global transshipment conglomerates, limits the interest of foreign investors in upgrading Western Mediterranean ports in North Africa, including in Tunisia. Furthermore, the economies of scale achieved by Morocco as a car-assembly hub, while not halting Tunisia's integration into the automotive GVC, have significantly reduced its attractiveness, thereby aggravating peripheralization.

The thesis then proceeded to explore how the hidden side of Morocco's advancement in the ‘global’ automotive industry has been represented by state-enforced policies of labour dispossession and authoritarian disciplining, effectively adapting imperatives from core states, transnational corporations, and domestic capital. Morocco's entry into the EU-centred automotive industry has indeed had only a limited capacity to absorb job seekers, but it has in turn crucially benefitted from policies purposefully expanding labour surpluses, such as land privatization.

The industrial strategy through which Morocco has become an automotive hub has indeed been accompanied by the *Plan Maroc Vert*, an accelerated programme of leasing collective and state lands to private developers, alongside irrigation schemes designed to expand export-

oriented agribusiness but detrimental to peasant and herding communities. This process has combined with the localization of the automotive sector in a small number of coastal Free Zones to provide transnational capital with a significant pool of migrant and highly feminized ‘cheap’ labour. The availability of super-exploitable workers has moreover been facilitated by the crucial role that the Moroccan state has played in recent decades in criminalizing out-migration flows towards the EU. The political construction of the country’s GVC-led production relations has also occurred through policies that aggravate precarity, in particular through a state programme that permits transnational corporations to recruit workers through short-term internship contracts paid below the already under-subsistence minimum wage. The criminalization of strikes in the penal code, together with the concentration of automotive firms in Free Trade Zones where union activity is *de facto* restricted, constitutes another central pillar of the labour regime.

Within this context, however, it is not sufficient to consider only the authoritarian reproduction of the historical weakness and fragmentation of the country’s labour movement—connected to the social character of state formation and a legacy of half-hearted commitment to state-led industrialization. Rather, an important element has also been the state’s strategy to reinforce the unions’ mass integrative role through mechanisms of political inclusion and concessions to their core constituency in the public sector.

The significance of coercion and consent in reproducing the labour regime, however, differed across the various articulations through which the collective worker is fragmented in the automotive supply chain, overall perpetuating a stagnating wage trend—both in absolute terms and compared with other automotive locations—vis-à-vis a soaring increase in productivity. In the occupationally predominant wiring-harness supply chains—where network competition is relatively intense, the production process is very labour intensive, and workers are highly precarious and feminized—coercion is a key aspect in sustaining non-living wages, alongside work extension and intensification.

The situation is slightly different in car-assembly facilities, in which higher capital intensity and the strategic role of these factories for the whole supply chain and the Moroccan economy have permitted workers, at least at Renault, to obtain a collective agreement and bargain for significant wage improvements over the last decade. Nevertheless, this is far from a stable configuration. At Tanger, indeed, the company has recently combined automation and precaritization to undermine this framework, with the union consenting to these trends and also boycotting grassroots struggles by short-term workers in the name of preserving social partnership with management.

The expansion of the car-assembly sub-branch has not, moreover, linearly created more opportunities for workers' gains, as later Stellantis investments occurred closer to agrarian labour surpluses in Kenitra, while at the time of my fieldwork this TNC did not consider Morocco as strategic to its global investment plans as Renault did. Hence, easy spaces for the establishment of a collective bargaining framework did not open. This did not, however, impact the unions' institutionalist strategy—despite the fact that it was not moderation, but a 2021 wildcat strike that compelled the company to recognize workers' right to organize—a strategy that to some extent concurred with low labour-market power and fear of repression in producing demobilization and thus accommodating labour weakness.

In general, looking at the working class as a whole in the Moroccan automotive sector, the achievement of strategic positions in car-assembly factories, within a social partnership approach, has not fundamentally contributed to class formation. Structural and institutional constraints have certainly been key in obstructing this process, but they cannot be absolutized. In fact, despite low labour-market bargaining power and repression constraining unionization, workers in wiring-harness factories were able to find clandestine spaces for self-organization and leverage their workplace power, as occurred in a one-week strike in 2018 involving coordinated actions in Tanger and Kenitra by workers of a major US transnational corporation, Delphi. Unions, however, had no role either in organizing or in supporting this struggle, regardless of its prefiguring potentials to leverage productive interdependency across the industry.

As in Morocco, Tunisia's integration trajectory has been crucially accommodated by policies of land privatization, the turning point of which already occurred in the 1990s, whereas more recently, since 2010, a highly unequal distribution of land ownership has been fostered by the liberalization of irrigation schemes to the advantage of export agriculture. Despite rural labour reservoirs being today comparatively limited in this country, their availability remains significant. The industrial reserve army is moreover enlarged by elevated unemployment that recent shifts in industry—from garments to electrical and mechanical components, including automotive products—have not been able to absorb, reflecting both the extraversion of the accumulation model and recent losses in international competitiveness. Pools of “cheap,” migrant, and feminized agrarian labour are moreover reproduced by the concentration of foreign direct investment in coastal locations, following a long-standing policy path dependency related both to the geographical origins of domestic elites and to the logistical imperatives of transnational capital. Tunisia is also an emigration outpost, so that state commitment to restrict international labour mobility—functional to obtaining financing from

the EU—represents another indirect factor contributing to labour devaluation.

Until 2011, active state undermining of independent workers' organization constituted a further pillar of accelerated integration into global value chains, alongside precaritization laws and the erosion of collective bargaining, which significantly dismantled the populist authoritarian system of industrial relations established during the first three decades of independence. Nevertheless, the key role of the UGTT in state formation, together with the relative strength of the Tunisian labour movement facilitated by the country's longstanding industrialization efforts, made it necessary to sustain coercion with a significant degree of consent. Hence, the regime preserved the union, to some extent, as a mass integrative apparatus, thereby guaranteeing it representation rights and a degree of autonomy at lower organizational levels.

Interestingly, at the critical juncture of the December 2010–January 2011 uprising, this configuration nonetheless left open spaces for labour mobilizations led by grassroots union members. These mobilizations indeed proved pivotal in pressuring the UGTT leadership to authorize a series of regional strikes that eventually became decisive in ousting dictator Ben Ali. In the following decade of democratic transition, however, while the union remained a key actor in mobilizing workers, its broader role as a mass integrative apparatus became a central element of capitalist stabilization, an outcome crucially sustained by the inclusion of the workers' syndicate in national dialogue mechanisms involving the state and business organizations.

All these dynamics, including state–union relations, have importantly shaped the labour regime in the automotive industry. Crucial to the increase of exploitation in wiring harness factories—the core of Tunisia's specialization, on which this study focused—is the recruitment of women workers of rural origin through precarious contracts. At the same time, high levels of collective bargaining coverage and unionization draw a picture of somewhat better labour entitlements than in Morocco. For instance, in Morocco's wiring harness industry overtime is counted as additional work beyond 48 hours; in Tunisia the collective agreement for electronics and electricity sets normal working hours at 40 per week, while violations of labour law and workplace abuses appear less systematic according to fieldwork findings. Yet even in this context stagnant wages that do not cover the cost of living remain prevalent, alongside soaring productivity sustained by piecework pay and overtime and, it seems, by a deeper reliance on technological fixes that increase surveillance of workers and intensify work.

Contestation to this labour regime has however been widespread, which partly explain the extensiveness of unionization and collective bargaining in the country's car component sector. Indee, particularly in the immediate afterwards of the 2011 revolution, automotive workers

were at the forefront of a wave of strikes affecting various sectors of the economy. Nevertheless, wiring harnesses TNCs often reacted by firing precarious workers, as well as strike leaders, resorting to lockout tactics and threats of relocation. Importantly, the UGTT overall adapted to these strategies through the recognition, in some significant instances, of management-aligned unions within a social dialogue approach reinforced by a partnership established in 2013 between the Tunisian union's metal workers federation, the German FES, and IG Metall. This approach has moreover been consistent with the broader institutionalist strategy pursued in the post-2011 period by the national labour association.

In effect, the bargaining role at government tables that the UGTT thusly achieved brought some significant gains, such as the consolidation of a democratic framework in 2014 and wage increases, particularly for public sector workers but also in private industries. From 2017 onwards, however, this class compromise soon clashed with the effects of aggravated peripheralization in production networks, the deepening of neoliberal policies and inflationary pressures, and eventually authoritarian restoration following the further spiralling of economic crisis during the COVID pandemic years. Within this reducing room for manoeuvre in extracting negotiated concessions, the UGTT responded by deepening its demobilizing role in order to preserve institutional and organizational positions - a behavior that in very recent years has further contributed to stabilizing the labour regime in the automotive GVC. In fact, since 2019 an accelerated expansion of the automotive supply chain has improved workers' structural power, which some workplace unions crucially leveraged through the strike weapon against the inflation-driven erosion of wages. Nevertheless, in this context the UGTT actively operated to quell militant unionism, as I illustrated through the prism of a 2023 dispute in the second most important wiring harnesses TNC in the country.

	Morocco	Tunisia
Integration outcomes and strategies	Dependent and peripheral: elevated specialization in labour intensive automotive electric parts, foreign TNC-dominance	
	Improving position: attraction of capital-intensive FDIs in car-assembly.	Deepening peripheralization: stronger specialization in labour-intensive electric parts.
Power blocs and policy focus	Key role of big domestic financial and commercial conglomerates in the domestic power bloc. State-megaprojects-FDI nexus.	Significance of domestic export capital in the power bloc. Fiscal enticements and subsidies to locally owned suppliers
Labour regime conditions	State-led dispossession, migration criminalization and labour precaritization	
State-labour relations	Weak and selective institutionalization of labour relations and unions. Centrality of state coercion.	Strong institutionalization of labour relations and unions. Centrality of unions' mass integrative role
Automotive industry	Labour fragmentation across contracts, gender, sub-sectors and plants depending on differentiated workers' structural and associational power	Labour fragmentation across contracts and gender; attenuated by collective bargaining and relatively elevated associational power
Patterns of resistance	Sporadic and episodic contestation, sectional bargaining	Widespread contestation between 2011-2014, then sporadic and episodic
Outcomes of resistance	Union's recognition and collective bargaining in car-assembly facilities.	Union recognition, national collective bargaining wage increases
Capital's reaction	Automation and precaritization (Car-Assembly), anti-union behaviours (Wiring Harnesses)	Relocation threats. Anti-union behaviours [Contextual: currency depreciation, authoritarian restoration]
Unions and labour regime stabilization	Promotion of labour sectionalism and lack of support to self-organized strikes.	Demobilization efforts and recognition of company unions against militant unionism

Table 13. Conceptual synthesis of case studies comparative dimensions and patterns.
Source: Author's elaboration

What comparing Morocco and Tunisia's automotive taught. Concluding remarks on the thesis' contributions and avenues for future research.

Consistent with my argument on the nexus between uneven development and exploitation in global value chains and capitalism, the trajectories of Morocco and Tunisia highlight the constrained, non-generalizable, and provisional character of upgrading outcomes in global production and their co-constitutive relation with processes of downgrading. Continuing to borrow from mainstream GVC jargon, the result of the comparison can indeed be summarized as follows.

Both cases' recent upgrading from garment assembly to automotive production has been prepared by their relative downgrading, or peripheralization, vis-à-vis the CEE semi-periphery within the trade and investment bloc led by core EU states. In this context, Morocco has experienced a more marked upgrading as an automotive producer in comparison with Tunisia. Importantly, far from reflecting the degree of state-business coordination in support of upgrading commitment, this outcome has resulted from the way capitalist interests represented in the respective power blocs have shaped GVC-oriented policies. At the same time, Morocco's trajectory has not only proven difficult to replicate in Tunisia; rather, it has partly constrained the latter's upgrading, reflecting the zero-sum dynamics of competition within production and logistics networks structured by the centralized power of transnational corporations. Nevertheless, it is worth remarking that Morocco's trajectory itself remains obstructed, as a step preparing further catch-up development, by relations of dependency, domestic capitalist interests, and the nested hierarchies organizing the Euro-Mediterranean car industry within the EU-led trade and investment bloc—hierarchies in which both Morocco and Tunisia continue to occupy a bottom position, as Figure 24 illustrate.

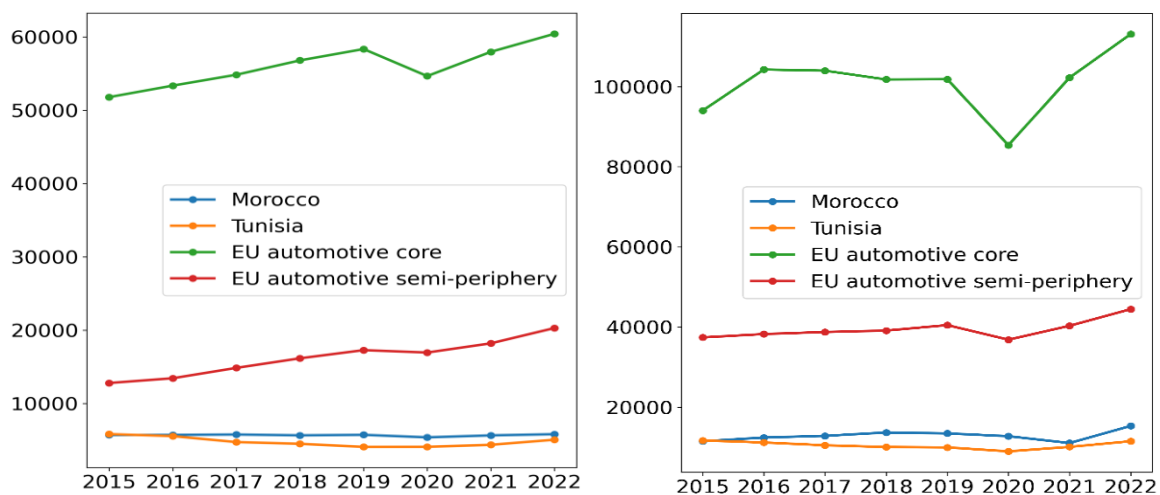


Figure 24. Yearly value added per worker and yearly average wage in the EU-centred automotive industry. Data in Euros. Core=Germany and France. Semi-Periphery=Slovakia, Czech Republic, Poland, Romania, Hungary. Source: Author's calculation and elaboration from Eurostat, HCP and INS¹²².

The comparative economic upgrading experienced by Morocco has moreover, to some extent, been facilitated by social downgrading through a labour regime featuring elevated levels of coercion, albeit crucially combined with some degree of consent, as a means to subordinate and fragment workers. Simultaneously, in Tunisia the deepening of peripheralization has contributed to eroding the outcomes of labour struggles and bargaining that had seemed to run counter to broader trends of social downgrading in the aftermath of the 2011 revolution. An analysis of labour politics in this case has moreover revealed an aspect also present in Morocco, but less visible there, namely how elements of social upgrading—such as widespread collective bargaining and unionization—may reinforce the mass-integrative role of labour organizations, forming part of a broader balance between coercion and consent that ultimately stabilizes a super-exploitative labour regime in the country's automotive industry.

In comparing case studies, the thesis added a small brick to the growing body of research vindicating the superiority of a critical epistemological standpoint over the policy-oriented, problem-solving logic that underpins orthodox GVC perspectives on global capitalist dynamics.

¹²² This figure uses the same data of figure..., which shows an increase in value added per worker in Tunisia against stagnating real wages. The difference depends on the fact that figure... is calculated in national currency to better grasp the effect of increased productivity, that is exploitation, net the depreciation effect. Even looking at this data in euros, however, it emerges a growing surplus value rate since the decline in value added per worker is slower than the decline in wages. This is not solely matter of conversion from dinar to euros, but reflects a real gain for transnational corporations since they sell in euros and pay workers in dinar.

Put differently, through a multi-faceted and interactive analysis of two relevant cases of integration into global production, the thesis retraced —behind the upgrading paradigm—what Giovanni Arrighi labelled a “developmentalist illusion”: an ‘illusion’ present not only within theoretical perspectives, but also in the agency of concrete social actors participating in broader processes of peripheralization, including labour in its organizational expressions. Beyond academic positioning, my argument therefore underscores the political necessity of imagining pathways that move beyond the mere demand for an equitable distribution of ‘value’ along production chains and instead envision a radical anti-capitalist perspective capable of breaking the systemic chains of uneven development and exploitation.

Both theoretically and politically, the research nevertheless has important limitations. GVC-driven capitalist exploitation of labour and the subordination of the global periphery indeed crucially intertwine with environmental disruption. This is an issue that I only addressed cursorily when mentioning the role of hydric distress in promoting processes of rural dispossession. I moreover nuanced core–periphery analysis of global production by positioning Morocco and Tunisia within nested hierarchies in the EU’s geopolitical and economic sphere of influence, involving not only European core countries but also semi-peripheral CEE ones. However, the contemporary capitalist world-system is increasingly shaped by the magnitude of China’s attempt to scale up hierarchies—and by complementary US efforts to preserve their hegemony—so that a focus on the vertical dimension of global uneven development cannot neglect the growing importance of a more horizontal one involving the reshaping of the capitalist architecture at the top. The significance of this trend led me to briefly touch the topic of Chinese investments in EB in Morocco; however, the discussion of China’s growing role in global value chains for uneven development and labour dynamics in my cases remained clearly underdeveloped due to the still ongoing nature of the process, particularly during my fieldwork— a gap that nevertheless opens interesting avenues for further research.

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