

# Iranian expats hard to woo as Western firms seek foothold in Iran

REUTERS, London

International firms are hunting for Western-educated Iranians to take on executive jobs in the Islamic Republic after the removal of most sanctions, but are finding it hard to win them over.

Interviews with Western companies and headhunters as well as more than 20 Iranians living abroad showed that expatriates are waiting to see how promised reforms progress before deciding whether to go back, despite lucrative job offers.

Many in the diaspora are put off by the poor quality of life and problems such as red tape, a murky business culture, security issues, pollution and a lack of international schools for their children. They are also concerned about their rights and protections under the Islamic Republic's judicial system.

Their reluctance is making life harder for conglomerates who need help to navigate Iran's complex business world, train the local workforce and bridge a cultural and linguistic gap with affluent local consumers in the country of 80 million.

"This is the place where an expat who holds an MBA (Master of Business Administration) and has the right entrepreneurial attitude can make a real impact. Yet there's never been a queue of expats applying for jobs here," Giuseppe Carella, the Iran country chief of Swiss food group Nestlé, told Reuters.

To nurture future managers, Nestlé sends local graduates overseas for several years, honing their skills away from Iran until they're ready to go back, Carella said.

Expats remain a tiny minority of the about 1,000 employees at the firm's subsidiary in Iran, 15 years after its launch.

President Hassan Rouhani met Iranian expatriates in New York last September and urged them to re-engage with Iran, weeks after Tehran agreed to curb its nuclear programme in exchange for the lifting of nuclear-related sanctions.

During a visit to Singapore this month, Foreign Minister Mohammad Javad Zarif said Iranian nationals living abroad were "the best bridges for dialogue of cultures and civilizations".

The Iranian diaspora is estimated by Iranian officials at between 5 and 7 million people, mostly living in North America, Europe and the Gulf.

Some, like Paniz Golkar, a 26-year-old dual national of Iran and Canada, are tempted to return.

"I feel it's my responsibility to go back. Iran needs professionals from all fields," said Golkar, who is due to finish her studies at the Southern California Institute of Architecture in April. "It will be challenging to prove myself as a woman in business but there are more career opportunities in Iran than anywhere else."

"A lot of Iranians in California are talking about moving back, it's an option we can't ignore," she said. But there are many challenges to consider.

Some expatriates whose families left Iran before or soon after the 1979 revolution are skeptical about career prospects and worry that Tehran's refusal to recognise their dual citizenship status makes them vulnerable to arbitrary arrest.

Security forces have arrested some dual nationals who hold U.S. and European passports in recent years on unspecified national security charges.



BANGLA PERFUMS DISTRIBUTOR

**Faridul Hassan Chowdhury, chairman of Bangla Perfumes Distributor, and Khondoker Nazrul Islam, chief executive, launch the Issey Miyake perfume brand of Japan in Bangladesh. Both masculine and feminine lines of the fragrance are now available in the local market.**

## Jamuna Group contests NBR claims

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But no-one can go far by abusing power. They will get punished someday. And that is how fate has dealt with that state minister.

During BNP's regime, the powerful quarter picked up the Aromatic Cosmetics case filed by the NBR in order to harass me. Due to some invisible intervention, the case was heard in a single day and the verdict was delivered on the same day. As a result, the verdict went in favour of the VAT commissioner.

Jamuna Group appealed against the High Court verdict, but as the case lacked merit, the then BNP clique relented at one stage, knowing that they would lose the case.

Next in power was the much-talked-about 1/11 government and businessmen were harassed in many ways.

They too reviewed the case and realised there was not much against Jamuna Group; they put the hearing on hold.

After becoming the chairman of NBR last year, Md Nojibur Rahman got into a personal conflict over a trivial matter with a Jugantor reporter, who worked on the related beat.

I was not involved in it at all, neither was Jamuna Group. Due to his personal animosity to the journalist, he

waged a kind of war against Jamuna Group.

He continues to harass us and has not given any acceptable explanation about his misuse of power as reported in the Jugantor newspaper. He is going in the opposite direction.

After failing in all other areas, he brought to the fore the false and long-drawn case of Aromatic.

Exercising his power, he got the case rolling as per his wishes. The case hearing ended in the Appellate Division recently and the verdict was announced. But the copy of the verdict has not been published yet and the revenue authority, as ordered by its chairman, has been interpreting the verdict in its own way -- this amounts to contempt of court.

It should be mentioned that at least 20,000 to 22,000 VAT evasion cases have been pending for a long time, mostly for about 20-25 years now. The NBR chairman has not looked into those cases yet but brought forward the Aromatic case out of his vindictiveness.

By filing false cases against Jamuna Group, he not only played tricks but also called into question his own position.

What could be worse than this? He also sent documents of a false GD and cases to the media.

Based on legal explanations given by my lawyer and as the chairman of Jamuna Group, I personally think the case has not yet been settled.

We have the scope to take many more legal steps. We firmly believe that when the case will finally be settled, the verdict will come in favour of Jamuna Group and the NBR's claims of VAT evasion by Jamuna Group will be proved false.

Even for the sake of argument if we accept that the NBR will win the case, the amount of Tk 700 crore, as claimed by NBR, is false as we have been fighting the case against a claim of Tk 73 crore.

When the case is settled, and if the verdict goes in favour of the NBR, only then it can realise the money from its first claim. Should we fail to repay the money on time, they can charge a 2 percent fine a month, and 24 percent a year -- not before that.

The way the NBR chairman brought the issue to the media is not only illegal but also libellous.

Jamuna Group is no ordinary company. Everybody recognises its contribution to economic development as a leading industrial group. It has created thousands of jobs by investing thousands of crores of taka to set up industrial units.



NCC BANK

**AZM Saleh, deputy managing director of NCC Bank, and Syeedur Rahman, head of remittance at United Commercial Bank, exchange documents of a sub-agency agreement of MoneyGram, at the bank's head office in Dhaka on Monday.**

## Services sector calls for single digit VAT

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Senior tax officials, including NBR Chairman Md Nojibur Rahman, were present at the discussion.

Ahmad said some of the businesses might find it tough to afford 15 percent VAT once the VAT system goes online under the new law. Subsequently, he suggested the rates between 4 percent and 7 percent.

The FBCCI president said the businesses want to pay tax and VAT, and they will come forward if the papers and procedures are simplified.

Collecting the 15 percent VAT is difficult for the roadside restaurants, said the Bangladesh Restaurant Owners Association. The platform urged the NBR to calculate VAT based on 20 percent value addition.

BM Harun ur Rashid, secretary of the Bangladesh Dress Makers Association, echoed the same.

Citing the imposition of 4 percent trade VAT on superstores, Kazi Inam Ahmed, vice-president of the Bangladesh Supermarket Owners Association, said the superstores find it tough to compete with the retailers, who sell similar products but pay package VAT or a fixed amount.

Since 2000, some 120 superstores have opened and these have been able to address the food safety concerns. But more than 20 of the chain stores have closed operations in recent years because of a decline in customers for the imposition of the 4 percent VAT, he said.

He called for a level-playing field for the superstores, seeking package VAT or a fixed amount like the retailers.

He also said superstore owners have to pay a very high import duty to bring in machinery, such as refrigerators, for their stores.

Asif Ahmed, finance director of Pan Pacific Sonargaon Hotel, said guests have to pay 15 percent VAT on services whereas the VAT rate is in single digit in various neighbouring countries. A 7 percent VAT will facilitate tourism, he said.

Rafiuazzaman, vice-president of Tour Operators Association of Bangladesh (TOAB), said the operators bring half a million foreign tourists a year.

And to facilitate their movement around the country, TOAB called for allowing duty-free import of vehicles and vessels. He also demanded cuts in the VAT rate.

Shahid Serniabat, president of the Printing Industries Association of Bangladesh, said the local printing firms face unequal competition with foreign firms in government tenders for textbooks because of the high duty on paper import, which currently stands at 61 percent.

"We earnestly request for zero-duty import privilege for the import of papers for textbooks."

He also demanded that VAT on printers be based on the number of printing machines instead of a flat 15 percent for all. Such rates will affect the small printing firms, Serniabat added.

Tofayel Khan of the Bangladesh Textbook Publishers Association questioned the rationale behind charging 61 percent duty on the raw material for books, which is paper, when the import duty on the finished

product is zero. "Please spare us from this discrimination."

Khan also alleged that the papers and covers imported free of duty under the bonded warehouse privilege end up in the markets.

Osman Gani, president of Bangladesh Gayan O Srijonshil Prakashak Samity, a platform of publishers of creative books, said the government gives duty protection to support local paper mills, but the mills sometimes increase the prices of papers seeing an uptick in demand.

He cited the month of February when thousands of books are published targeting the book fair as a case in point. "It is not clear to us why the local printing industry is not getting any support," he added.

Alamgir Khan of Bangladesh Paper Importers Association said many of its members have to quit the trade after falling victim to the misuse of bond privilege.

"You will find abundant papers in markets such as Nayabazar. But most of the papers are coming due to leakage in bonded warehouse," he said, while urging the NBR to create a level-playing field.

On the issue, FBCCI President Ahmad said many businesses are facing difficulties due to misuse of the bonded warehouse privilege. "It should be taken care of," he added.

In response, NBR Chairman Rahman said the revenue authority has already taken various steps to prevent the abuse of the bonded warehouse facility.

## China consortium gets \$1.56b contract for Payra power plant

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"We would offload shares of the successful power projects in the international financial market to raise funds," he said.

Finance Minister AMA Muhith said Bangladesh is a "very good" destination for investment.

Dipak Kumar Dhali, company secretary of BCPL, Cai Ming, president of NEPC, and Chen Yuyu, president of CECC, signed the agreement at an event at the Radisson hotel in Dhaka.

Tawfiq-e-Elahi Chowdhury, the prime minister's energy adviser; Md Tajul Islam, chairman of the parliamentary standing committee on the energy ministry; Md Abul Kalam Azad, principal secretary to the Prime Minister's Office; Monowar Islam, power division secretary; and Nazimuddin Chowdhury, energy division secretary, were also present.

## Online VAT system must be secure: analysts

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"We have to ensure cyber security, with proper short, medium and long-term plans to strengthen the security of our digital platform," said Banking Division Secretary Md Eunusur Rahman.

He spoke at a meeting on the progress in the implementation of online VAT system in Dhaka. Finance Minister AMA Muhith also attended the meeting.

There are foreigners involved in most of the digital initiatives, but the dependence on their services needs to be reduced, Rahman said.

"We need to plan for all digital platforms to be under our own control," he said. "Digitisation is a must, but we have to ensure security as well."

His remarks came after the recent hacking of \$101 million from Bangladesh Bank's

account with the New York Federal Reserve Bank.

Senior Secretary of Finance Division Mahbub Ahmed stressed the need for a secure online VAT system. "We have to be more active to ensure cyber security."

Finance Minister Muhith asked the revenue authority to create more awareness among taxpayers ahead of enforcing the new VAT law online, said NBR Chairman Md Nojibur Rahman.

Muhith also stressed the need for businesses to maintain accounts properly and train officials and other stakeholders.

The issues of integration and harmonisation of online VAT administration with payment systems of Bangladesh Bank Office of the Controller General of Accounts and other government organs were also discussed in the meeting.

## BB to appoint consultant to beef up security

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"The level of efficiency and IT knowledge of the BB officials, which is in question after the heist, has led to the decision to hire a consultant," said the official.

Preference will be given to Bangladeshi IT experts who are working abroad, he added.

The BB has employed some people, including the chief economic adviser, economic adviser and chief economist, on a contractual basis. The IT and security consultant will have a similar contract.

Subhankar Saha, spokesman for the BB,

said he is not aware of the decision to hire an IT consultant. The central bank already has an IT governance specialist, he added.

Meanwhile, at a press meet at the BB, Saha claimed progress was made in the investigations. The Philippines government and its anti-money laundering council have acted promptly and put the accused persons on trial upon BB's requests.

In response to a query on checking the laptops of all BB officials, he said it is being done as part of its move to strengthen security measures in the central bank's affairs.

## Al-Arafah bank sells 10pc stakes

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Earlier, the ICD committed \$110 million for manufacturing, textiles and apparel, construction, and power sectors of Bangladesh along with \$70 million lines of financing for the small and medium enterprises sector.

The proposed collaboration with Al-Arafah Islami Bank exhibits the ICD's long-term vision to bring not only good corporate governance, international best management practices, innovative Islamic products but also to bring stability and confidence in Bangladesh's financial sector, he added.

Rahman said Al-Arafah will materialise its vision of having the finest Islamic finance infrastructure thanks to the deal with the ICD.

He said having ICD as a strategic shareholder in the bank is the result of the confidence and trust kept on the management and the board by all the stakeholders over the last 20 years.

The new avenue would strengthen the rating of the bank and pave the way for extending network with other Islamic finance players from around the world, he added.

Listed on the Dhaka Stock Exchange in 1998, each share of Al-Arafah Islami Bank yesterday traded between Tk 13.9 and Tk 14.2, before closing at Tk 14.

Earlier in February, the International Finance Corporation, the private sector arm of the World Bank Group, invested more than Tk 131 crore to acquire 5 percent stakes of local City Bank.

**Amanda Lindhout, a journalist and author, poses after attending a learning session organised by the Entrepreneurs' Organisation (EO) Bangladesh—the Bangladesh chapter of EO Global—with City Bank's sponsorship, in Dhaka. Farzana Chowdhury, president of EO Bangladesh, and Faruq M Ahmed, additional managing director of City Bank, were also present.**

EO BANGLADESH

