

# Iranian Internet Infrastructure and Policy Report

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## INTRODUCTION

Although trade sanctions have stunted the development of e-commerce in Iran, recent years have seen renewed efforts by the government to take advantage of the economic opportunities offered by the Internet. One of the most significant new measures in this regard has been the introduction of the eNamad licensing system, which mandates the registration of all online stores with the government. This month's edition of the Iranian Internet Infrastructure and Policy Report offers a closer look at this new regulatory system, and checks in on health of Iranian e-commerce.

At the same time as Iran has been seeking to regulate online markets, certain segments of the establishment have been stepping up their efforts to regulate and control free expression. In this report we will also be following the ongoing dispute within the establishment as to the future of the mobile messaging app WhatsApp, which conservative elements have been trying to block, much to the irritation of President Rouhani's government.

On top of this, we have all the latest news about Iran's latest Internet infrastructure projects, developments in the country's content filtering system, and a catalogue of the recent activities of Iran's Cyber Police, which is continuing in its crackdown on online fraud and harassment.

## E-COMMERCE & ENAMAD

### BRIEF OVERVIEW

In recent years, e-commerce has seen continuous growth in Iran. In 1378 (2008/09), the Ministry of Industry and Mining was made responsible for the organisation of online shops. On 2 July 2012, the Supreme Council of National Security declared that the **Development of Electronic Commerce Center (DECC)** is to be established as body responsible for controlling and issuing eNamad licenses for e-Commerce websites.

According to the DECC, Iran is home to **more than 2,900 officially registered e-Commerce sites**. Iranian business owners can register their businesses with the site **eNamad (eSymbol)** in order to gain official security certification. This allows sites to add an eNamad stamp to their website's homepage.



The purpose of eNamad is to protect Iranians against cyber criminals, some of which have launched false e-commerce websites in order to steal the credit card details of customers.

### ENAMAD OVERVIEW

eNamad is a certification system overseen by the DECC. To secure an eNamad certificate, DECC requires that businesses meet 38 different conditions, listed under seven categories. These categories are listed below, with the most important conditions in each category attached.

- Business Owner: Must be at least 18 years old, and have no criminal record.
- Online Business: The domain WHOIS must be public. The email address of the business cannot be based from public email providers such as Gmail, Yahoo, or Outlook.
- Business Law: The use of any unauthorised symbols on eNamad websites is forbidden.
- Transparency of Sales: Customer should be clearly informed when they make a purchase.
- Customer Service: The website must responds to all user complaints.
- Privacy: The website must take measures to protect users' privacy.
- Security: The website must regularly check its servers for malware. [\(Source\)](#)

[Fig. I] shows an example of an eNamad certificate. When a user clicks on the eNamad icon, a window pops up linking to the site's associated page on eNamad.ir. This window explains when the website received its eNamad badge, and displays the site's rating: 1-star, 2-star, or a temporary license



[Fig. I] - eNamad Certificate

#### ENAMAD RANKING

The eNamad ranking system is ambiguous, as the information provided in the scheme's official documentation is often contradictory. In one official document, eNamad is listed as having a ranking system ranging from 1 to 5 stars, but in another, it is ranked in three categories: temporary licenses, 1-star sites (Good), and 2-star sites (Excellent).

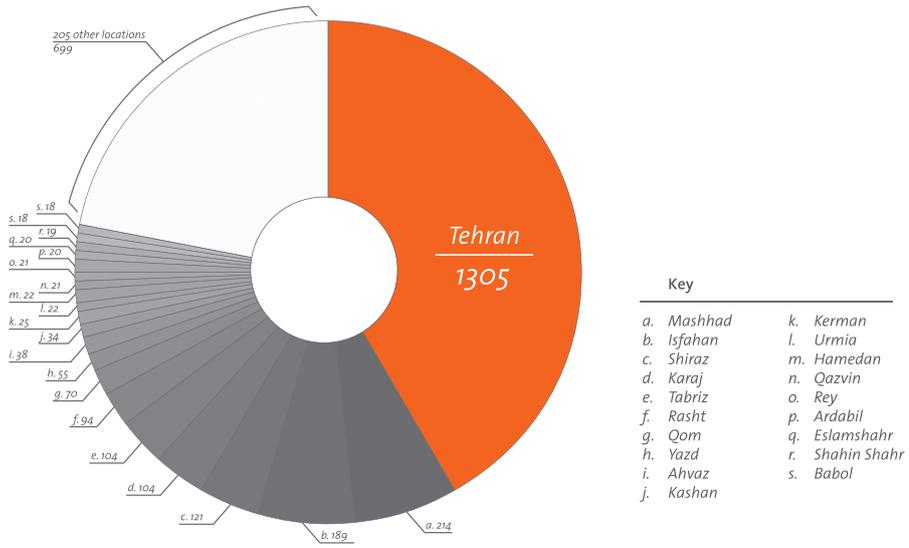
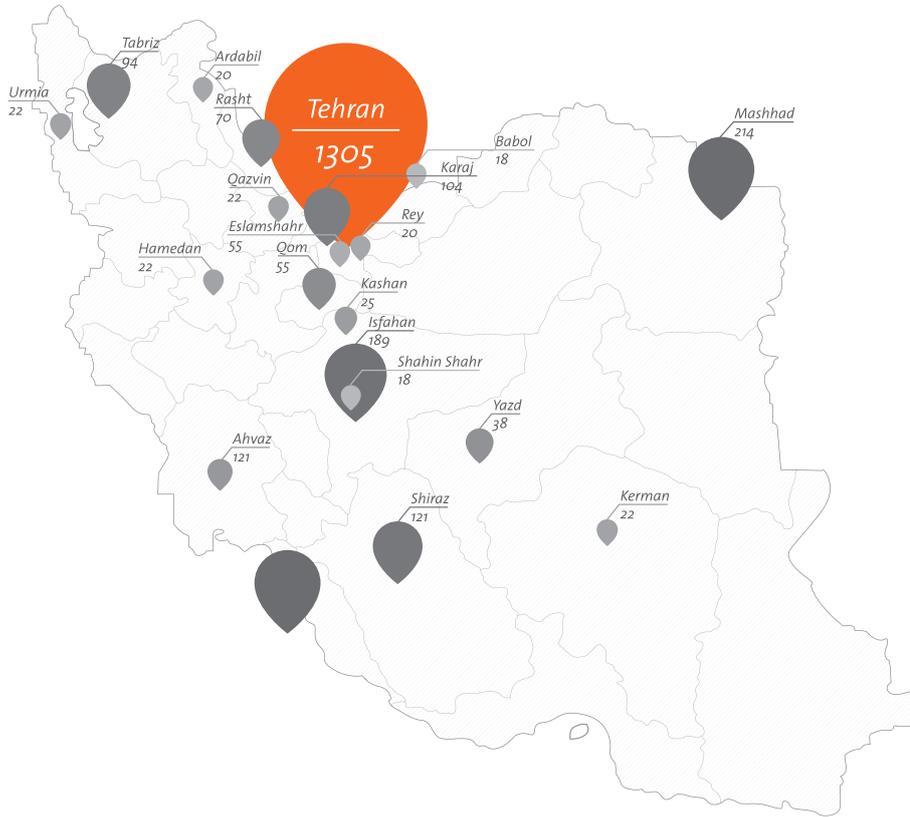
Small Media believes the second document to be accurate, given that the the official list of eNamad-licensed sites shows only temporary, 1- and 2-star-rated websites.

In March, Small Media extracted the data of 3130 eNamad-licensed websites, in order to gain a better understanding of the state of eCommerce in Iran. [Fig II] shows the location of the 20 cities hosting the greatest concentration of e-commerce websites in Iran, with [Fig. III] showing the geographical breakdown of all 3130 online stores. As expected, e-Commerce is very much concentrated within Iran's major cities, though the gap between Tehran and the rest of the country's top-tier cities cities is huge:

1. Tehran: 1305 websites (41.2% of total)
2. Mashad: 214 websites (6.8% of total)
3. Isfahan: 189 websites (6.0% of total)
4. Shiraz: 121 websites (3.9% of total)
5. Karaj: 104 websites (3.3% of total)
6. Tabriz: 94 websites (3.0% of total)

Although most e-Commerce websites are concentrated in the densely-populated regions of central and northern Iran, this is not to say that the rest of the country has been completely passed by. Although the low-population cities in the country's east and west do not make the top 20, a total of 225 different towns and cities across Iran are home to at least one online store.

The Location of Online Shops in Iran



[Fig. II] and [Fig. III] - The Location of Online Shops in Iran

At the same time as Tehran dominates the e-Commerce sector, it also offers a higher proportion of 2-star websites than Iran's other major cities, indicating that services in the capital are generally of a higher quality than those in Iran's other cities. The following table shows distribution of 2-star and 1-star eNamad licensed sites in the top six cities:

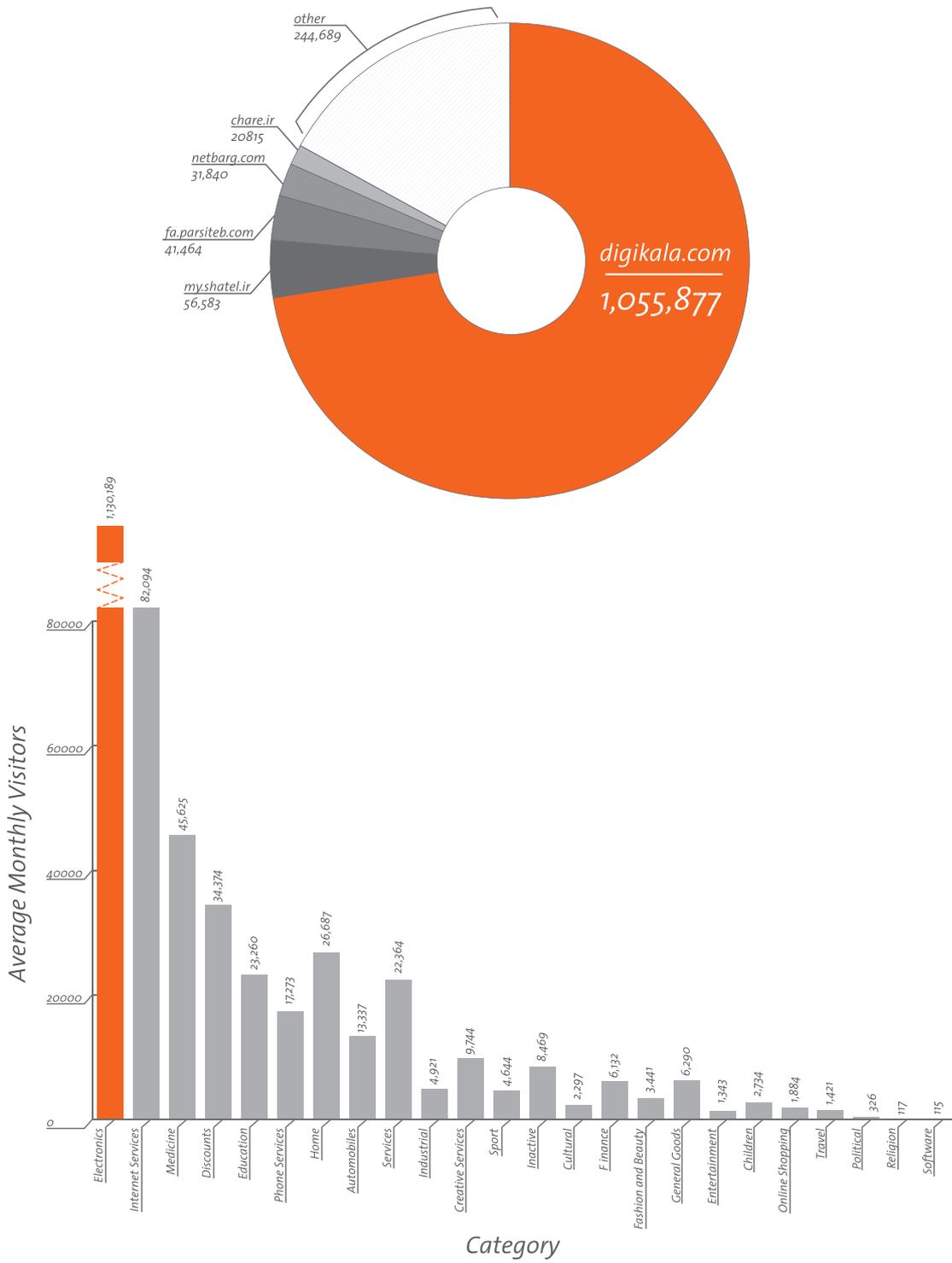
CITY	% OF 2-STAR SITES	% OF 1-STAR SITES
Tehran	7.43	57.39
Shiraz	4.96	55.37
Mashhad	3.74	60.75
Isfahan	3.70	59.26
Tabriz	2.13	58.51
Karaj	1.92	67.31

#### ENAMAD MARKET STRUCTURE

Small Media compiled a sample of 204 eNamad websites, and collected data on the average number of visitors they received over the course of a month. We then broke this sample down on the basis of the type of goods that they sold.

We found that Digikala, a site selling electronic devices such as laptops, smartphones, and other hardware is by far the most-visited eNamad-registered store, accounting for nearly 3/4 of the visitors in our entire sample [Fig. IV]. According to Digikala co-founder [Hamid Mohammadi](#), the website commenced operations on 23 February 2007, with a staff of just 5 people. The site has since thrived, selling a daily average of 12,000,000,000 IRR (468,000 USD) worth of goods, according to Mohammadi.

As a result of Digikala's dominance, the electronics sector is by far the most widely-visited sector of the Iranian online market [Fig. V]. After the electronics sector, the largest market sector provides online services - these are the websites of ISPs, server hosts, and cloud storage sites. Though other sectors within our sample are much smaller, notable is the fact that health sites - providing 'alternative' medicine, therapy, and addiction support - makes up the third-largest chunk of the market. Sites selling religious or politically-focused content are notably insignificant within this sample.



[Fig. IV] and [Fig. V] - Market Breakdown

**ENAMAD RESTRICTIONS**

All websites must follow a series of regulations in order to secure eNamad certification. The most significant of these regulations are listed below:

- It is forbidden to sell digital goods or digital media (such as software, films, music, books) without first obtaining permission from the Ministry of Culture and Islamic Guidance. (Source)
- The sale of all medicine and medical goods is forbidden. (Source)
- Games sold online must first receive licensing from the National Foundation of Computer Games. (Source)

## CONTENT FILTERING AND BLOCKED SITES

- **May 4:** Seyyed Mohsen Erfani, head of Iran's Cyber Police (FATA) in Razavi Khorasan, announced that two young women were arrested after insulting and abusing another woman on a social network. ([Source](#))
- **May 6:** The news agency [Dana](#) was blocked after publishing a news article about the corruption allegations facing former Revolutionary Guard Commander [Mohammad Rouyanian](#). Rouyanian was arrested on May 6 charged with financial corruption and money laundering. The website was unblocked on 29 May 2014. ([Source](#))
- **May 7:** Internet users in the city of Karaj were temporarily unable to connect to the Internet. The cause of the outage is unclear. Iran's Telecommunication Infrastructure Company (TIC) denied any issues on their end, and asked users to contact their ISPs. ([Source](#))
- **May 10:** The reformist news site [Ghanoon Online](#) was blocked on the order of Tehran's Prosecutor General. The order was issued at the same time as the Prosecutor General banned the Ghanoon newspaper. ([Source](#))
- The conservative, pro-Ahmadinejad news agency [Ayin News](#) was blocked without any explanation. ([Source](#))
- **May 13:** The network security group FireEye published a comprehensive report about "Operation Saffron Rose" - an operation by a group of Iranian hackers against several US defense companies, and users of circumvention tools. According to FireEye, the Ajax Security Team created decoy installers for various circumvention tools, including Ultrasurf, Gerdoo VPN, Psiphon and Proxifier. You can read the full report [here](#). ([Source](#))
- **May 25:** The official blog of the blogging platform [Bayan](#) was temporarily blocked after a complaint from FATA. The blog was unblocked on 1 June 2014. In early May, Bayan published an article that shows FATA would like to have private information of one of its users without court order and Bayan refused the request. At the time of writing the report, [the original post](#) that caused the blog to be blocked is protected by password. ([Source I](#), [Source II](#))
- **May 25:** Iran's Computer Emergency Response Team (CERT) discovered a new Iranian malware named 'Marmoolak' (or 'Lizard'). According to CERT, this malware has attempted to steal usernames and passwords through the use of keyloggers. ([Source](#))

• **May 26:** A Revolutionary Court in Iran sentenced eight Facebook activists to a combined 123 years in prison. According to Kaleme, they were charged with acting against national security, insulting the Supreme Leader, insulting Iranian authorities, propaganda against Iran's regime, spreading lies and blasphemy and disturbing public opinion. The names of these eight Facebook activists are:

- Roya Saberi Nezhad Nobakht: 20 years in prison
- Amir Golestani: 20 years and 1 day in prison
- Masoud Ghasemkhani: 19 years and 91 days in prison
- Fariborz Kardarfar: 18 years and 91 days in prison
- Seyyed Masoud Seyyed Talebi: 15 years and 1 day in prison
- Amin (Farid) Akramipour: 13 years in prison
- Mehdi Reyshahri: 11 years in prison
- Naghme Shahi Savandi Shirazi: 7 years and 91 days in prison

These heavy sentences were issued at the same time as President Rouhani and his cabinet continue their prolific activities on forbidden social networks such as Twitter and Facebook. ([Source](#))

## STATEMENTS FROM MINISTRIES AND POLITICIANS

- **May 1:** Iran's ICT Minister, Mahmood Vaezi said the government disapproves of the block imposed on WhatsApp. (Source)

- **May 2:** Ahmad Alamolhoda, the Friday Prayer leader in Mashhad, attacked Vaezi and accused him of working to open Iran's cultural doors to the enemies of the Prophet Mohammad. Alamolhoda claimed that the ICT Ministry has a plan to unblock Facebook, despite the fact that Vaezi admitted that just 15% of Facebook content is considered permissible. (Source)

- **May 3:** Mohammad Ali Esfanani, a member of the Commission to Determine the Instances of Criminal Content (CDICC), claimed that Facebook will be unblocked upon the launch of Iran's new filtering system. Esfanani did not mention what the new filtering system will consist of, but it can be assumed that he is referring to the 'intelligent filtering' system he previously discussed on April 30 2014. He additionally claimed that CDICC is not interested in blocking all mobile communication apps, but that on some occasions blocking is the only option available. (Source)

- The ICT Ministry denied Alamolhoda's claim that it was preparing to unblock Facebook, reiterating that CDICC is the body responsible for such matters. In a sharply-worded statement, the Ministry said that it would be better if Alamolhoda first researched his claims before making them publicly. (Source)

- **May 4:** Vaezi announced that the proposed blocking of WhatsApp had been suspended by President Hassan Rouhani. According to Vaezi, President Rouhani considers the Supreme Council of Cyberspace (SCC) responsible for managing policy relating to social networks, and not CDICC. On 30 April 2014, CDICC ordered the ICT Ministry to block WhatsApp, but the ministry has not yet implemented this decision. (Source)

- Reacting to Vaezi's statement about the blocking of WhatsApp, CDICC Secretary Abdolsamad Khoramabadi said that the President does not have the power to suspend CDICC's orders, and insisted that Rouhani's government must execute the committee's rulings. (Source)

**May 5:** Tabnak published an interview with 'Saeed', the owner of whatsapps.ir, a site providing third-party support, and selling credit for WhatsApp in Iran. In the interview, 'Saeed' expresses regret that it was Facebook, and not Google that purchased WhatsApp, as he believes Google is more sensitive to privacy concerns than Facebook. He stated that his website will continue to provide WhatsApp support and services until he receives an official closure request from the CDICC. (Source)

- ICT Ministry spokesman Mohammadreza Farneghizad announced that WhatsApp has not yet been blocked. Additionally, one unnamed CDICC member suggested that the blocking order has not yet been sent to the ICT Ministry for processing. (Source)

- **May 6:** In response to Khoramabadi's May 4 statement, Vaezi pointedly remarked that Khoramabadi is merely the secretary of a committee, and that he has no authority to issue orders to either the President, or to the SCC. He additionally stated that the CDICC must comply with all the rulings

of the SCC. Vaezi remarked that the CDICC had held a discussion about blocking of WhatsApp in March, and that there were some irregularities in the voting process. (Source)

• **May 7:** The ultra-conservative MP Hamid Rasaei criticised Rouhani's decision to suspend the blocking of WhatsApp. He contended that Rouhani was in breach of the law, and is making arbitrary declarations in order to enforce his personal views. (Source)

• Vaezi announced the reason which the government has not implemented blocking of WhatsApp. According to Vaezi, one of the CDICC members who voted to block WhatsApp should not have voted, because he was no longer a member of the committee, and was just visiting to 'say goodbye to an old colleague'. Additionally, CDICC member Ramezanal Sobhanifard stated that two individuals from a single ministry took part in the vote, despite the stipulation that each ministry must have only one representative on the committee. Sobhanifard was one of the members who voted in favour of the imposition of a block on WhatsApp. (Source)

• **May 8:** Mozafar Pouranjabar, the Director of the Telecommunication Company of Iran (TCI), released a series of statistics about the activities of the TCI:

- 3,840,000 ADSL ports have been launched by the TCI
- TCI has 1,030,000 active ADSL users
- The number of customers using data has grown by 59%
- TCI has 27,000,000 active landline phones around the country
- TCI has 6,574,000 pay as you go, and 417,000 monthly SIM cards registered by the end of 1392 (March 2014)
- 89% of TCI employees are educated to at least a high school-level
- The TCI's 1392 (2013/14) revenue was 11,566 billion IRR (451.53 million USD) (Source)

• **May 11:** FATA announced that they have commenced activities on five Iranian social networking sites, in order to engage more frequently and openly with Iranian citizens [Fig. VI]. These five websites are:

- Facenama
- Hammihan
- Aparat
- Cloob
- Netiran (Source)



[Fig. VI] - FATA on social networks

• **May 12:** SCC Secretary Mohammad Entezari, stated that President Rouhani is adamant that the National Information Network (SHOMA) and all its services should be launched, and that SHOMA has the full support of the President. (Source)

• **May 14:** Vaezi stated that the ICT Minister is working with three universities and research centres to develop an 'intelligent filtering' system that will allow Iran to block specific web content, such as pornographic websites. In addition, Vaezi announced that a pilot scheme will see five or six

large cities connected to SHOMA by 22 September 2014. (Source)

• **May 15:** Morteza Barari, a deputy Minister at the ICT Ministry, said that Iran's mobile penetration rate is 81%, whilst the Internet penetration is 54%. He also announced that 25,000,000 Iranians are consumers of computer games, and that the development of this segment of the technology sector should be supported, in order to provide jobs for young people. (Source)

• **May 17:** President Rouhani spoke at the fourth annual ICT Festival in Tehran, where he made a number of important statements about Internet freedom, and infrastructure development policy. Rouhani stated:

- Iran must see cyberspace as an opportunity, and make proper use of it.
- Iran must accept the inherent right of Iranians to engage with the the global Internet.
- Today, to be literate means to have access to the Internet, and online resources.
- Iran should expand and improve Persian-language content on social networks; a task the government cannot complete alone. The Iranian people, and the private sector must play a major role in this.
- Iran will create 30,000 jobs in the ICT sector this year. The following year, this figure will rise to 100,000.
- The current lack of Internet bandwidth in Iran should be remedied.
- People should have access to 3G and 4G networks from their mobile phones.

In addition, President Rouhani announced the launch of a number of new projects via video conference:

- Cloud services have been launched in seven provinces.
- 4,100 villages have been connected to broadband networks.
- The data transition capacity from Asia to Europe via Iran has been increased to 150 Gbps.
- The fiber optic capacity between Tehran and Isfahan has been increased to 400 Gbps. (Source)

**May 18:** President Hassan Rouhani joined Cloob, an Iranian social network [Fig. VII]. Cloob is the first Iranian social network on which Rouhani has registered. Previously, he only maintained social media accounts on Twitter and Facebook, both of which are blocked in Iran. (Source)



[Fig. VII] - Rouhani on Cloob

- **May 21:** Sadeq Ardeshir Amoli Larijani, head of Iran's Judiciary System, indirectly criticised Rouhani's Internet policies, warning that Iranian authorities should be cautious in affairs relating to communication, cyberspace and cultural affairs. Larijani warned politicians against employing excited or emotional language on these issues. ([Source](#))
- **May 20:** Iranian MP Nasrollah Pejmanfar attacked Rouhani's government and said that the development of fiber optic networks in Iran will result in the promotion of social networks. From this, Pejmanfar deduced that the government is trying to serve the interests of foreign countries such as the USA. ([Source](#))
- **May 23:** Mehr News Agency announced Instagram will be blocked very soon due to a legal complaint. It remains unclear who brought the Instagram case into court, although unconfirmed reports indicate that it may have been Rohullah Momen-Nasab, the former CDICC member and IT Deputy of the Basij Cyberspace Center. ([Source](#))
- **May 24:** Student News Agency (SNN) published a post claiming that the governmental members of the SCC have placed increasing pressure on Khoramabadi to resign as a Secretary of the CDICC. According to SNN, Rouhani's cabinet ministers are angry about the CDICC's imposition of restrictions on WhatsApp and Facebook. ([Source](#))
- **May 25:** CDICC member Hojatoleslam Mohammad Reza Agha-Amiri reiterated the government's commitment to Internet censorship, insisting that cyberspace must remain clean of offensive content. Agha Amiri also stated that he does not believe the ICT Ministry possesses the necessary infrastructure to implement the filtering of services such as WhatsApp. Finally, he announced that CDICC has no plans to block any more mobile applications or social networks at the present time. ([Source](#))
- Sobhanifard said that a CDICC motion to block Instagram in failed to receive a majority vote in the committee. A final decision as to the future of Instagram in Iran will be made at the next meeting of CDICC. ([Source](#))
- **May 26:** Hassan Najafi Solari, Head of the Digital Media and Information Technology Center (SARAMAD), announced that Iran has the highest rate of Internet penetration in the MENA region, and the fourth-highest number of domain registrations in the world. The report also stated that there are more than 9 million people in Iran that are able to produce content, or provide technological services. According to Solari:
  - 53,000 items of software has been produced
  - 600,000 Iranian websites are active
  - 100 digital radio/TV are active
  - 700,000 hours of video have been produced per year
  - 250,000 music tracks have been produced per year
  - These SARAMAD numbers have not been independently verified. ([Source](#))
- **May 27:** Momen-Nasab announced that a court in Fars Province has issued a summons to Facebook CEO Mark Zuckerberg, as a result of the breaches in privacy suffered by some Iranian WhatsApp users. The General Prosecutor of Shiraz denied the report. ([Source I](#), [Source II](#))

## CIVIL SOCIETY, PROFESSIONAL ORGANIZATION STATEMENTS

- **May 4:** Etemad Newspaper published a report about Iranians' reactions to blocking communication mobile apps such as WhatsApp. A number of reactions are listed below:
  - Morteza: *"I can predict which software will be blocked next, and quickly find an alternative for it. Our youths don't become deviants by using these kinds of things."*
  - Ramin: *"What's the problem around apps and social networks? I believe it would be better to educate people better, so they can make better choices by themselves. If all apps were made available to the people, they'd be able to make better selections."*
  - Maryam: *"Even if we'd like to separate the bad and good elements on the Internet, we can never do it by filtering. Today, anyone can access circumvention tools within a few minutes, and use them to circumvent all these filtering methods. Just as in lots of other countries, people must have free access to the Internet, and decide themselves which services are good or bad."*
  - Ali: *"If Mr. President [Rouhani] created the Citizenship Rights Charter, he must add the Right to the Internet. The Internet plays such an important role in the modern world, and everyone has to deal with it. I wish the Right to the Internet was mentioned in his charter."*
  - Reyhane: *"Some websites such as porn websites must be blocked, but social networks are communication tools used to speak with all the people of the world. Technology has never been stopped, and it always creates an alternative. Because of the blocking of apps and social networks, the developers in this industry will create alternative services even faster."*
  - Danial: *"I am student of MSc Computer Engineering. We cannot predict that technology will stop or not; The improvement speed is very fast and lots of alternative apps and social networks is created every day. Filtering is a futile way of fighting the Internet." (Source)*
- **May 28:** Hassan Karimi Ghodoosi, Deputy of the National Foundation of Computer Games, said that Iran has been reviewing the licensing procedures for foreign computer games. (Source)

## RUMORS

- [Saba e-Commerce Institute](#), owner of [Aparat](#) (Iranian version of YouTube), [Cloob](#) and [Mihanblog](#), would like to promote its Iranian version of Instagram, [Lenzor](#) by offering users free data which means when users use Lenzor, they will not pay for data.
- Iran may block all popular foreign-developed mobile apps in the next year, if Iranian developers are able to develop Iranian versions of them.