

# China's Alibaba delays fee hike after web protest

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File photo of a pedestrian walking past Alibaba.com advertising in Hong Kong. Chinese Internet giant Alibaba said it will delay a fee hike for some sellers on its popular online shopping site after a storm of protest over the planned rise.

Chinese Internet giant Alibaba said it will delay a fee hike for some sellers on its popular online shopping site [after a storm of protest](#) over the planned rise.

Alibaba Group would also invest 1.8 billion yuan (\$284 million) in its Taobao Mall site in a move to help disgruntled small vendors, the firm said in a statement issued late Monday.

The announcement came after tens of thousands of users attacked big brands including Japanese cheap chic clothing chain Uniqlo on Taobao Mall last week, threatening to place huge orders online and immediately

cancel them to protest against the service fee hike.

The move -- aimed at denting large retailers' customer ratings which can result in a suspension under the site's rules -- was decried by Alibaba chairman Jack Ma who described the protesters as "people playing the Nazi anthem, hurting the innocent by shouting 'Eliminate all, destroy all.'"

"We help [small businesses](#) wholeheartedly because we understand that kind of pain," Ma wrote on Sina Weibo, China's popular Twitter-like microblogging service.

"But not everybody who does business will make money. Business is a serious discipline of learning."

The vendors' angry reaction came after Taobao Mall said last week that annual service fees would rise up to ten-fold to 60,000 yuan.

That fee would be refunded to merchants who achieve a certain sales volume or high positive-feedback levels from customers, angering small vendors who said they were disadvantaged by the changes.

A compulsory fixed-sum deposit would also go up to 150,000 yuan from 10,000 yuan, Alibaba said.

Under the revised plan, Alibaba will allow a nine-month grace period on the fee hike, which takes effect from 2012, to existing vendors with good customer ratings, the statement said.

All vendors will only need to pay half of the required deposit while Alibaba will make up the shortfall, it said.

The investment in Taobao Mall, will help small vendors to improve the

quality of products and services and protect the interest of consumers, the statement said.

Taobao Mall President Zhang Yong was quoted as saying the fund will be used for sellers having "operational difficulties".

China's Ministry of Commerce said in a statement over the weekend that it had ordered Alibaba to "appropriately address the matter" and respond swiftly to the requests of small vendors.

[Alibaba](#), in which Yahoo! holds a 43 percent stake, is China's largest e-commerce company.

-- Dow Jones Newswires contributed to this report --

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