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# Mail.Ru to Enter $2 Billion Kremlin-Backed Venture With Alibaba

By Bloomberg

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**Bloomberg**

Chinese e-commerce company Alibaba is setting up a $2 billion joint venture with billionaire Alisher Usmanov's internet services firm Mail.ru to strengthen the Chinese company's foothold in Russian e-commerce.

Asia's most valuable company signed an accord Tuesday with Mail.ru to merge their online marketplaces in the nation of more than 140 million people. The deal is backed by the Kremlin through the Russian Direct Investment Fund and the local investors will collectively control the new business. Mail.ru's global depository receipts traded in London jumped as much as 12 percent.

The combined company will be better able to compete with local rivals Wildberries and Yandex. Alibaba's Russian unit AliExpress mostly sells goods imported from China and hasn't had to worry about competition from Amazon.com Inc. because the U.S. behemoth has little

presence in the country.

“A big part of what we’ve been able to develop so far in Russia has been our cross-border business,” Alibaba President Mike Evans told reporters. “But the future, which will require the presence of our partners at this table, will involve building a much bigger local business.”

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The parties inked the deal at a Vladivostok economic forum attended by President Vladimir Putin and Alibaba Chairman Jack Ma. The Chinese company had been negotiating a similar deal with Sberbank, Russia’s largest bank, but abandoned talks after the lender partnered with Yandex instead. Alibaba recently rolled out Tmall for Russia after winning consumers through AliExpress.

Ma, who started Alibaba.com in 1999 as a business-to-business marketplace with 17 co-founders, this week announced plans to step back from the Chinese e-commerce titan. His company, which is pushing into overseas markets from Southeast Asia to Russia, last year saw daily package deliveries reach 55 million.

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