

MERCK ELIMINATING 7,200 JOBS



Merck, the world's eighth-largest drug maker by revenue, is eliminating 7,200 jobs, or 13% of its workforce, as sales of some key products have been flat or slumping. The New Jersey firm has also been plagued by a variety of production problems with its vaccines, troubles that have limited supplies and reduced revenue. Shingles vaccine Zostavax remains back-ordered, although many orders were filled in December, while hepatitis A vaccine Vaqta is only being shipped for children. It is expected to become available for adults in the second quarter. Shortages hit hepatitis B vaccine Recombivax in January, due to the need to upgrade some manufacturing equipment, with only a version for children available now. Sales of the cholesterol drugs Merck jointly sells with Schering-Plough have been hammered for a year by reports questioning their efficacy and safety. Credit Suisse analyst Catherine Arnold sees Merck cutting marketing and administrative costs by a few hundred million dollars in 2009, boosting research spending by \$100,000 or more and facing a slightly higher tax rate. Over 2008, shares fell 48%.

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