Pharmaceutical giant AstraZeneca announces mass layoffs

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Transnational pharmaceutical giant AstraZeneca announced plans to lay off more than 3,500 workers in the United States and United Kingdom over the next two years, and more than 5,000 globally by the end of 2016. This will bring the total number of jobs eliminated by the firm since 2007 to well over 32,000. Stock prices rose 3.1 percent in response the recent announcement, the company's biggest gain since November, 2011.

By the end of 2014, more than 1,200 workers are to be laid off from the AstraZeneca campus in Fairfax, Delaware, an unincorporated community on the outskirts of Delaware's largest city, Wilmington. The majority of the jobs will be eliminated outright, with the remaining positions transferred to different offices around the world.

Upon its founding through a merger in 1999, AstraZeneca received over $40 million in grants and tax credits from the Delaware state government to establish its North American headquarters in Fairfax. It employed about 5,000 workers there as recently as 2005. The Delaware Department of Transportation spent another $70 million improving the roads in and around the new campus. But in 2011, the company eliminated its entire research department on the Fairfax site, laying off 550 researchers there, as well as 600 more workers throughout the country. In addition, it began the demolition of 450,000 square feet of laboratory space which was only 10 years old. It is also working to sell two more buildings on the campus.

In the UK, the company will eliminate 2,300 sales and administrative jobs by the end of 2014, mostly from its largest single research and development site, Alderley Park, located outside of Manchester. This comes just five months after Chancellor of the Exchequer and Member of Parliament George Osborne secured a grant of over 5 million pounds to develop the research center. The *Guardian* reports that over 7 percent of Osborne's employed constituents work at the Alderley Park site. Some of the jobs will be moved to a facility in Cambridge, where AstraZeneca is relocating its headquarters and building a new $500 million research and development site.

London-based AstraZeneca is the fifth largest pharmaceutical company in the world, employing over 50,000 workers in over 100 countries with a market valuation of $59.3 billion. It accumulated $6 billion in net profits in 2012, which is nevertheless down precipitously from over $10 billion in 2011.

The layoffs and the selloff or destruction of assets are a part of a plan by the company to cut $1.6 billion in expenses by the end of 2014 when its third-best-selling drug Nexium, which treats acid-reflux, will lose patent protection and will face competition from generic versions sold by competing firms.

Its best-selling drug, Crestor, for cholesterol treatment, will lose exclusivity in the US in 2016. In February 2012, its patent on antipsychotic drug Seroquel IR expired, which resulted in a loss of $3 billion in revenue. Drugs with expiring patents accounted for 40 percent of the company's peak revenue of $33.6 billion in 2011.

"I recognize that our plans will have a significant impact on many of our people and our stakeholders at the affected sites," says AstraZeneca's new CEO Pascal Soriot, who was hired in October 2012 and took over management of the firm in January of this year. "We are fully committed to treating all our employees with respect and fairness as we navigate this important period of change." Sariot pocketed £1.6 million in salary, bonuses and stock options in 2012, spending most of the year as COO of competing Roche

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Pharmaceuticals.

Britain's largest trade union, Unite, which organizes the country's AstraZeneca workers, indicated its intention to facilitate to the company's plans. When asked by the *Manchester Evening News* about a possible strike, Gary Owen, Unite's regional officer, expressed opposition to such action, saying "it's certainly in the back pocket, but it's also in the long grass. We have to try to move forward sensibly and see what we can do through dialogue and proper consultation. We would only go to our members if we felt we were being railroaded."

Linda McCulloch, a Unite national officer, indicated that the union would divide workers by region, and subordinate workers to parliament, saying "The union will be making it a priority to contact local MPs to urge them to intervene. The government has a clear duty to act and encourage AstraZeneca to continue to have a strong presence in the north west. In the middle of an economic crisis this government should do everything possible to stop AstraZeneca from turning its back on the north west."

Local politicians feigned sympathy over the planned job cuts, and indicated that they intended to leave the soon-to-be unemployed workers to the mercy of the market. Frank Keegan, Conservative Cheshire East Councillor representing the ward encompassing Alderley Park, told the *Evening News*, "Although it is a very sad day to see these jobs go we can use the legacy of the infrastructure left behind to make this an attractive place to do business."

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