

Merck pairs up with Chinese drugmaker Sinopharm

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Merck & Co. said Tuesday it will team up with Sinopharm, a huge Chinese distributor and maker of pharmaceutical and other health products, to market vaccines and potentially other drugs.

In its latest move to expand in emerging markets, Merck will form a joint venture with Sinopharm, cooperating on vaccines for diseases such as human papillomavirus in China. Human papillomavirus, or HPV, is a sexually transmitted disease that causes most cases of cervical cancer. Merck makes Gardasil, one of two vaccines approved to prevent HPV.

Merck said the companies will discuss teaming up to sell Merck's drugs in the country, the world's third-biggest economy with a population of more than 1 billion people. Merck's prescription medicines range from diabetes pill Januvia and heart drugs Cozaar and Hyzaar to Remicade for rheumatoid arthritis and Singulair and Nasonex for allergies.

Sinopharm, short for China National Pharmaceutical Group Corp., is China's largest pharmaceutical and health industrial group under supervision of the State Council. Its 10 businesses include drug distribution and sales, pharmaceutical production, traditional and herbal medicines, medical device manufacturing and six institutes working on biological products.

Last year, the entire group had revenue totaling 65 billion yuan, about \$9.5 billion. According to its website, the company is aiming to increase revenue by about 50 percent in 2012 and to become one of the top 500 global corporations in 2015.

The companies did not disclose terms of their agreement.

Merck, based in Whitehouse Station, N.J., is the world's second-largest drugmaker by revenue and is a top maker of both standard children's vaccines and vaccines for adults.

Like other major pharmaceutical companies seeking new revenue sources as blockbuster drugs lose patent protection, Merck has said doing more business in emerging pharmaceutical markets like China is a central part of its strategy.

"Innovative partnerships are key element of our approach," Merck Chief Executive Richard T. Clark said in a statement.

Sales growth of prescription drugs have slowed in the U.S. and Europe, while growth is picking up in countries including Brazil, China, India and Russia. They each have

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large populations, a growing middle class and a government investing more money in health care.

In May, Merck executives forecast that sales in emerging markets will bring more than 25 percent of all pharmaceutical and vaccine revenue by 2013, up from about 17 percent now, as the company puts more resources there.

In morning trading, Merck shares fell 6 cents to \$35.21.

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AP Business Writer Marley Seaman in New York contributed to this report.

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