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KAZAHKSTAN

COUNTRY REPORT

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Introduction

Kazakhstan is the world's ninth largest country by land mass, located at the intersection of Europe and Asia. Kazakhstan borders on Russia, Uzbekistan, Kyrgyzstan, Turkmenistan, and China. In 2020 the population of the country reached 18.7 million.

The GDP per capita in Kazakhstan is USD 9,731.45 (Source: World Bank), about equal to China's and slightly lower than Russia's. Kazakhstan's other neighbors are less developed in terms of their economies. Table 1 provides an overview of this country and its economy.

Table 1. Kazakhstan at a glance, 2018-2019

Area	2,7 mln. km^2
Population	18,5 mln.
Life expectancy at birth	73,6 years
Official language	Kazakh
Capital	Nur-Sultan
Currency (Code)	Kazakh tenge (KZT)
GDP, current US $	180,2 bln.
GDP per capita, current US $	9731,1
Unemployment, total, % of total labor force (national estimate)	4,8
Ease of doing bussines rnaking	25th
Total tax and contribution rate (% ofprofit)	28,4
Poverty headcount ratio at $3.20 a day, % ofpopulation (2011 PPP) in 2017	0,3

Source: World Bank

In 2010 Kazakhstan became a member of the Eurasia Economic Union (EAEU), whose other members include Russia, Belarus, Armenia, and Kyrgyzstan. Its member states share the same desire for the free movement of people, goods and capital, with harmonization of economic law planned in the future. Its tobacco market is influenced by the absence of border controls between the EAEU states, which enables illicit channeling of tobacco products from countries with lower tobacco taxes to countries with higher tobacco taxes.

The most widespread religion is Islam, practiced by more than 70% of the country's population, followed by Christianity, practiced by more than 25% of the population (Source: the 2009 Population Census). As of 2018, 60.7% of Kazakhstan's population had higher education and 58.7% lived in towns and cities (Source: Ministry of National Economy of the Republic of Kazakhstan Committee on Statistics).

As of 2018, male life expectancy at birth is 68.84 years, whereas female life expectancy is 77.19 years (Source: Ministry of National Economy of the Republic of Kazakhstan Committee on Statistics).

Just like other countries of the region, smoking prevalence in Kazakhstan is high and was reported at 42.4% (adult males) and 3.5% (teenage males). Smoking prevalence among women is notably lower at 4.5% (adult females) and 1.9% (teenage females) respectively. Islam's negative attitude towards tobacco, oriental traditions and the disapproval of women smoking by the older generation result in low smoking prevalence rates among Kazakh women.

1.3% of adults (only men) use smokeless tobacco, (Source: GATS 2014). In 2015, nasvai, homemade smokeless tobacco, was banned in Kazakhstan, and later snus, a commercially produced smokeless tobacco, was banned as well.

Kazakhstan ratified the World Health Organization's Framework Convention on Tobacco Control (WHO FCTC) at the end of 2006. The country has been implementing Sustainable Development Goals since 2016. In general, Kazakhstan has a positive attitude toward the implementation of international practices in its territory.

One of the reasons that tobacco control measures are important for Kazakhstan is its high rate of chronic obstructive pulmonary disease (COPD) in certain areas of the country. The first international survey in the CIS countries (Kazakhstan, Ukraine and Azerbaijan) showed a prevalence rate of previously diagnosed COPD of 13.8, 10.4 and 4.3 cases per 1,000 people in Kazakhstan, Ukraine and Azerbaijan respectively.[1] The COPD prevalence rate for those first diagnosed based on spirometry results was reported at 63 in Kazakhstan, 30 in Ukraine and 35 cases per 1,000 people in Azerbaijan. The key factors affecting COPD prevalence are smoking and air pollution. The survey also revealed a difference between independent research data and official statistics by the Ministry of Health of the Republic of Kazakhstan, indicating insufficient awareness and focus on this issue.

Prevalence

The government agencies of Kazakhstan do not conduct any permanent statistical studies of smoking prevalence. Therefore, it is only possible to assess smoking prevalence in Kazakhstan over time based on diverging surveys that differ by respondent selection methods. The 2010 MICS, for instance, while monitoring the situation for women in the country, showed that in the group of those aged 15 to 49, 7.5% of women and 54% of men had smoked or used tobacco products at any time during the last month before the survey. The same survey conducted in 2015 showed that consumption among women has grown to 8.4%, whereas the GATS 2014 results indicate smoking prevalence among women aged 15+ at 4.5%. WHO reports on the global tobacco epidemic demonstrate a stable decline in the female smoking rate from 9.0% in 2011 to 6.6% in 2018. A summary of tobacco prevalence statistics between 2010 and 2019 is shown in Table 2.

Table 2. Tobacco Consumption Prevalence

Data source, description	Sex	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Smoking, 18+, Ministry of Healthcare	Both sexes			26,5			18,3				
	Males						28,5				
	Females						8,5				
Aged 15-49 years, smoked cigarettes, or used smoked or smokeless tobacco products at any time in the last one month, MICS	Both sexes										
	Males	53,9									
	Females	7,5					8,4				

[1] Results of the CORE study: CORE prevalence 17 times exceeds official data of the Ministry of Health https://bit.ly/3jLUr4Z

Under 15 years, smoked cigarettes, or used smoked or smokeless tobacco products at any time during the last one month, MICS	Both sexes										
	Males	8,7									
	Females	1,3									
Adult smoking at least one tobacco product per day, CIOM	Both sexes	29,2									
	Males	51,2									
	Females	9,3									
13-15, Crude prevalence estimates for current tobacco smoking, GYTS	Both sexes					2,8					
	Males					3,5					
	Females					1,9					
15+, current tobacco smoking, GATS	Both sexes					22,4					
	Males					42,4					
	Females					4,5					
Adult current tobacco smoking, GATS	Both sexes		24,0		26,3		24,5		24,9	24,4	
	Males		40,0		45,3		43,9		43,0	42,2	
	Females		9,0		9,5		7,2		6,8	6,6	
Adult current cigs smoking, WHO	Both sexes		24,0		242		22,7		23,0	22,7	
	Males		40,0		42,2		40,9		39,8	39,2	
	Females		9,0		8,1			6,5	6,2	6,1	
Adult smokers 2019, Euromonitor	Both sexes					39,7	34,2	32,1	31,0	30,3	30,0
	Males					61,3	50,0	45,7	43,5	42,0	41,5
	Females					20,5	20,3	20,1	20,0	20,0	19,8

Source: Ministry of Healthcare, MICS, CIOM, GYTS, GATS, WHO, Euromonitor

As seen from Table 2, smoking in Kazakhstan remains a “man’s habit,” with the share of male smokers steadily outnumbering the share of female smokers. The data taken from official sources are not regular, and these figures are generally lower than those from other sources.

The data in the Euromonitor report of July 2020 are also questionable. For example, this report updated the prevalence of smoking among women in 2014-2019 to almost 20%. According to Euromonitor, the prevalence of smoking among women in 2014 grew more than four times, from 4.5 to 20.5 percent, and remained in the range of 20.5 to 19.8 percent in subsequent years. This is the highest rate of female smoking in the countries of the region, which does not match the data from other studies conducted earlier in Kazakhstan, including the WHO data. The report does not provide any justification for reviewing the female smoking rate in 2020.

To assess tobacco use over time, Euromonitor calculated an indicator, which was the excise tax paid to the budget, divided by the excise rate of the period, resulting in the quantity of cigarettes consumed per year(excise in cigs). This also assumed that consumption per day of 14.9 cigarettes (GATS 2014) was stable during the period when the number of smokers and their percentage among the population aged 15+ was calculated. This calculation method reflects only domestic consumption, as exported tobacco is not taxed in the Republic.

The excise taxes on cigarette sales for December are transferred to the budget the following January. Consequently, the excise tax revenues to the budget for 12 months starting from January 31 were accepted as annual revenues. The prevalence rate in the 15+ category thus calculated, was 42.78% in 2010 and dropped to 31.77% in 2019. The 1.77% difference between the calculated indicator and Euromonitor International's 2019 prevalence data (30.0%) may either suggest an increase in cigarette use per day or evidence that not all products taxable in Kazakhstan are consumed in the country.

Tobacco use is lower among the people who practice religion, have a college degree and live in rural areas (Source: CIOM report). The attitude of tobacco users towards smoking as a habit is mostly negative. According to GATS 2014, most smokers (64%) wanted to give up smoking, whereas only 27% of smokers are unaware of the fact that smoking may cause serious illnesses. Only 7.8% of smokers who have tried to give up have used reduced-risk products or RRPs (Source: GATS 2014).

Reduced-risk products use prevalence statistics that are not collected on a regular basis. The prevalence of e-cigarettes is presented in GATS and GYTS reports. It is important to note that prevalence in the 15+ age group is reported at 1.7%, closely followed by 1.6% in the 13-15 age group, as shown in Table 3.

Table 3. Reduced-Risk Products Use Prevalence

Data source, description	Age	Sex	Product	2013	2014	2015	2016	2017	2018
Euromonitor International, Crude prevalence estimates for current tobacco	Adult	Both sexes	Vapers	0.3	0.5	0.5	0.5	0.5	0.5
		Males		0.6	1.1	1	1	1.1	1.1
		Females		0	0	0	0	0	0
GATS	15	Both sexes	e-cigarette		1.7				
GYTS	13-15	Both sexes	e-cigarette		1.6				
		Males			2				
		Females			1.1				

Source: GYTS, GATS, Euromonitor

The prevalence of smokeless tobacco use was only assessed in 2014 and was reported at 1.3% for adults and 0.6% for teenagers aged 13-15, as shown in Table 4.

Table 4. Smokeles tobacco use prevalence

Data source	Age	Sex	Product	2013	2014	2015	2016	2017	2018
GATS	15	Both sexes	smokeless tobacco		1.3				
GYTS	13-15	Both sexes	smokeless tobacco		0.6				
GYTS	13-15	Males	smokeless tobacco		0.8				
GYTS	13-15	Females	smokeless tobacco		0.4				

Source: GYTS, GATS

Tobacco Control Policies

Tobacco Control Legislation

Kazakhstan launched its tobacco control campaign before signing the Framework Convention. For instance, advertising restrictions were introduced as early as in 2002–2004, including advertising targeted at teenagers aged under 16, outdoor advertising except points of sale, advertising on TV, radio and in printed media. Sponsoring events for those aged under 16 and advertising at cultural and entertainment events were also banned.

The Code of Health, which was adopted in 2009, requires placing signs banning tobacco use at the entrance to buildings and on public transport. However, this regulatory requirement is violated nationwide in taxis and communal entrance hallways, due in part to lack of enforcement, and the law does not explicitly state who is responsible for placing these signs in communal entrance hallways.

Regarding compliance with FCTC requirements for smoke-free legislation in indoor offices, the Health Code bans smoking in "premises that serve as workplaces and work areas." However, office centers have common (public) areas that are not working areas for office tenants. As a result, a smoking ban in the entire building (complete smoking ban) is at the discretion of leaseholders and is often a display of good will rather than fulfillment of legal requirements. Smoke-free requirements also extend to healthcare facilities, educational and government facilities, and food service. However, despite the proven effectiveness of smoking bans in cafes, bars and restaurants, lawmakers have provided for smoking areas in public catering facilities, hospitals, airports and railway stations.

The reference document governing the use of tobacco products, and of any nicotine-containing products since July 2020, is represented by an article in the Code of Health of the Republic of Kazakhstan. This Code was slightly amended between 2009 and 2020. In 2013, for instance, the function of tobacco circulation regulation was transferred from the government to an "authorized body". In 2015, the term "smoking" was replaced with "tobacco use".

In 2020, the Code of Health was substantially updated. As of July 19, 2020, any restrictions regarding tobacco products are also applicable to HTPs, hookah tobacco, ENDS and e-liquids. The minimum legal age required for purchasing tobacco products (including ENDS and HTPs as prescribed in the Code) rose from 18 to 21. Furthermore, like Russia and Belarus, Kazakhstan adopted a new display ban, as well as parent responsibility for tobacco use by their children. Unlike in Russia, this display ban not only applies to tobacco-containing products, but also to tobacco heating systems, ENDS and e-liquids. This unified approach to the regulation was lobbied for by a Campaign for Tobacco-Free Kids (CTFK) project, as in the other countries of the region.

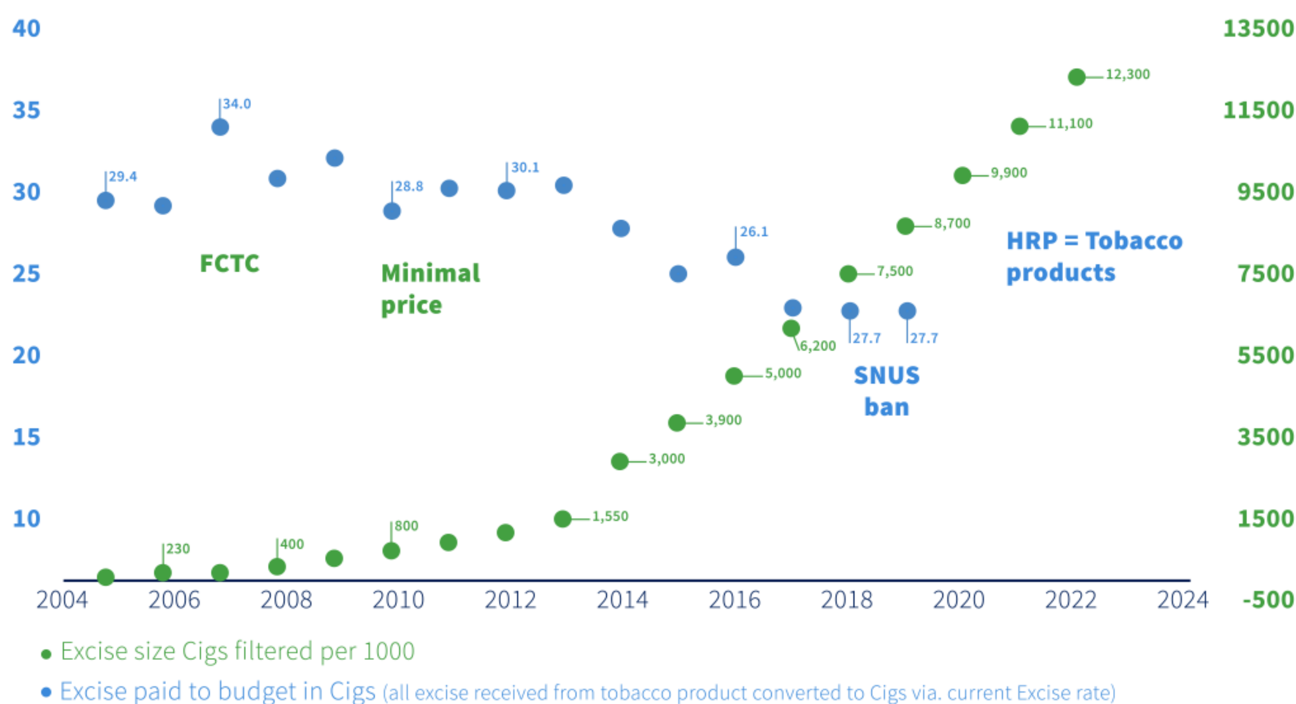
The import, sale and distribution of tobacco products exceeding maximum allowable nicotine and tar content, as well as of chewing tobacco and snus-containing non-food products, have been banned since 2015. This resulted in banning nasvai, an inexpensive locally-produced smokeless tobacco product. Administrating this ban requires laboratory testing of compliance with the maximum permissible values and substances contained in the product. In December 2019, by a resolution of the country's top sanitary official, snus was banned in Kazakhstan. The circulation of any non-smoking tobacco product is currently banned in Kazakhstan.

Compared with neighboring countries, Kazakhstani legislation on tobacco smoking has become more stringent than, for example, in Uzbekistan and Kyrgyzstan, but softer than in Russia, where the ban on smoking

in public places is more stringent. The changes adopted in July 2020 have legally equated less harmful nicotine-containing products to cigarettes. The loyalty of the lawmakers to cigarettes can also be seen within tax policy. For instance, on 25 December 2017, the country adopted a Tax Code setting the excise tax rate for cigarettes at 12,300 Tenge per 1,000 units. Five days later, amendments were issued that significantly reduced the excise tax down to 7,500 Tenge in 2018, and delayed until 2022 an increase in the excise tax rate to the level planned in 2017.

Chart 1 summarizes the impact of legislation changes. The most accessible and homogeneous indicator that characterizes the real market dynamics is the annual excise tax received, expressed in the number of cigarettes from the sale of which it was paid (excise in cigs).

Chart 1. Timeline of legislation



Data source: The Tax Code, author's calculations, the Ministry of Health.

There is a lack of government support of smoking cessation programs. Cessation services may be provided by certain private clinics at extra cost, and local health insurance policies do not cover smokers' treatment expenses, nor do they cover the cost of any medications.

In addition to the national law, tobacco sales are regulated by EAEU (Eurasian Economic Union) law. An EAEU Technical Regulation sets binding requirements regarding the content of tobacco products. Nicotine-containing liquids are not regarded as tobacco products by the EAEU law.

In accordance with the EAEU Technical Regulation, the main facing side of tobacco product packaging must contain health warning messages, a "smoking is highly addictive" warning, and an image covering at least 50% of a packaging side. Meanwhile, pursuant to the national law of the Republic of Kazakhstan, tobacco product packaging, heated tobacco product packaging, hookah tobacco and hookah mix packaging must contain a warning of the harmful effects of tobacco products and nicotine on both sides of the package, covering at least 65% of the area.

In 2019, in order to reduce illicit trade between the EAEU countries, Kazakhstan ratified a package marking convention that requires coding each tobacco product package with a unique ID. Tobacco manufacturer support this idea. The next step will be to abandon the excise stamp and only use this code in production, with cancellation of the code when the product is removed from circulation at the time of its sale to a consumer. A tobacco product marking pilot project with voluntary involvement by tobacco companies began in 2020, and will be made compulsory by the government in 2021. No further legislative changes are expected.

Cessation Programs

According to GATS 2014, roughly 64% of all daily and non-daily smokers in Kazakhstan considered quitting smoking, with men accounting for 28.9% and women for 34.3%. According to GATS 2014, around 30% of current smokers tried to quit smoking in the past 12 months. Although 826,000 out of 2.8 million tobacco users can apply for quitting assistance annually; however, access to this cessation assistance is extremely limited, as discussed below.

In 2018, the Ministry of Health introduced Clinical Protocol #49, which outlines diagnostic assessment and treatment of mental and behavioral disorders in adults and children caused by tobacco use. Tobacco users receive help in the form of health education, behavioral and psychological support, and medical treatment. According to the Ministry of Health, the country has public health centers, as well as youth centers conducting courses on NCDs in general, and smoking prevention in particular. These centers are located in local outpatient clinics and provide their services free of charge.

The work of these clinics is organized in the following way: an in-house psychologist is assigned the function of counseling youth and smokers. During preventive screening[2] or when receiving patients with diseases related to addiction, such patients are referred to a psychologist for health counseling. According to the psychologists, follow-up visits of such patients are extremely rare. During appointments, psychologists tell patients about possible consequences of tobacco use, share leaflets, and if the addiction is at an advanced stage, refer them to drug addiction counselors. Reports on the number of visits to youth centers are sent on quarterly basis to Ministry of Health.

The researcher tried to contact medical centers in Almaty listed on the website of the Center for Health Protection[3] for a telephone consultation on the issue of smoking. Results from this telephone survey are summarized in Table 5.

1. All of the telephone numbers indicated are the numbers of the outpatient clinic front desks;
2. None of the phone numbers turned to be direct contact numbers for youth centers or tobacco-control offices;
3. Two phone numbers could not be reached after more than three calling attempts;
4. Three employees of the front desks were not aware of the existence of a youth center or of tobacco-control office in their clinic;

[2] Screening- preventive medical control

[3] Youth health centers addresses according to National Health Care Center RK https://hls.kz/archives/8726#

5. In two of the outpatient clinics, psychologists could only be reached by their personal telephone numbers;
6. Three consultations took place after 22 calls to nine outpatient clinics out of 11 outpatient clinics mentioned.

The psychologists noted that during the coronavirus epidemic, all addiction prevention activities and efforts aimed at supporting smoking cessation were curtailed. There are virtually no visits by smoking=addicted patients related to their addiction. They also noted that patients are ashamed to talk about their addiction problems. However, the Health Care Center provides significant figures on the number of smoking cessation support centers as of 2018:

“There are 46 tobacco-control centers based in primary health care organizations; 20 tobacco-control centers are based in-patient care centers, and regional centers of healthy lifestyle are home to three tobacco-control centers.

The largest number of tobacco-control centers are located in Almaty city (33), Kostanay region (10) and Mangistau region (9), while the smallest number is located in East-Kazakhstan region, Zhambyl region, Karaganda region, South-Kazakhstan and North-Kazakhstan region, each of them having only one center.

A total of 33,495 people visited these tobacco control centers in 2017, of which 5,451 people (16%) had follow-up visits. There are 12,528 registered nicotine dependent patients (NICP). Of the total number of nicotine dependent patients in the Republic of Kazakhstan, 2,075 were referred to drug counselors, which accounts for 16.6% of all nicotine dependent patients.”

Key findings

- Free smoking cessation assistance is not available.
- There is lack of reliable and accessible information about available online assistance.
- There is no single and customer-oriented counseling center.
- Poor information awareness of the outpatient clinic staff.
- Assistance is in fact only available during visits to general practitioners, when patients already have health issues.
- Lack of community outreach.

Table 5. Data of the telephone survey results

Name of consulting centers mentioned on the website of the National Health Care Center	1st attempt (all numbers mentioned)	2nd attempt	3rd attempt	Total: 22
Almaty, City student outpatient clinic, Bukhar Zhyrau Boulevard 14, work tel: 8 (727)376-33-99, 8 (727) 376-36-60 e.mail: almatystudpol@mail.ru	Not direct number	Not aware of existence		2
Almaty, City outpatient clinic No 24 st. Zemnukhova 3/1, tel: 8 (727) 290 73 66, 8 (727) 2907383, e.mail: gp24almaty@gmail.com	Not direct number	Not aware of existence		2
Almaty, City outpatient clinic No 11, md. Ainabulak-3, st. Zhumabayeva, tel: 8 (727) 252 21 21 e.mail: priemnaya_gp11@gmail.ru	Not direct number	Not aware of its existence	Left contacts. The next day got a call back from the number +77767157617	2
Almaty, City outpatient clinic No 22 md. Shanyrak-2, st. Zhankozha batyr193 A tel: 8 (727)n380 87 33, 8 (727) 38087 42 e.mail: gp22.shanyrak@mail.ru	Not direct number	Was advised to contact a psychologist	+7 7026633290	3
Almaty, City outpatient clinic No 17, st. Basenova 2 tel: 8 (727) 337 83 38, 8 (727) 337 82 46 e.mail: gkkppol17@mail.ru	Not direct number	No response		2
Almaty, MCZ, City outpatient clinic No 23 md. Ulzhan-1 st. Jalayir 34 tel: 8(727)227 48 50 e.mail: gkkpgp23@mail.ru	Not direct number	Was advised to contact Deputy Chief physician	+7 727 247 13 40	3
Almaty, MCZ, City outpatient clinic No 10 md. Aksai-4, building 17 tel: 8 (727) 238 30 39 e.mail: polik-ka10@mail.ru	Not direct number	Was advised to contact a psychologist	+7 272 373 28 92 (Call later)	3
Almaty, MCZ, City outpatient clinic No 5 st. Makataeva 141 tel: 8 (727) 233 39 61, 8 (727) 233 39 93 e.mail: gkkp5@inbox.ru	Not direct number	Was advised to contact a psychologist	+7 707 932 08 09	3
Almaty, “Umit”, City outpatient clinic No 25	No data			0
Almaty, “Darkhan”, outpatient clinic number 29	No data			0
Almaty, outpatient clinic No. 36 Nauryzbayskiy district, md. Shugyla 340a, Tel +7 (727) 371-60-60, ext 141, e.mail: almaty_gp36@mail.ru	Not direct number	No response		2

No telephone quit line is available in the country. Support for smoking cessation is provided only by private clinics on a paid basis. The cost amounts to a one-time 60,000 Tenge payment for tobacco dependence hypnosis, and another 150,000 Tenge for a further two-week course of psychological support. Thus, a smoker has to spend an amount a size of his average monthly salary on tobacco addiction treatment, which according to the data of the Committee on Statistics of the Ministry of National Economy of the Republic of Kazakhstan, in May 2020 equaled 195,272 Tenge. These expenses are not reimbursed by health insurance policies.

No smoking cessation programs are available in district towns and villages. People living there and willing to get help have to travel to regional centers, which are often as far as 300 km away from their place of residence. Moreover, paid programs are even less affordable for the rural population, who account for 42% of the entire population according to the World Bank, due to their lower income levels. For example, the average salary in Nur-Sultan is 266,000 Tenge, while in Almaty Oblast the average salary is half as much, i.e. 136,000 Tenge per month (The Statistics Committee of the Ministry of National Economy of the Republic of Kazakhstan).

The most common method of quitting smoking is trying to quit without assistance, which is practiced by 76.5% of smokers. 10.2% of adult smokers used counseling or advice at health care facilities or specialized quit smoking centers, and only 7.8% switched to smokeless tobacco. However, the efficacy of quitting attempts has yet to be evaluated.

To achieve Sustainable Development Goals (SDG), it is planned to reduce premature mortality from non-communicable diseases (NCDs) by a third by 2030, which in 2019, according to published data. was 19.28%. This is planned to be accomplished through prevention and treatment measures, as well as by promoting mental health and wellbeing, including a 30% reduction of tobacco use by 2025.

Tobacco & HRP Market

Tobacco Market

Euromonitor International estimates the cigarette market size in Kazakhstan in 2019 at KZT 448.4 billion, or 18,357 million units. Domestic production in physical terms declined from 24,228 million units in 2010 to 17,202 million units in 2019. (The Statistics Committee of the Ministry of National Economy of the Republic of Kazakhstan). When converting the received excise tax into units, a decline in taxable products was observed, from 28,832 million units in 2010 to 22,724 million units in 2019 (Ministry of Finance of the Republic of Kazakhstan). In 2019, the number of excise taxed cigarettes exceeded the market volume estimated by Euromonitor International, and this difference reached its maximum value since 2013 (4,366 million units). During the assessment of excise tax revenues to the budget, it was noted that the share of imports increased from 22.5% in 2010 to 43.9% in 2019 (Ministry of Finance of the Republic of Kazakhstan). It possible that either the volume of imports or the consumption of cigarettes taxed in Kazakhstan outside the country was underestimated.

Monetary expenditures per annum on tobacco products per capita increased from KZT 2,625 in 2011 to KZT 9,791 in 2019 (The Statistics Committee of the Ministry of National Economy of the Republic of Kazakhstan). Expenditures are determined quarterly based on a survey of respondents' expenditures. Recalculation of this indicator at the average price of a pack (The Statistics Committee of the Ministry of National Economy of the Republic of Kazakhstan) into the number of cigarettes makes it evident that the period from 2011 to 2016 saw an annual decline in the number of cigarette units per capita from 390 to 330 units, with a subsequent increase

to 464 units in 2019. At the same time, the estimated retail sales per capita per year was 1,767 cigarettes in 2010, and in 2019 it decreased to 1,229 cigarettes. The difference between the estimated indicator and the survey may indicate both the poor quality of respondents' data and the availability of products taxable in Kazakhstan but consumed outside the country. Furthermore, the change in expenditures by the residents of Kazakhstan may be influenced by the transition of users to more expensive heating tobacco in 2017 and later.

According to Euromonitor International, in 2018 cigarettes accounted for 99% of all tobacco sales. From 2013 to 2016 there was an average growth of 14.6% per year of electronic vapor products, but from 2017 a reverse trend of market decline has been observed, which will continue in the coming years. These changes may be related to the 2017 start of sales of a new product, heated tobacco. However, no additional studies have been conducted to confirm this. Heated tobacco product sales double annually, and the trend is expected to continue (Euromonitor data).

HRP Market

There are no official statistics on the market of electronic vapor products and heated tobacco products published by government agencies. In 2019, Euromonitor International made an upward revision of its estimate

of the use of heated tobacco products for 2017, 2018, 2019. While previously the market was estimated at KZT 0.1 billion, KZT 0.2 billion and KZT 0.4 billion, in 2019 the market size estimate rose to KZT 5.1 billion, KZT 9.9 billion, and KZT 25.1 billion for each respective year. Table 6 summarizes tobacco market volumes from 2013 and HRP products from 2017 onwards, projected to 2023.

Table 6. Tobacco and HRP Market volume (projections)

Unit	Product	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
KZT Billion	Cigarettes	344,3	373,1	380,1	422,4	432,7	434,9	448,4	459,5	473,1	493,5	514,5
	Cigars and Cigarillos Smoking tobacco	0,4	0,4	0,6	0,6	0,7	0,8	0,9	0,8	0,9	0,9	1,0
	Heated tobacco roducts				5,1	9,9	25,1	31,3	46,6	63,6	84,8	
	E-Vapour Products	3,6	4,1	5	5,4	4,9	4,4	4,0	3,5	3,5	3,6	3,7
Total		**348,3**	**377,6**	**385,7**	**428,4**	**443,4**	**450,0**	**478,4**	**495,1**	**524,1**	**561,6**	**604,0**

Source: Euromonitor

Taxation and Government Revenues

Taxation of Tobacco Products and HRPs

Every 6 months, starting in 2009, Kazakhstan reviews and sets minimum prices for a cigarette pack. From 2012 to 2018 the minimal price nearly quadrupled (in local currency terms), whereas the average price of the best-selling brand tripled. However, in US dollar terms, cigarette prices remained largely unchanged, as per capita income in US dollar terms did not face significant fluctuations, having dropped from USD 313 in 2011 to USD 263 in 2019. Consequently, the related increase in cigarette prices in local currency terms was flattened out by inflation and income growth in local currency terms. This did not produce the expected effect on affordability of cigarettes or a decline in smoking. According to the Ministry of National Economy Committee on Statistics, tobacco expenditures grew at an average rate of 15% per year between 2011 and 2019. According to Euromonitor, cigarette sales on a per-unit basis dropped at an average rate of 6.4% per year over the same period.

As cigarette prices increased, Kazakh tobacco users switched to more affordable brands. In 2013, the average cigarette price exceeded the minimal price by 67 Tenge, whereas in 2019 the gap was reduced by two thirds, to 22 Tenge.

The excise tax on cigarettes has increased dramatically since 2010. Over the period from 2013 to 2019, the excise tax expressed in the national currency grew by 383%. The excise share in a pack of the best-selling brand increased from 19.2% in 2012 to 41.7% in 2019, meaning that the excise share in a pack of cigarettes is inconsistent with the level recommended by WHO for the purpose of complying with FCTC requirements. In 2020, the excise duty on a cigarette pack of 20 amounted to 198 Tenge or the equivalent of USD 0.5. The rise in excise rates and the rise in prices during this period was largely flattened out by inflation: the average price of a cigarette pack increased by 143.9% since 2013, whereas cumulative inflation over the same period reached 64.9%.

Until 2020, HRPs and ENDS had a certain advantage over traditional cigarettes as they were not subject to an excise tax. However, this was not due to the country's healthcare efforts. The government did not regard this group of nicotine-containing products as a tool for decreasing demand for traditional cigarettes. Nicotine-containing liquids were taxed with a specific excise tax of 5 Tenge per milliliter (USD 0.011) at the exchange rate as of August 2020.

In 2020, for the first time in its history, Kazakhstan introduced an excise tax on heated tobacco. It was set at 7,345 Tenge per kilogram (USD 17.57 at the current exchange rate per kg), i.e. 44 Tenge or about USD 0.1 per pack (6g). The analysis of retail prices for sticks by various brands has shown that the excise share does not exceed 10%,

and stick prices are the lowest in the region. Now, in 2020, the excise on a gram of tobacco in a cigarette (10.53 Tenge) is exceeding the excise on a gram of tobacco in sticks (7.35 Tenge). However, by the year 2022 this difference will have become insignificant due to higher growth rates of excise on a kilogram of sticks versus growth rates of excise on cigarettes. The excise history for cigarettes versus harm-reduced tobacco products and e-cigarette liquids is shown in Table 7.

Table 7. Excise Rates

Unit	Product	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
KZT/1000 cigs	Cigarettes (filtered)	1550	3000	3900	5000	6200	7500	8700	9900	11 100	12 300
KZT/1kg	Homogenized or restored tobacco, capsules and similar products, heated tobacco roducts	0	0	0	0	0	0	0	7345	10300	11 750
KZT/1 ml	Liquids with or without nicotine	0	0	0	0	0	0	0	5	7	8

Source: Tax Code

Tax Revenues

Excise revenues increased from 22 billion tenge in 2010 to 195 billion Tenge in 2019 and declined from 28.8 billion cigarettes in 2010 to 22.7 billion cigarettes in 2019. According to the Ministry of Finance of the Republic of Kazakhstan, the share of tax payments made by tobacco companies in tax revenues is at the level of 2.5%. Tobacco companies are among the country's largest taxpayers, second only to companies that extract, process and sell mineral resources.

Industry Employment. Tobacco Growing Areas

Kazakhstan does not produce tobacco leaves on a commercial scale. Tobacco operating factories are owned by foreign tobacco companies and use imported raw materials. According to government statistics, the harvested tobacco area declined by almost a factor of four between 2011 and 2019, from 1,242 hectares in 2011 to 349.3 hectares in 2019 (Source: Ministry of National Economy of the Republic of Kazakhstan Committee on Statistics). This land area occupied by tobacco is insignificant to the country's agriculture.

According to the latest available employment figures in the industry, from 2017, the tobacco production industry employs 1,300 people while another 1,000 people work for tobacco product wholesale companies (Source: Ministry of National Economy of the Republic of Kazakhstan Committee on Statistics).

The economy of Kazakhstan is not reliant on the tobacco industry. In particular, employment in tobacco production accounts for 0.01% of the overall employment of the population, the tobacco crop turnover in current prices accounts for 0.03% of the crop turnover overall, and the share of tobacco production in the manufacturing industry does not exceed 0.1% (data from the Constitutional Court of the Ministry of Economics of the Republic of Kazakhstan). The reverse picture is observed in Almaty Oblast, where the main players paying excise taxes on cigarettes are located: for example, 50% of local tax revenues come from excise taxes paid by cigarette manufacturers.

Prices and Affordability

Table 8. Market volume

Data source	Unit		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
LAW	KZT/ 20 cigs	Tax inclusive minimum possible retail price			106,0	150,0	210,0	255,0	310,0	350,0	390,0	430,0
WHO	KZT/ 20 cigs	Price of the most sold brand		130,0		210,0		290,0		360,0		
WHO	%	Excise as a % of price of the most sold		19,2		28,6		34,5		41,7		
WHO	%	VAT as a % of price of the most sold brand		10,7		10,7		10,7		10,7		
Stat committee	KZT/ 20 cigs	Tax inclusive average retail price	134,8	150,4	173,1	222,6	275,7	310,7	343,5	379,6	422,2	452,5

Source: Tax Code, WHO, Stat Committee

The dynamics of the average cigarette price over the past 10 years shows nominal growth in local currency by more than three times. However, the availability of cigarettes has not increased significantly, from 0.75% in 2010 to 1.11% in 2018. Table 8 summarizes market volume over time for cigarettes according to several sources.

Two types of harm reduction products are available in Kazakhstan:

- Heated tobacco - GLO and IQOS;
- E-cigarettes predominantly of Chinese manufacture (only one brand Siga was noted).

The price of harm reduction products is relatively high for users due to the need to purchase a nicotine delivery device. For example, a vape can be purchased for 5000 Tenge (USD 13), a GLO for 6000 Tenge (USD 15), and an ICOS for 12 990 Tenge (USD 32). This means that users have to spend 2.5% of the average salary calculated on a regular basis by the Statistics Committee of the Ministry of National Economy (195,272 Tenge as of May 2020), and additionally buy the most affordable sticks for 440 Tenge (USD 1.2) per pack and liquids for 40 Tenge (USD 0.1) per ml. The costs of stick use are 5-15% higher than those of cigarettes, with a rate of depreciation of the electronic device of 36 months.

The introduction of an excise tax in 2020 caused the growth of the price of sticks in the retail trade. For example, in December 2019 a pack of "HEETS" sticks in a convenience store was sold at an average price of 480 Tenge, while in 2020 the price rose to 510 Tenge per pack, a 6.25% increase. The affordability of harm reduction products may become the main argument in favor of switching to them by tobacco users, especially for the most socially vulnerable groups.

Tobacco users often utilize single-use electronic systems that cost between 1,000 and 2,500 Tenge in order to make the decision to switch to safer products. Electronic cigarettes and vapes are available in Kazakhstan at a

cost between 1,000 and 25,000 Tenge. The most popular price for a permanent-use vape ranges from 10,000 to 12,000 Tenge. Retailers note that the main reasons for switching to new products are health care and optimization of product expenditures. E-cigarette liquids arrive in Kazakhstan primarily from the Russian Federation. On average, consumers in Almaty spend around 4,000 Tenge per month on these liquids. Data is based on five interviews with representatives of trading companies in three regions of Kazakhstan.

The products are available at a retail level in Kazakhstan's regions. The age limit for purchasing is 21. It is possible to order these products online on Aliexpress, with the goods delivered to Kazakhstan. Even within the country, purchasing restrictions are weak due to lack of control: young people under the age of 21 can often make arrangements with salespeople at local stores where they are regular customers to purchase any products.

Illicit Trade

Products smuggled into Kazakhstan come mainly from Gulf countries, in several ways: interrupted export, re-export, duty-free stores, and unguarded borders. An example of the latter is the Khujand - Isfara highway between Kyrgyzstan and Tajikistan, where 5 km of the border lies along an inner-city road and is unguarded, thus serving as a source of many gray commodities from the UAE.[4] Most often, products are transported in vans, in small batches, along with other goods. Until recently, Kyrgyzstan has been a source of smuggling, where tobacco excise taxes have been lower. However, the share of smuggled cigarettes is not significant for the market and has not exceeded 5% over the years.

According to Euromonitor data on the illicit cigarette market in Kazakhstan, illicit cigarette sales continued to grow until 2017. It declined in 2019, presumably due to the leveling of taxes between the markets of Kyrgyzstan and Kazakhstan and a slowdown in the excise tax growth rate between 2017 and 2019, with an excise tax growth rate of only 20% over two years. In its 2018 report, Euromonitor International reports the highest rate of illicit sales in 2018 at 5.2%. However, in its 2019 report, the share of smuggled cigarettes in 2018 was reduced to 2.5%. (3). Table 9 summarizes illicit sale figures over time.

Table 9. Illicit sales dynamics

Data source	Unit	Product	2013	2014	2015	2016	2017	2018	2019
Euromonitor International	million cigs	Cigarettes (Illicit)	356	388.9	426	461.2	1018.9	496,8	458,9
	%		1.3	1.5	1.7	1.9	4.6	2,5	2,4

Source: Euromonitor

Changes in the share of illicit sales of cigarettes are linked with the changes in excise taxes. Euromonitor shows a fourfold increase in illicit sales in the period from 2013 to 2017, with sharp growth in 2017 from 1.9% to 4.6%, although the excise tax rate increased only by 24% (see Table 7). Over the past 2 years, the share of smuggled cigarettes in the country has fallen due to a slowdown in the excise tax rate.

[4] The information mentioned during the conference against illegal trade in Central Asia Article https://informburo.kz/stati/kontrabandnaya-zatyazhka-kak-ustroen-tenevoy-rynok-sigaret-v-centralnoy-azii.html

Kazakhstan, along with Belarus and Kyrgyzstan, is a source of cigarette smuggling to countries like Russia due to its relatively low cigarette prices, simplified border crossing procedure and the lack of a ban on the movement of cigarettes between countries for personal use. The introduction of tobacco product labelling throughout the territory of the Eurasian Economic Community is aimed at combating the illicit sales of cigarettes. The subject of illicit trade requires more detailed research in the regional context, after the experiment of requiring the application of a QR code received from a single data operator to each cigarette pack is completed.

No data on illicit trade in HRP products is available. The only source of non-taxed products in the territory of Kazakhstan is the Aliexpress trading platform, yet consumers place all their orders in accordance with the current legislation. HRP sales representatives do not observe any illegal sales either.

Key Findings

The lack of official, standardized data on tobacco use in Kazakhstan significantly hinders regulatory impact analysis, while increasing the risk of making erroneous decisions by government agencies. The most accurate indicator of the real market is the recalculation of excise taxes received by the budget into units. Despite growth to 32.1 billion units in 2009 and the subsequent decline to 22.7 billion units in 2019, Kazakhstan is still at the same level as in 2003, when it had just launched its active efforts aimed to curb tobacco use. This indicates that the country has merely slowed down the growth in its tobacco use, and has not achieved any effective reduction. Moreover, since 2017 this indicator has maintained the same actual level.

Legislative regulation should be systematic, have a lasting effect, and involve comprehensive assessments. There is a liberal approach to cigarette regulation, in terms of preserving smoking areas, and an insufficiently aggressive excise policy that maintains cigarette affordability for the population. At the same time, the regulation of harm reduction tobacco products is becoming more stringent, including the introduction of excise taxes, with no proper impact assessment. This suggests a lack of both research and economic assessment of the impact of nicotine replacement therapy on the country's economy.

The increase in excise taxes on heated tobacco products raises their cost to the level of premium cigarettes. According to surveys, in 2017 one in every four families had an average per capita income of less than one minimum subsistence level. Artificially-induced high prices for harm reduction products make it impossible to achieve the health benefits of widespread switching to healthier products. There is also a lack of focus on smoking cessation assistance; only paid professional support is available, and the potential of nicotine replacement therapy is being ignored and left untapped. As a result, low-income smokers who are quitting receive neither medical assistance nor any available replacement therapy.

The effects of secondhand smoking on family members of smokers and the possibility of reducing this through harm reduction products are also not considered or evaluated. The real measured harm from smoking increases significantly if all individuals exposed to second-hand smoke at home are considered. Even though 57.3% of all current smokers are aware of the harm caused by second-hand smoking, the number of adults exposed to smoke at home was 1.6 million, or 13.8% (GATS 2014).

No country surveys have been conducted on consumer attitudes towards reduced harm products, or even on the impact of increased prevalence of reduced harm products on health and the economy. However, opinion making and effective dialogue with key ministries can only be achieved through research and international practice. In Kazakhstan, educating MPs is most effective in offline meetings, backed up by a written enquiry through their public reception office, addressing whether the ministry is aware of international experience and/or research in HRPs, and why risk reduction principles are not applied in current legislative policy.

The Ministry of Health should be requested to substantiate the impact of HRP on improving public health and reducing health care costs. The Ministry of National Economy and the Ministry of Finance have similar economic interests in increasing budget revenues and streamlining expenditure. These ministries should be presented with calculations of possible economic bonuses from the increased use of HRP.

Work aimed at forming the opinion of the heads of the National Chamber of Entrepreneurs, the Atameken, is most effective at meetings of industry committees with the possible involvement of representatives of government agencies, or online seminars with international speakers. Other channels include the organization of an off-line conference with international experts on scientific research and the participation of government representatives, as well as the organization of a round table to discuss economic prospects for the use of reduced harm products in the capital city of Nur-Sultan.

Policy Mapping

Chart 2. Map of stakeholders

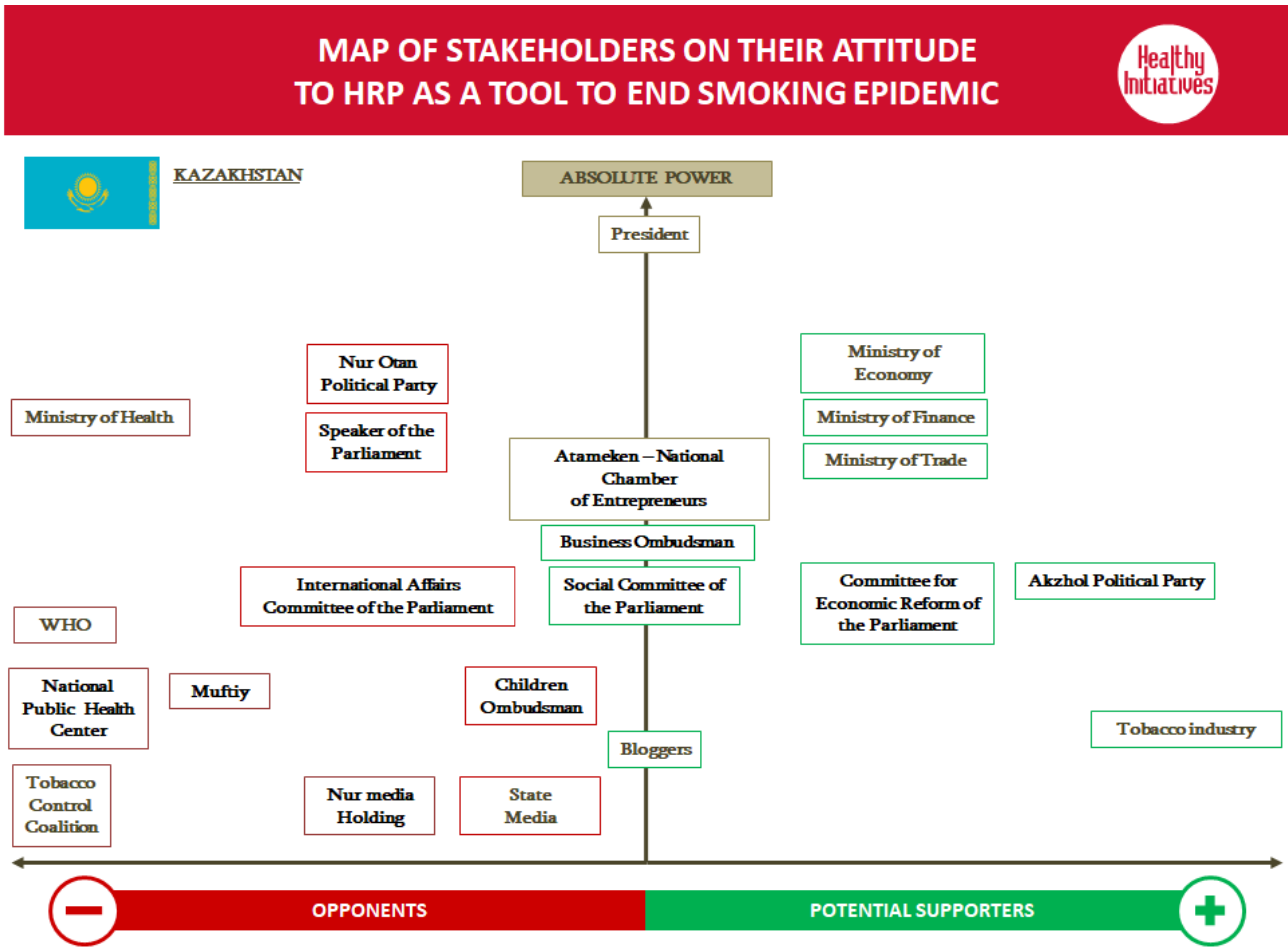


Chart 2 outlines the positions of stakeholders in Kazakhstan towards HRP products as a tool to end the smoking pandemic. The following institutions hold an extremely radical view of the issue of reduced harm products: the Ministry of Health, the National Health Center, which has a significant influence on WHO stakeholders, the anti-tobacco coalition, and the Supreme Mufti, for religious reasons. The attitude of anti-tobacco coalition representatives on this issue is aggressive, provocative and uncompromising. The National Health Centre fully supports the policy of the Ministry of Health, and both organizations will take a position based on research rather than on emotional statements.

The President, leading a healthy lifestyle and not exposed to harmful habits, the Atameken, and the business ombudsman have all adopted a neutral attitude toward this issue. They are interested in the most effective solution and will support a party with arguments based on calculations.

When the new Health Code was drafted, people's deputies from the Ak Zhol party advocated a loyal attitude to HRP. This party is business-oriented, but holds merely seven seats in the Majilis of the Parliament and has no blocking majority in voting.

Elucidation of economic aspects is of importance for the ministries representing the economic block: the Ministry of National Economy, the Ministry of Finance and the Ministry of Trade. They have already made an

earlier decision to preserve smoking rooms after reviewing the results of studies on the impact of stringent measures on business. This trend can be expected to continue.

Current government policies being implemented in Kazakhstan ensure that information reaches the top country authorities through public opinion in social media, and has elevated bloggers to a higher level. Moreover, due to increased freedom of expression on the Internet, the degree of trust in the state media has dropped significantly.

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