

DECEMBER 2021

RUSSIAN FEDERATION

COUNTRY REPORT





This report was produced with the help of a grant from the Foundation for a Smoke-Free World, Inc. The contents, selection and presentation of facts, as well as any opinions expressed herein, are the sole responsibility of the authors and under no circumstances shall be regarded as reflecting the positions of the Foundation for a Smoke-Free World, Inc.

Contents

Introduction.....	2
Smoking prevalence.....	2
Smoking Prevalence Among Adults: Comparing Surveys.....	4
Differences in the Smoking Prevalence Studies.....	5
Micro Level Smoking Determinants (RLMS 2018).....	6
Smoking-Related Mortality.....	8
Tobacco Control Policies.....	9
Smoking Cessation Services.....	11
Tobacco Market and Taxation.....	12
Prices and Affordability.....	13
HRP Market and Taxation.....	14
HRP-Related Legislation.....	15
Advertisement of Novel Products.....	16
HRP and ENDS Taxation.....	16
Prospective Taxation of Nicotine-Containing Products.....	17
Illicit Trade.....	18
Policy Mapping.....	20
Appendix.....	24
References.....	25

Introduction

The Russian Federation ratified the WHO Framework Convention for Tobacco Control (WHO FCTC) in 2008. Further tobacco control efforts were directly associated with bringing the legislation of the Russian Federation in line with the requirements of this international agreement, and the willingness of the authorities to reach their goal despite resistance offered by the tobacco industry.

According to GATS 2016, 98% of tobacco product users smoked filter-tipped cigarettes in 2016; smokeless tobacco or other forms of tobacco products were not widely used in the country then, while tobacco heating systems became available in the market later. It took five years following the 2008 ratification of WHO FCTC to impose legislative limitations that reduced the prevalence of smoking and were based on compliance with its regulations.

Table 1 shows some basic facts about the Russian Federation, an upper middle-income country that is the largest and most economically well-off of the five former Soviet republics studied in this tobacco scoping analysis. It has a per-capita GDP of US \$11,585 as well as a population of 144.4 million people and a life expectancy of 72.7 years at birth as of 2019, according to World Bank figures.

Table 1. Russian Federation at a glance, 2018-2019

Area	17,1 mln km ²
Population	144.4 million
Life expectancy at birth	72.7 years
Official language	Russian
Capital	Moscow
Currency (code)	Ruble (Rub)
GDP (current US \$)	1699,9 billion
GDP per capita (current US \$)	11,585
Unemployment rate	4.50%
Ease of doing business ranking	28th
Total tax and contribution rate (% of profit)	46.20%
Poverty headcount ratio at \$3.20 a day (2011 PPP)	0.40%

Source: World Bank

Smoking prevalence

According to the Russia Longitudinal Monitoring Survey of Higher School of Economics (RLMS)¹, the smoking prevalence level in Russia remains high at 24.5%: 41.4% for males and 12.4% for females in 2019.

Changes in smoking prevalence from 2008 to 2018 were not associated with the introduction of new tobacco or nicotine containing products on the market, but were caused by policies aimed at increasing excise duties at a rate higher than inflation. HRP's may have also possibly influenced the smoking prevalence decrease in 2019. Such a conclusion can be drawn based on increasing sales of these products, particularly for HTPs.

¹ The Russia Longitudinal Monitoring Survey of Higher School of Economics (RLMS-HSE) is a series of nationally representative surveys designed to monitor the effects of Russian reforms on the health and economic welfare of households and individuals in the Russian Federation (1994-2018). <https://www.hse.ru/en/rlms/>

Detailed information about smoking prevalence based on GATS and RLMS surveys between 2009 and 2019 are shown in Table 2, including demographic characteristics.

Table 2. Current smokers

Demographic characteristics	GMS 2009	RLMS2009	GATS 2016	RLMS2016	RLMS2019
OVERALL	39,1 (37,8; 40,5)	30,8 (29,8; 31,9)*	30,3 (29,0; 31,7)	26,2 (25,4; 27,0)	24,5 (23,7; 25,3)
Gender					
Men	60,2 (58,4; 62,0)	55,4 (53,7; 57,1)	49,5 (47,5; 51,5)	44,7 (43,246,2)	41,4 (39,9; 42,9)
Women	21,7 (19,6; 238)	13,7 (12,8; 14,7)	14,4 (13,1; 15,9)	13,0 (12,1; 13,9)	12,4 (11,5; 13,3)
Age					
15-24	42,5 (38,7; 46,3)	29,2 (26,8; 31,6)	26,7 (23,3303)	15,6 (13,7; 17,7)	13,7 (11,8; 15,7)
25-44	49,6 (47,2; 52,0)	43,7 (41,5; 45,8)	38,0 (36,1; 400)	37,3 (35,8; 39,0)	34,6 (32,9; 36,3)
45—64	38,0 (36,0; 40 1)	31,8 (30,0; 336)	31,0 (29,0; 33,1)	29,9 (28,2; 31,4)	28,1 (26,6; 29,6)
65	14,8 (12,8; 17,2)	10,0 (8,4; 11,5)	14,2 (12,3 16,3)	9,7 (8,5; 11,0)	10,8 (9,6; 12,1)
Residence					
Urban	40,2 (38,6; 420)	31,0 (29,8; 32,1)	30,5 (28,7; 322)	26,0 (25,0; 27,0)	24,8 (23,8; 25,8)
Rural	35,9 (34,1; 37,8)	30,4 (28,7;32,4)	29,9 (28,1; 31,8)	26,9 (25,328,5)	23,5 (21,8; 25,0)
Education					
Primary & Secondary	39,8 (38,3; 41,3)	33,7 (32,5; 34,9)	32,5 (30,5,34,4)	29,5 (28,5; 305)	27,6 (26,5; 28,5)
High	38,1 (35,3;409)	23,5 (21,7; 25,2)	25,6 (23,7; 277)	18,9 (17,5; 20,3)	15,9 (14,5; 17,3)

*95% Confidence Intervals using 1000 bootstrapped replications of the data. Created by IBM SPSS Statistics

Starting from 2013, when comprehensive tobacco-control legislation was adopted, smoking prevalence among males declined by almost 1.26 times; from 2008 to 2013, the indicator declined by 6.3 percentage points, and by 8 percentage points over a period from 2013 to 2018. The adopted bans on indoor smoking, bans on advertising and display of cigarettes, and reductions in the number of outlets selling cigarettes all had an impact and accelerated the rates of smoking prevalence decrease, which caused significant declines in the level of cigarette sales in the country.

For instance, over a period from 2012 to 2018 official sales of cigarettes in Russia per capita dropped from 2.5 thousand cigarettes annually to 1.6 thousand cigarettes, a 36% decline. Even if we accept the data of tobacco companies on the growth of the illegal tobacco market of 2% in 2012 to 8.7% in 2018², the 30% decline in the retail sales of cigarettes in that period is quite impressive. At the same time, if the current trend based on the analysis of data provided by regular RLMS studies continues, the Russian Federation is unlikely to achieve the objective set by the World Health Organization (WHO), i.e. reducing the tobacco consumption level by 30% by 2025 compared with 2010, primarily because of a low rate of decline in smoking among women. Over a period from 2010 to 2018, a decline in cigarette smoking prevalence among men has reached almost 21% while among women it only reached a decline of 12%.

In the strategic document determining the state's tobacco control policy for the years to come (to 2035) as of November 2019³, the Russian Government established the indicators of the success of its activities, as shown in Table 3. One of these indicators is a decrease in tobacco prevalence among adults by 0.5 percentage points annually (2020 – 2035) and a goal of 26% by 2025 and 21% by 2035. The determined KPI does not correspond

² <https://home.kpmg/ru/en/home/media/press-releases/2019/05/eurasian-economic-union-illicit-cigarette-report.html>

³ <https://www.garant.ru/products/ipo/prime/doc/72943536/>

to the WHO target of a 30% decrease and the planned rate is not ambitious, nor is it typical of countries with such a high initial smoking rate and a catastrophic burden for society due to smoking-related diseases.

Table 3. Target indicators of the implementation of the concept of the state policy on tobacco and other nicotine containing products consumption control in the Russian Federation to 2035 and after.

Indicator	Baseline as of 31/12/18	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Tobacco prevalence among adults %	29	28,5	28	27,5	27	26,5	26	25,5	25	24,5	24	23,5	23	22,5	22	21,5	21
Retail sales of cig per capita (in thousands)	1,6	1,35	1,3	1,25	1,2	1,15	1,1	1,09	1,08	1,07	1,06	1,05	1,04	1,03	1,02	1,01	1

Source: Russian Government

Another indicator of the Government’s success in tobacco control is a decrease in retail sales of cigarettes and mouthpiece cigarettes per capita. This indicator is recorded by the Russian statistics agency, while its use is complicated by the fact that the declining retail sales of cigarettes may be due to illegal market growth, whose scale is not captured in the official statistics. Therefore, with illicit trade growing and the official sales of cigarettes per capita declining, the authorities have no accurate picture of their measures’ success or failure.

Smoking Prevalence Among Adults: Comparing Surveys

The level of tobacco consumption among adults was studied in detail only twice over the last few years: in 2009 and 2016, when the GATS survey was conducted in Russia. Table 4 shows data on smoking prevalence according to various sources, including the results of RLMS-HSE and GATS. It should be noted that data on smoking prevalence obtained from specialized GATS surveys shows higher indicators. A comparison of results of the studies conducted by GATS and RLMS independently in 2009 and 2016 points out that the most significant difference can be observed in the indicator “smoking prevalence among females” in the GATS 2009 study (difference: +8 percentage points or 58%). The level of differences in smoking prevalence among males between surveys is +5 percentage points or 8%. Data available for 2016 are much closer to each other and the indicator of smoking among females in the GATS 2016 data differs from data provided by RLMS by just +1.4 percentage points. The difference in the indicator “smoking prevalence among males” was -4.1 percentage points or -9.6%.

Table 4. Smoking prevalence in Russia. Current smokers

Demographic characteristics	GNIS2009	RLMS2009	GATS 2016	RLMS2016
OVERALL	39,1 (37,8; 40,5)*	30,8 (29,8; 31,9)	30,3 (29,0; 31,7)	26,2 (25,4; 27,0)
Gender				
Men	60,2 (58,4; 62,0)	55,4 (53,7; 57,1)	49,5 (47,5; 51,5)	44,7 (43,2; 46,2)

Women	21,7 (19,6; 23,8)	13,7 (12,8; 14,7)	14,4 (13,1; 15,9)	13,0 (12,1; 13,9)
Age				
15-24	42,5 (38,7; 46,3)	29,2 (26,8; 31,6)	26,7 (23,3; 30,3)	15,6 (13,7; 17,7)
25-44	49,6 (47,2; 52,0)	43,7(41,5; 45,8)	38,0 (36,1; 40,0)	37,3 (35,8; 39,0)
45-64	38,0 (36,0; 40,1)	31,8 (30,0; 33,6)	31,0 (29,0; 33,1)	29,9 (28,2; 31,4)
65	14,8 (12,8; 17,2)	10,0 (8,4; 11,5)	14,2 (12,3; 16,3)	9,7 (8,5; 11,0)
Residence				
Urban	40,2 (38,6; 42,0)	31,0 (29,8; 32,1)	30,5 (28,7; 32,2)	26,0 (25,0; 27,0)
Rural	35,9 (34,1; 37,8)	30,4 (28,7;32,4)	29,9 (28,1; 31,8)	26,9 (25,3; 28,5)
Education				
Primary & Secondary	39,8 (38,3; 41,3)	33,7 (32,5; 34,9)	32,5 (30,5; 34,4)	29,5 (28,5; 30,5)
High	38,1 (35,3; 40,9)	23,5 (21,7; 25,2)	25,6 (23,7; 27,7)	18,9 (17,5; 20,3)

**95% Confidence Intervals using bootstrapped replications of the data. Created by IBM SPSS Statistics*

Given that the RLMS survey has been conducted annually since 1994, it does not depend on foreign support, so it is important to describe the differences between the four studies (including the methodology and sample characteristics) for using the data in the future when evaluating smoking prevalence among adults aged 15 years and older in the Russian Federation.

Differences in the Smoking Prevalence Studies

The first two surveys of this kind took place in 2009 (GATS 2009⁴, RLMS 2009⁵), while the other two were conducted in 2016⁶ by the same organizations.

First, one can see huge differences between the results of the two surveys that took place in 2009. For instance, GATS 2009 shows a 39.1 percent rate of current tobacco smokers in Russia, while in RLMS-HSE 2009 we observe a completely different rate of just 30.3 percent. We can see a deviation of GATS results from RLMS in almost all demographic characteristics, including dramatic differences in female smoking rates (21.7 and 13.7 percent respectively), tobacco smoking among urban dwellers (40.2 percent according to GATS and 31.0 percent shown by RLMS) and respondents with higher education (38.1 percent by GATS versus only 23.5 according to RLMS-HSE).

⁴ https://www.who.int/tobacco/surveillance/en_tfi_gats_russian_countryreport.pdf

⁵ https://www.hse.ru/data/2019/08/31/1208342874/r18i_os_31.sav

⁶ http://www.euro.who.int/__data/assets/pdf_file/0010/392887/gats-rus-rep-eng.pdf
https://www.hse.ru/data/2020/02/13/1172217758/r25i_os_31.sav

The differences in rates between the results of GATS 2016 and RLMS 2016 are not as large as in 2009. Results differ insignificantly in some characteristics such as female smoking and age categories of 25-44, 45-64, as 95% confidence intervals of these rates intersect. However, some other numbers differ significantly, including tobacco use among teenagers between 15 and 24 years old (26.7 and 15.6 percent respectively) and among people with higher education (25.6 percent according to GATS 2016 and 18.9 shown by RLMS 2016).

To sum it up, one may draw the conclusion that smoking rates in the Russian Federation shown by WHO surveys are higher in almost all demographic characteristics, as well as overall. What is peculiar is that most of these deviations were statistically significant both in 2009 and 2016.

There could be a couple of reasons for such a phenomenon. One of them is a different methodology of conducting surveys: RLMS surveys provided just two response options (“Yes” and “No”) to the question “Do you currently smoke tobacco”, while GATS survey offered three choices (“Daily smoking”, “Less than daily”, “Non-smoker”), so the results could be calculated differently.

Finally, it is important to note that samples for the surveys chosen by GATS are non-proportional: for example, the number of male participants in 2009 exceeded the number of female respondents, although the actual number of women in Russia is larger. Further, the groups of urban and rural respondents were almost equal in 2009 and 2016, while the weighted urban population in the country was higher than the weighted rural one, with a ratio of approximately 75:25.

One of the defects of RLMS is that the questionnaire (drafted in the mid-1990s) does not assess the level of prevalence for new products (both tobacco and nicotine-containing ones); this survey only refers to consumption of filter-tipped and unfiltered cigarettes, mouthpiece cigarettes, and pipe tobacco.

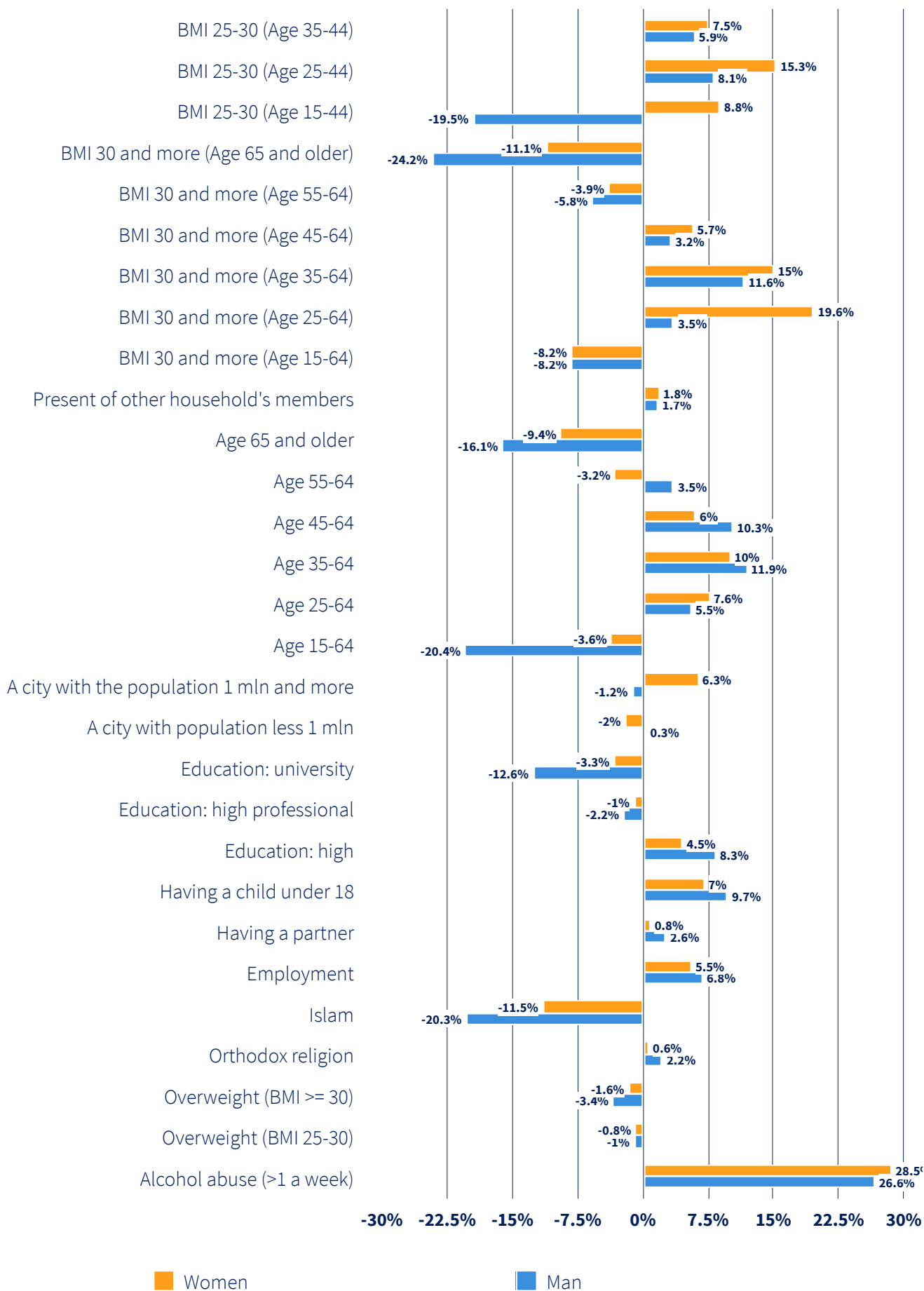
Micro Level Smoking Determinants (RLMS 2018)

The analysis of the RLMS data on smoking prevalence in 2018 based on the Probit model made it possible to define the following **Micro Level Smoking Determinants**, as shown in Table 5.

- A tendency to consume too much alcohol increases the likelihood of smoking by 26% for males and 28% for females, being the most significant factor among the survey respondents;
- An affiliation with Islamic culture considerably reduces smoking prevalence: by 20% among males and by 11% among females;
- Young (15 to 24) and elderly (65 and older) age significantly reduces the likelihood of smoking as well, with this effect being stronger among males;
- It was identified that obesity and overweight among middle-aged people (25 to 44) are factors increasing the likelihood of tobacco consumption, particularly among females; the average BMI (Body Mass Index) of smokers begins to fall among people reaching the age of 45 and older, both for males and females.

A **Probit Model** (probit regression) is a non-linear model based on a standard normal distribution. It permits evaluation of the likelihood that the analyzed (dependent) variable will be equal to 1 with predetermined values of the factors (i.e. this is the evaluation of the share of units at the given value of the factors). This model is used in various areas (econometrics, biology, etc.) when a certain binary value is to be forecast.

Table 5. Smoking determinate at micro level (model Probit)



Smoking-Related Mortality

As of 2018, roughly 226,000 people died from smoking related diseases, including 201,000 males. This means that the Russian Federation remains among the top five countries with the highest tobacco-related mortality. The 2018 tobacco-related mortality estimates in Russia were made by the author based on the methodology used for similar estimates in other countries. (The mortality coefficients are presented in Appendix 1).

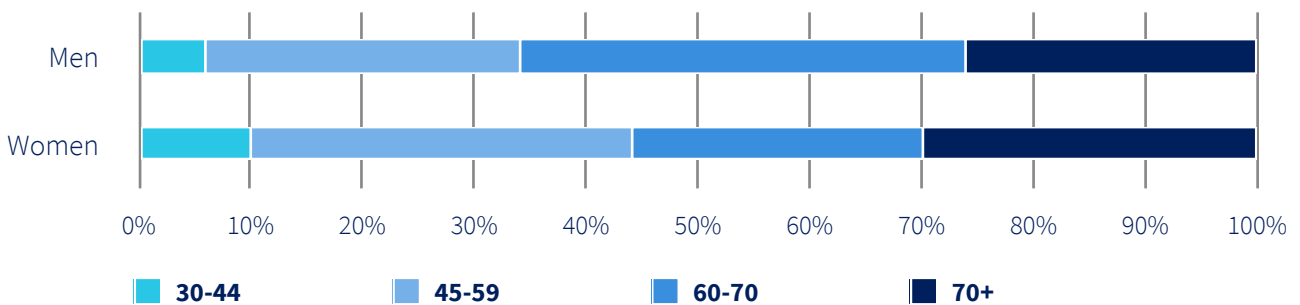
In addition, the goal of our research is to not only estimate the smoking-attributable mortality level in Russia in 2018 but also to compare the obtained results with the same calculation on tobacco-related mortality in 2004-2017 conducted by Polina Kuznetsova of RANEPА ⁷. We used the same methodology as in the survey mentioned above. The information we needed includes data on mortality due to different causes (NES 2015-2018⁸), the prevalence of smoking in Russia by age and gender groups (RLMS 2018⁹; an annual sociological study covering the issues required to evaluate the prevalence of smoking, and relative risks for adult mortality from smoking-attributable diseases (The Health Consequences of Smoking—50 Years of Progress¹⁰ - Annex 1).

To calculate the population attributable fraction (PAF) for each age group and each disease, we used the following formula:

$$PAF = \frac{sh_{FS}*(RR_{FS} - 1) + sh_S*(RR_S - 1)}{sh_{NS} + sh_{FS}*RR_{FS} + sh_S*RR_S},$$

where sh_{NS} , sh_{FS} , sh_S stands for the percentage of never-smokers, former smokers and current smokers in a group, respectively, and RR_{FS} , RR_S are equal to relative death risks in each group. Smoking-attributable mortality by age groups and gender groups is presented in Table 6.

Table 6. Smoking attribute mortality, age groups, 2018



A comparison with 2017 mortality data shows that the tobacco mortality level has decreased by 9,000 deaths (4%) compared with 2017 (235,000 deaths overall). These obtained results correspond to the trends observed for the last 15 years: smoking-related mortality rates among men continue to decrease, while the same rates among women stay approximately unchanged.

⁷ <http://www.demoscope.ru/weekly/2019/0839/Kuznetsova.pdf>

⁸ [http://demogr.nes.ru/images/uploads/DRc5a2015-2018\(1\).zip](http://demogr.nes.ru/images/uploads/DRc5a2015-2018(1).zip)

⁹ https://www.hse.ru/data/2020/03/23/1566655032/r27i_os_32.sav

¹⁰ The Health Consequences of Smoking—50 Years of Progress: A Report of the Surgeon General. National Center for Chronic Disease Prevention and Health Promotion (US) Office on Smoking and Health. Atlanta (GA): [Centers for Disease Control and Prevention \(US\)](https://www.cdc.gov/tobacco/); 2014.

Tobacco Control Policies

Several publications mistakenly allege¹¹ that the Russian Federation started to take measures aimed at decreasing tobacco consumption back in 2008. This was the year when the country ratified the WHO FCTC, which had no effect on the weak legislation in effect at the time. Legislative norms allowing smoking areas in cafes, bars and restaurants remained in effect until June 2014 while smoking areas in hospitals and schools legally existed until mid-2013. The Government Tobacco Control Strategy was signed in September 2010. It was not a document with a direct effect, however it identified priority measures that the Government had to take in order to amend the legislation. It can be summarized that the WHO FCTC ratification and the adoption of the Government's tobacco control strategy caused a rapid increase in the number of tobacco control publications in the media.

A document with direct effect was the Order of the Ministry of Health of the Russian Federation, according to which cigarette producers were required to depict the consequences of smoking on the front of cigarette packs as of 2013. This was the beginning of the strengthening of tobacco control legislation in the Russian Federation.

Measures taken by the Russian Federation to implement WHO FCTC provisions include the following:

- a) Federal Law No. 15-FZ from 23 February, 2013 on Protecting the Health of Citizens from the Effects of Second Hand Tobacco Smoke and the Consequences of Tobacco Consumption (hereinafter, 15 FZ), which gradually, over a period from June 2013 to June 2014, imposed a full ban on smoking in public places and the display of tobacco products, and also reduced the availability of cigarettes within walking distance (e.g. a ban on cigarette sales in kiosks);
- b) Amendments to the Law on Advertisement: a full ban on advertisement of tobacco products and smoking accessories starting from Autumn 2013;
- c) Technical Regulations for Tobacco Products (TP TC 035/2014 by the Decision No. 107 of the Council of the Eurasian Economic Commission from 12 November, 2014, under which, once the transition period is over, tobacco companies must display the consequences of tobacco consumption on both sides of their packs, while in the Russian Federation along with a number of Eurasian Economic Union members, each package must also display a smoking quit line number;
- d) Amendments to the Administrative Code to introduce penalties for the failure to comply with the requirements of the revised tobacco control legislation, primarily for companies failing to respect the bans on indoor smoking, tobacco products' display in a salesroom, or the lack of a sign prohibiting smoking at the entrance to premises where smoking is banned by law.

These adopted restrictions were highly approved by the World Health Organization (WHO) for a good reason¹². This included a 100% smoke-free policy in all public places, with the WHO giving Russia a score of 7 on a scale of zero to 10 for compliance, a continued incremental increase in taxes on tobacco products, restrictions on tobacco advertisements, and also a display ban (with the WHO scoring Russia as 10 out of 10 for compliance) on promotions, and sponsorship (scoring 8–10 for compliance in most categories) and strengthened anti-tobacco campaigns in various media outlets.

¹¹ For example here: <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7092419/>

¹² WHO report on the global tobacco epidemic, 2017: monitoring tobacco use and prevention policies. World Health Organisation, 2017. https://www.who.int/tobacco/global_report/2017/en/

It should be mentioned that before 2013 the country had very inefficient tobacco-control legislation: smoking areas were allowed in cafes and restaurants, as well as in other indoor premises. Tobacco was legally advertised in print media and points of sale until 2013, while outdoor advertising was legal from the early 1990s until the mid-2000s.

The restrictions adopted in 2013 – 2016 had a great influence and prompted the decrease of tobacco smoke exposure levels. This conclusion can be arrived at by comparing the data of two surveys conducted by the WHO in 2009 and 2016 (GATS). Exposure to secondhand smoke in the workplace declined significantly (from 34.9% in 2009 to 21.9% in 2016). Similarly, among adults who visited various public places “within the last 30 days”, a significant decline in exposure to secondhand smoke was reported in government buildings (from 17.0% in 2009 to only 3.6% in 2016), in restaurants (from 78.6% in 2009 to 19.9% in 2016) and in healthcare facilities (from 10.2% in 2009 to 3.4% in 2016), as well as public transportation (from 24.9% in 2009 to 10.8% in 2016). Unfortunately, no other relevant data is available.

The Federal Law #15 has some weak points including the liberalization of hookah use in cafes, bars, and restaurants. Formally, the law bans the use of only tobacco hookahs at cafes, bars and restaurants. The weak authority of supervisory institutions for monitoring small business entities, as well as the need to conduct laboratory tests of samples, makes it impossible to effectively monitor what kind of product is actually offered to a consumer when selling a supposed “tobacco free” hookah. At the same time, since 2016 the Russian Federation has witnessed an explosive growth of the number of specialized businesses offering hookah services to their customers. It can be concluded from an analysis of geolocation information systems, GIS2, that the number of shisha bars in Russian cities with a population of over a million people rose by 130% and reached 2.5 thousand outlets. Moscow, where the number of outlets increased by 200% to reach 853 outlets as of early 2020, is a leader.

It should also be noted that over a period from 2009 to 2016 hookah smoking prevalence dropped from 3.8 to 2.8 percent (GATS surveys); unfortunately, more recent information on hookah consumption is not available. The growing number of outlets over a period from 2017 to 2019 may point to an increase in consumption of this type of tobacco product among the population over the last few years (2017 – 2020), at least in Russia’s major cities. Amendments to the basic tobacco control legislation and the Administrative Code adopted in 2020 prohibit the use of hookahs in food outlets regardless of whether they are tobacco-based or not, while imposing fines for non-compliance.

As to the measures aimed at creating a smoke-free environment, over a period from 2013 to 2019 the Ministry of Health and the Federal Service for Supervision of Consumer Protection and Welfare managed to protect the restrictions on smoking in public places adopted in 2013 against attempts to weaken those bans. The only ban cancelled in that period was a ban on smoking in airports. Five years after the ban on smoking in airports was imposed, in December 2019, the legislation was amended to allow smoking areas in transit zones and waiting rooms only available after the security check procedure.

No tobacco is grown in the territory of Russia, and tobacco raw materials are imported for production purposes. Filter-tipped cigarettes produced by tobacco companies in the country are the main source of nicotine for smokers. And, according to the statistics of tax revenues received for the last few years, the share of imports in the market for tobacco products is tiny: about 1%, as nearly all of the production facilities are in the country.



Smoking Cessation Services

Medical smoking cessation services are built on the basis of narcological assistance, where narcologists consult on how to quit smoking. Smoking cessation medications are not included in the system of free-of-charge medication support and must be individually purchased by the patient, and physicians are not required to provide brief advice on how to quit smoking.

A free-of-charge smoking cessation telephone quit line has been operating in the Russian Federation since 2011 (8-800-200-0-200), where consultations are provided by the professionals from one of the scientific institutes of the Ministry of Health. Thanks to the proactive role of the Confederation of Consumers' Protection (KONFOP) (the owner of the sketches and pictorial warnings placed on all cigarettes in the EAEU countries) the quit line telephone number has been placed on each package of cigarettes sold in the country since Autumn 2017. This is the only channel of promoting information about the quit line's operation in the country. Information on the number of the phone calls received with respect to tobacco addiction and their efficacy is not currently available, which precludes making conclusions on the quality of the service, however information from the media is available stating that the line received over 1 million calls after the line was set up.¹³

This tobacco quit line was initially created specifically for those willing to quit smoking, but was subsequently extended by the Ministry of Health to other topics it promotes, such as the risks of alcohol and drug intake, healthy lifestyles, physical activities, operations of health centers, HIV infection, and prophylactic medical

¹³ <https://zdrav.fom.ru/post/brosit-kurit-po-telefonu>

examinations. Over the last 3 years, the Ministry of Health of the Russian Federation has not placed any social advertisements dedicated to the harm of smoking and assistance to smokers on television or billboards. Google search inquiries for “smoking cessation” or “quit smoking” do not display high-priority links to the telephone number for the Ministry of Health’s quit line, which could be an indirect manifestation of the inefficacy of the work of this service.

Tobacco Market and Taxation

Data for declines in smoking prevalence are supported by the cigarette market contraction in the Russian Federation. For instance, according to Euromonitor, in 2019 the cigarette retail market size totaled 218.5 billion cigarettes, having shrank by 7.1% compared to 2018. This 2019 market size declined by 44% as compared to 2008.

Russian Federation budget revenues from excise duties on tobacco products totaled 523 billion rubles in 2019, accounting for 2.8% of federal budget revenues. By law, excise duties on tobacco go to the overall federal budget. Since 2018 budget revenues coming from tobacco products have been falling in nominal terms, which may cause problems with the Ministry of Finance of the Russian Federation. Before 2019, increases in excise duties on cigarettes were well ahead of the inflation level. In 2020, the excise duties’ indexing rate decreased and was fixed at the predicted inflation rate. However, cigarettes excised duties’ indexing rates at the inflation rate were reconsidered in the fall of 2020, because of state revenues’ decreases and a search for new funding sources for the federal budget. A summary of excise rates over time is shown in Table 7.

Table 7. Dynamics of changes in the minimum excise duties on cigarettes, budget revenues from excise duties, number of taxable cigarettes

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Min excise tax per 20 cig pack in Rub	3.54	5	7.2	10.2	14.6	20.8	26.6	33.6	42.5	46.7	51.4	53.4	64.1	66.6
Annual growth measured in times	1.25	1.41	1.44	1.42	1.43	1.42	1.28	1.26	1.26	1.1	1.1	1.04	1.2	1.04
Tobacco excise revenue, bln rubles	79,3	102,5	138,7	183,4	250,6	314,8	381,7	470,5	576,2	552	523			
Growth of taxed cigarettes, % y/y	98,7	97,0	99,2	99,2	94,6	89,7	93,2	96,4	97,0	84,3	83,6			
Consumer price index, % y/y	8.8	8.8	6.1	6.6	6.5	11.4	12.9	5.4	2.5	4.3	3	3*	4*	4*

Despite tobacco companies’ objections, the Russian government suddenly decided to increase cigarette excise duties by 20% in 2021.¹⁴ For 2022 and 2023, it was suggested to increase excise duties by the inflation rate. The excise duties’ increase by 20% in 2020 is the largest one in the past 3 years. This will have an impact on retail prices, and according to the Russian Ministry of Finance¹⁵ the 2021 price increase for lower price segment cigarettes (120 RUB) should reach 20 RUB or around 17%.

¹⁴ Article 193 Tax code, adopted 15.10.2020 http://www.consultant.ru/document/cons_doc_LAW_28165/22201a65e4f59a582714243c15b655989bd57066/

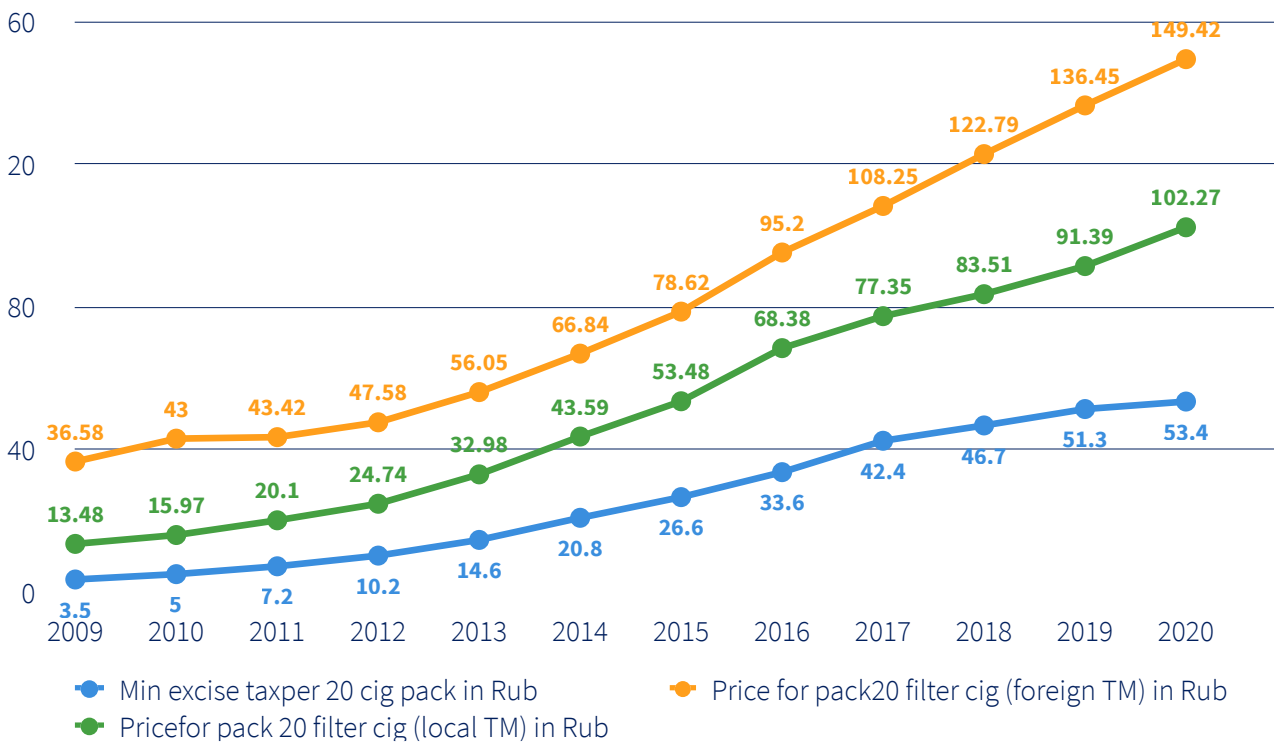
¹⁵ Statement of the Minister of finance 16.09.2020 <https://ria.ru/20200916/sigarety-1577343166.html>

Prices and Affordability

Winston has been the most popular cigarette brand in Russia over the last few years.¹⁶ As of August 01, 2020, this brand in different variations was sold by retailers at a price ranging from 133 to 158 rubles (with the RUB/USD exchange rate ranging between 1.8 and 2.15).

The dynamics of prices per package of 20 cigarettes for two categories (cigarettes bearing the domestic trademark and cigarettes bearing the foreign trademark), for which monthly information is collected by the Federal statistic agency, are presented in the figure. Over the last few years, the growth rate for both categories of cigarettes was higher than the consumer price growth rate. Figure 1 summarizes cigarette prices and minimum excise taxes from 2009 through 2020.

Figure 1. Prices and minimum excise tax in Russia (May 2009 - May 2020)



Cigarette affordability between 2017 and 2019 is summarized in Table 8. This was calculated for two categories of cigarettes (cigarettes bearing the domestic trademark – low price segment, and cigarettes bearing the foreign trademark – middle price segment) for those brands for which the statistics agency collects price data.

Table 8. Affordability of cigarette 2017-2019

% of GDP per capita required to purchase 2000 cigarettes for:	2017	2018	2019
Local trade mark (low segment)	1,29	1,25	1,31
Foreign trade mark (middle segment)	1,89	1,84	1,95

Source: Author's calculation based on Rosstat data

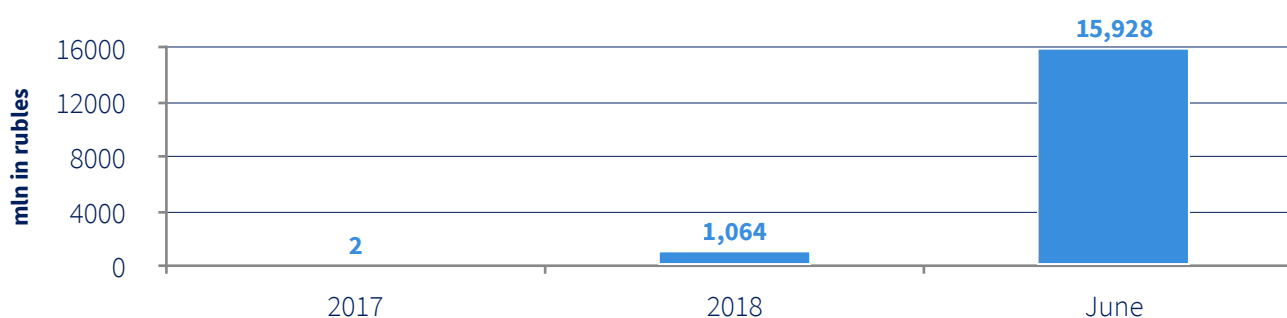
¹⁶ Data from Nielsen <https://www.kommersant.ru/doc/4199456>

In order to understand the prospects for cigarette taxation in Russia, and, therefore, price changes, it is important to assess the Agreement of the Eurasian Economic Union (EEU) for Harmonization of Excise Duties among members, which has an impact on the excise duty policy. This document, signed in December 2019, is an international treaty fixing the indicative rate of the excise duty by 2024 at 0.7 Euros, with a possible increase or decrease by 20%. Russia (having the highest rates of cigarettes among the country members) is bound to a disadvantageous document, the drafting of which was initiated and supported by the tobacco industry. A five-year plan of increasing excise duties for the Russian Federation implies a 4% increase in excise duties in 2020–2022, which, given the low share of excise duties in the middle price of a package of cigarettes (about 40%), makes it possible to conclude that the state’s excise duty policy will stop stimulating the increase of real prices of cigarettes and, therefore, will not help reduce prevalence of cigarette smoking.

HRP Market and Taxation

Today Russia is the world’s fourth largest market for tobacco heating systems, equal to over 1.3 billion US dollars as of January 2020 and representing a 5.5% share of the tobacco market in the country according to the data of the Federal Tax Service on excise revenues¹⁷, presented in Figure 2. According to Euromonitor and the analysis of the excise duty collection made by the author, the market for tobacco heating systems is booming, unlike the market for electronic cigarettes.

Figure 2. Excise revenue from sticks of tobacco heating systems, 2017-2019.



In 2019, excise revenues from sticks increased by a factor of 15 compared with the previous year, while the excise duty rate changed insignificantly.

All three transnational tobacco companies (JTI, PMI, BAT), controlling over 90% of the legal cigarette market overall, introduced tobacco heating devices to the Russian market. The last one to appear on the market was Ploom from JTI. Obviously, this is where the biggest competition around HRP will take place.

Table 9. Russia-ENDS— trends 2017-2019 (based on taxation data)

	2017	2018	2019	2019/2018 changes
Taxed ml	813,830	17,511,324	1,756,333	stagnation
Revenue in rubles(thousands)	8,138	19,092	20,746	stagnation

¹⁷ Federal tax service form №5-ti https://www.nalog.ru/rn77/related_activities/statistics_and_analytics/forms/

Sales of nicotine-containing liquid for ENDS taxed in 2019 did not change as compared to the previous year, as shown in Table 9. According to Euromonitor¹⁸, the retail market size grew by 18.6% to total 25 billion rubles (or 388 million dollars) in monetary terms. Excluding inflation, the market rose by 7.5% as compared with 2017.

HRP-Related Legislation

Tobacco-containing snus was banned in Russia in 2015. Over the last five years, that was the only restriction related to smokeless tobacco and nicotine-containing products.

Before August 2020, Russia had no age limitations for consumers of electronic cigarettes, ENDS, or HTP. A draft law regulating the turnover of such goods was adopted by the Federal Assembly on July 24, 2020 and took effect in early August 2020. Restrictions for public places where ENDS may be used were subsequently extended to include the catering sector (cafes, bars, restaurants) as well as premises where domestic services are provided or where retail trade occurs.

The text of the law adopted in 2020 making tobacco equal to nicotine is a result of efforts taken by the Ministry of Health of the Russian Federation aimed at implementing an earlier government document: the Concept of Tobacco and Nicotine Containing Products Control until 2035, approved by the Government in late 2019. This strategic document was developed by the Ministry of Health of Russia as part of the declared purpose to fight tobacco, however it contains no additional measures targeted at reducing consumption of conventional cigarettes.

Unlike the previous version of the Concept, which specifically formed the tobacco control policy over a period from 2010 to 2015, the new text includes no effective measures for reducing demand for cigarettes (for example, the text includes no previous clause that the Russian Federation is to achieve the level of excise duties corresponding to the average of the WHO European Region); at the same time, in the document title and throughout the text, tobacco is made equal to nicotine, while the importance of fighting against the consumption of these two different substances is emphasized. According to a statement of the Ministry of Health publicized after the document was signed, “it is very important that the Concept is aimed at reducing consumption of not just tobacco, but also electronic cigarettes. Therefore, its provisions are applicable to vapes and tobacco heating systems”.¹⁹

Unlike the regulations in effect across the European Union, before 2020 the maximum nicotine concentration in electronic cigarettes was not limited in the Russian Federation. Requirements for the maximum nicotine concentration will come in force in February 2021, mirroring the European Union (EU) regulation. At present, Juul is sold with a cartridge of 0.7 ml and a 5% part by weight of nicotine, which corresponds to 59 mg of nicotine per millimeter or about 40 mg per cartridge²⁰. This is three times higher than the maximum threshold in the EU, and sales of such products will be legal for another 6 months. Furthermore, there are no requirements for preventing children from accessing a package of liquid. Unlike the EU, the Russian Federation has no regulations limiting the maximum volume of the liquid for disposable electronic cigarettes, cartridges, and tanks (versus a maximum of up to 2 ml in the EU countries), as well as the volume of special refilling containers. The regulations copied from the EU Directive will take effect in 2021.

¹⁸ <https://www.portal.euromonitor.com/portal/analysis/tab>

¹⁹ <https://futuresrussia.gov.ru/nacionalnye-proekty/pravitelstvo-utverdilo-novuu-antitabacnuu-koncepciu-do-2035-goda-cto-izmenitsa>

²⁰ <https://www.juul.ru/help/faq>

On December 20, 2019, a decision by the Chief Medical Sanitation Officer²¹ suspended the sales of tobacco-free nicotine-containing products. Several constituent territories of the Russian Federation adopted local laws banning the sales of tobacco-free nicotine-containing suckers or chewing mixes. These events had been preceded by a statement from Prime Minister Medvedev that the nicotine pandemic among teenagers had to be stopped by the end of 2019. In July 2020, the decision passed earlier was fixed at a legislative level and the turnover of nicotine-containing patches was banned as a result of amending the basic tobacco control law.

It is currently difficult to find data on prevalence of ENDS and heated tobacco. The RLMS database, which is updated annually, includes no information on this issue. Specialized studies of WHO GATS (2016) and GYTS can provide information on the popularity of ENDS alone, as there were no tobacco heating systems in the country when it was conducted. GATS 2016 is the latest available research where the prevalence of ENDS was surveyed, which among adults amounted to 3.5%.

Advertisement of Novel Products

The advertisement requirements in the Russian Federation are set forth by the commensurate special-purpose law. In July 2020, amendments were made to the law to prohibit the advertisement of nicotine-containing products and devices during the implementation of the government's tobacco-control Concept by the Ministry of Health. At the end of the 180-day transition period, these products were set as equal to cigarettes in terms of advertisements. Tobacco heating devices were not previously regarded by the Federal Anti-Monopoly Service as devices for smoking or tobacco products, and were legally advertised.²² Therefore, the websites of the companies selling such products were not regarded by the regulator as advertisement carriers.

Upon the transition period, the display of nicotine-containing products in trade halls will be prohibited in the same manner as the display of cigarettes. The devices and nicotine-containing fluids can nevertheless be on display. It can be concluded that the Ministry of Health will attempt to set nicotine-containing products as fully equal to cigarettes.

HRP and ENDS Taxation

Since 2017, new products have been taxed, rates have been established for ENDS and fluids as well as for heated tobacco system sticks, and these rates are increasing every year. In 2020, heated tobacco units (sticks) will go up from RUR 6,040 per kg to RUR 7,248 per kg in 2021, and to RUR 7538 per kg in 2022 and 7839 RUR in 2023.

Tobacco heating devices were not taxed between 2017 and 2020. In January 2020, tobacco heating devices became the subject of a specific tax of RUR 50 per product (USD 0.7), rising to RUR 60 in 2021, RUR 62 in 2022 and RUR 64 in 2023. Considering the cost of the devices in the Russian market (the starting price of RUR 1990 for IQOS, RUR 990 for GLO and RUR 1350 for Ploom), the excise will not substantially impact the end price for

²¹ <https://www.rosпотребнадзор.ru/upload/iblock/39d/rukovoditeljam-ob-usilenii-kontrolya-za-nikotinsoderzhashchey-produktsii-ispravlennaya-versiya.pdf>

²² <https://ecigintelligence.com/iqos-stands-in-russian-stores-compliant-with-law-public-body-says/>

the customer. Based on the charges that are published by the Ministry of Finance, sales of the new devices in Russia can be traced on at least a quarterly basis.

A specific per-kilogram excise rate is in place for sticks in Russia. The share of excise in the retail price for sticks is rather low; below 25% for «Heats» (with 90% of the tobacco heating systems market share according to TobaccoIntelligence), and for NEO (irrespective of the lower price) the share of excise is no greater than 24%. Both tobacco products are manufactured in Russia. Table 10 shows the difference between the taxation level of premium segment cigarettes Parliament and that of the sticks of the same brand as of April 2020.

Table 10. Comparative taxation level (heated tobacco VS conventional cigarettes – April 2020)

	HT net excise tax per pack of 20, RUR	Cigarettes net excise tax per pack of 20, RUR	TAX HT vs cigarettes, as %	HT price per pack of 20, RUR	Cigarettes price per pack of 20, RUR	HT % excise tax in retail price	Cigarettes % excise tax in retail price
Parliament brand	36	67.6	-40%	145	195	24.8	34.6

The taxation burden on the lower risk product is considerably lower (-40%), as is the share of excise in the retail price. Also, the prices for sticks correspond to the prices of medium price segment cigarettes.

The system of excising electronic cigarette fluids applicable since 2017 can also be highlighted in terms of risks – the volume of an electronic nicotine delivery system fluid is taken as a basis for calculating the excise (in 2020, it was 13 Rubles per 1 milliliter of fluid or 0.18 US Dollars). For the purposes of reducing tax payments, the market offers fluids with high nicotine content and no-nicotine fluids (not excisable), which the customer has to dilute individually.

Prospective Taxation of Nicotine-Containing Products

An anti-recessionary emergency 20% tax increase on all nicotine containing products in 2021 could stimulate smokers to switch to alternative products, including HTP, over the next year. Given that the tax base for defining a payment for sticks is a kilo, an excise duty tax increase on a pack of sticks will be smaller compared with the tax increase on cigarettes and will be less obvious for consumers.

Government excise policy for heated tobacco heating products by 2022 will not be a key factor affecting pricing and hence, demand. The indexation rate set forth in the Tax Code of the RF for 2022-2023 is 4% per annum for all types of tobacco products, as well as for ENDS and HT devices, and is based on the same inflation forecast.

The steady and slow increase in use of all the nicotine-containing products removes the state from the matter of what will be the choice of a nicotine addicted customer and what group of nicotine-containing products he/she will prefer. The increase in rates of the excise for fluids is higher: the excise will grow by 23% (or 3 RUR) in

2021 from 13 rubles per ml in 2020. However, the analysis of prices for the marketed nicotine-containing fluids performed by the author confirms that most sellers are avoiding paying excise tax in 2020. Evidently, this tendency will remain next year as well given a tax impossibility to administer a larger number of sellers.

Illicit Trade

The Russian Federation is a member of the Eurasian Economic Union, a single economic environment that does not require customs examination when crossing the borders of member countries. The excise increment in the country between 2010 and 2018 significantly outpaced the level of inflation, however, the share of the excise in the price of a package of cigarettes (of any segment) does not exceed 70% which demonstrates that the fiscal potential of cigarettes has not yet been fully accomplished. The excise increment and implementation of the measures intending to reduce demand for tobacco resulted in a smaller tobacco market in physical terms.

Russia is a smuggling source for the EU market. One of the examples for that is the supply of cigarettes from tobacco factories located in Kaliningrad Oblast (at least two manufacturing sites), closest to EU countries' borders. The brands of cigarettes manufactured in the region (or at least declared in terms of price for taxation purposes) are unknown to the Russian customer and are not represented around the country, with no website for the manufacturing company. The brands of cigarettes manufactured within the oblast (Jing Ling, Bayron, Lifa, Business Class, Passport, LF, MAC Comfort, Si, etcetera, in the low price segment between RUR 83 and 95 as of July 2020) were not listed in the Euromonitor's reports during recent years.

According to the tax authority of the region, over 163 million packages of filter-tipped cigarettes were produced in the oblast in 2019, with a minimum rate of the excise calculated as EUR 0.62 (95% of the produced cigarettes were excised at a minimum). The amount of cigarettes from the region intended for legal exportation does not exceed 10%. According to manufacturing details, 147 million packages, less exportation, were produced for the domestic market, thus representing around 1 percent of the market in Russia. Lack of availability of these brands in the retail market within the territory of Russia suggests that these products are illegally exported from the country with payment of a minimum excise to the country's budget at no subsequent reimbursement, as is the case with legal exports. An investigation held by an independent journalist consortium revealed the illegal status of supplies of these cigarettes to EU countries during at least the period of the investigation.²³ It is also likely that the products manufactured in the territory of Kaliningrad Oblast are sold excise-free in other regions of Russia. Hence, the cigarettes bearing an excise stamp with the regional code of Kaliningrad Oblast released under brand name of Dakota were sold in Omsk, Siberia, with a smoking harm warning panel in the German language.²⁴

Regarding the domestic illegal market of cigarettes, the following can be stated: The source of information about the share of illegal cigarettes is the data from tobacco companies or research companies whose work was paid for by tobacco companies, including analysis-based reports²⁵.

For example, the analysis of KPMG's report on the illegal market of cigarettes in the Eurasian Economic Union published in May 2019²⁶ showed a high degree of involvement of the interested party (PMI) during the process. In particular, PMI provided information used in the 2018 KPMG investigation, took part in the selection of

²³ https://www.reportingproject.net/underground/index.php?option=com_content&view=article&id=3&Itemid=17

²⁴ <https://thebell.io/vyshli-iz-dyma-istoriya-tajnyh-tabachnyh-magnatov>

²⁵ https://www.rbc.ru/business/27/11/2019/5dde73ac9a794744a36c3674?utm_source=yxnews&utm_medium=desktop&utm_referrer=https%3A%2F%2Fyandex.ru%2Fnews

²⁶ http://rusbrand.com/files/news/208/EEA_Illicit_Cigarette_Report_2018_RUS_web.pdf

communities and the scope of sampling where the origin of empty packages was assessed, and paid for the work of the company via its proxy, Rusbrand Association. As stated in the description of the method in KPMG's report, "Accuracy and reliability of the results are directly dependent on how thoroughly the sampling plan was elaborated." Yet the report does not contain information about the list of the communities and the sampling scope.

The investigation conclusions contain an item stating that the draft Eurasian Economic Union Excise Harmonization Agreement reviewed by the governing authorities at that time was an effort to reduce the level of illicit cigarettes in the region. This statement is dubious since even a formal analysis of the text of the agreement shows that the document stipulates the difference in the level of excise burden on cigarettes in the EAEU member countries, and the differences may reach 40% per pack of cigarettes. It is also known that the level of illicit trade is highly correlated to the quality of the work of law enforcement and customs services, and not to tax rates. According to KPMG's investigation, the share of illegal sales reached 8.7% of the total consumption in 2018.

EAEU countries (primarily Belarus and Kazakhstan) are specified as the sources of illegal cigarettes, which is explained by the lower prices for cigarettes in these countries compared to the ones in the Russian Federation, a common border, and the absence of regulations restricting the import of cigarettes for personal purposes within the Union. As a result, the share of illicit cigarettes is greater in the towns and cities close to the border of Belarus and Kazakhstan. The situation could be improved by regulations prohibiting the relocation of cigarettes for personal use between Union countries without the excise being paid.

According to PMI, who ordered the investigation of empty packages in the third quarter of 2019, the share of illicit cigarettes made up 15.6% of the sales in the Russian Federation (the survey was conducted by Nielsen). The full survey report, including the information on sampling, has not been published. The share of illicit cigarettes in the largest regional markets, in Moscow and Saint-Petersburg, is stated to be 7.3 and 6%, respectively. The share of illicit cigarettes became record-breaking in Rostov-on-Don, at 51%. Absolute values for the cities have not been unveiled. According to mass media, a total of over 15,000 empty packs were studied. In the tobacco company's opinion, the largest suppliers of illicit cigarettes are Belarus (36% of revealed illicit packages) Kazakhstan (8.9%) and Armenia (8.8%). The scope of the illegal market makes up 1.8 billion packages as an absolute value and has remained unnoticed by the supervisory agencies of Russia (including customs and the police). It is also unclear how these large amounts of cigarettes remained unnoticed at the factories, PMI and JTI in Kazakhstan, being the second largest source of smuggling to Russia. According to Euromonitor, these companies controlled 72.7% of the cigarette market in Kazakhstan in 2018.

Virtually all of the retail cigarette sales network in the Russian Federation is controlled by two wholesale companies: Megapolis (40% of the company belongs to PMI and JTI)²⁷ and SNS. While supplies to the largest food product retail chains are coming straight from the manufacturers, such high values of illicit trade are dubious. Tobacco company representatives have maintained that the growth of illegal market is related to the difference in prices for cigarettes in the countries of the region, which corresponds to a strategy of restraining the growth of prices in the Russian market. These doubts only grow in the absence of a publicly available and complete version of the report, on which these statements are based.

Restraint of the growth rate in prices for cigarettes in Russia (the key regional market of cigarettes) by affecting the country's excise policy has been a priority for the tobacco industry for the last ten years. Growth in smuggling and the respective losses to the budget are the key arguments against tax increase.

²⁷ <https://www.forbes.com/profile/igor-kesaev/#a59740bacdd9>

One of the examples of such intervention is the initiation of the development of the Eurasian Economic Union Excise Harmonization Agreement via ITIC in 2010, which was signed in December 2019²⁸. Its purpose was to restrain the growth rate of excises in the Russian Federation, in essence to freeze the excise in Russia until 2025, since the international agreement limits the maximum excise rate by 2024 to EUR 0.84 per pack (EUR 0.7 as an indicative level + 20% of deviation). By signing this agreement, Russia lost its taxation sovereignty and will not be able to increase the excise on cigarettes without adhering to the provisions of the agreement. The current 2020 minimum excise in the Russian Federation is around EUR 0.62, hence the maximum excise burden per pack of 20 cigarettes will grow not more than by 0.22 Euro cents or approximately by 0.05 Euro a year during the subsequent four years.

Unlike in the EU countries, no public opinion regarding smuggled cigarettes has been surveyed in Russia as with the OLAF surveys, and the popularity of illicit cigarettes amongst smokers cannot be evaluated. No illicit sticks have been found so far in the Russian market.

Policy Mapping

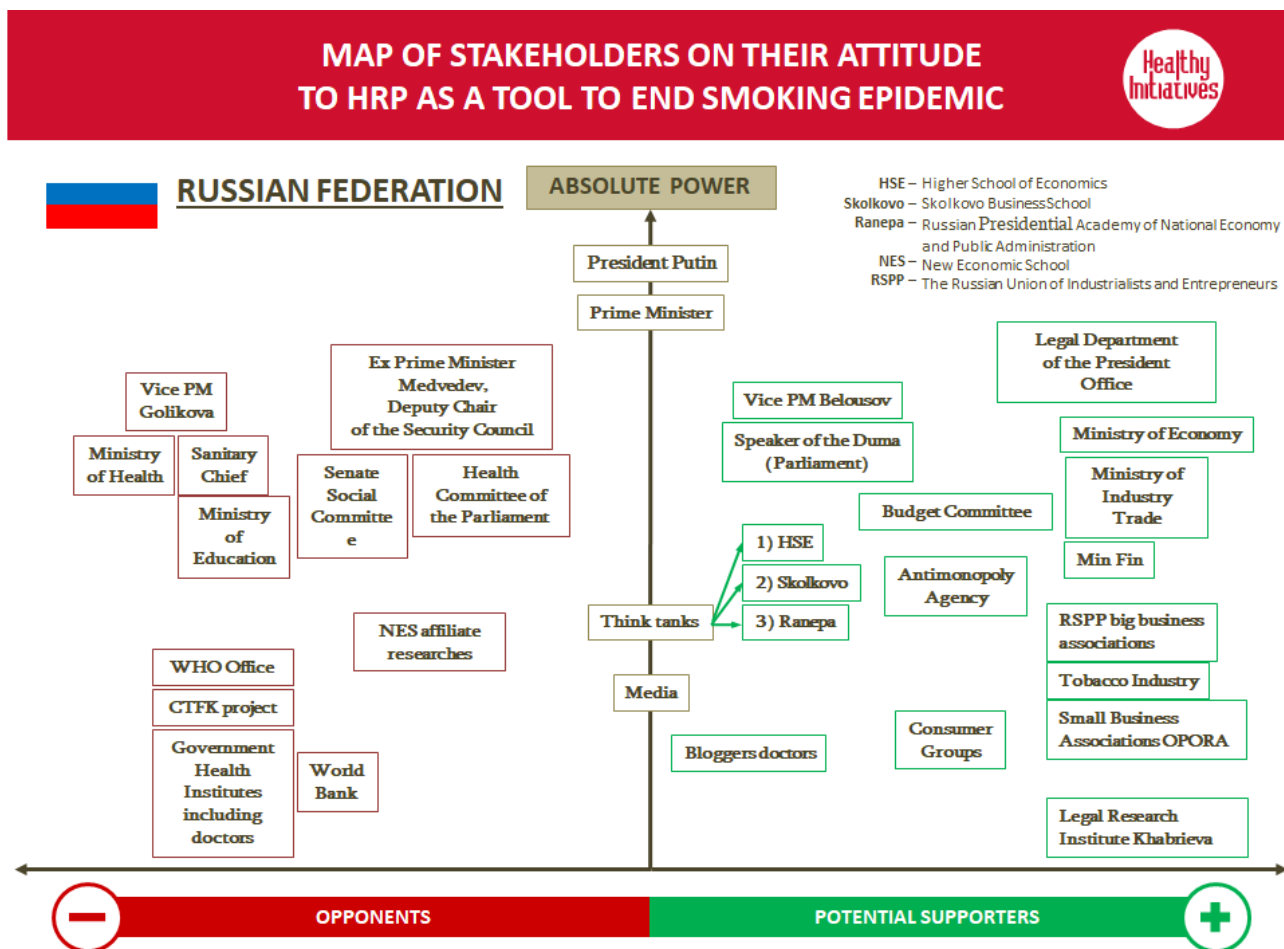
The Russian Federation has currently determined at the governmental level that low-risk products are not the instrument for decreasing smoking prevalence. The key role in shaping such an attitude is played by the Ministry of Health, whose position was conditioned with the participation of the experts paid by the CTFK project in the region. The key officials lobbying for such an approach were Dr. Oleg Salai, Deputy Minister of Health, Mrs. Tatiana Golikova, Vice-Prime-Minister, and Mr. Medvedev, the then-Prime Minister, with whose support complex tobacco-control legislation was adopted in 2013, while tobacco-free nicotine patches were actually prohibited shortly before his resignation in December 2019.

Alongside tax policy, where the Ministry of Health has no crucial influence, the current excise policy can be interpreted as one way to motivate customers to switch from conventional cigarettes to tobacco heating systems at a minimum, and possibly even switch to electronic cigarettes. The influence of the Ministry is also insufficient for adopting the requirements to HRP within technical regulations where solutions must be approved by all the EAEU member countries.

Upon Medvedev's resignation as the Prime-Minister, the positions of the advocates of strict regulation of the turnover of HRP weakened. Figure 3 outlines the attitude and positions of key stakeholders (arranged by degree of influence) for the potential promotion of the idea of replacing conventional cigarettes with harm-reduction products.

²⁸ <http://www.eurasiancommission.org/ru/nae/news/Pages/24-12-2019-1.aspx>

Figure 3. Stakeholders and their positions on harm-reduction products in the Russian Federation.



One of the priority activities can be initiatives targeted at strengthening the influence of replacement theory supporters, weakening the power and neutralizing the arguments of opponents. Promotion of the replacement theory can become successful based on the economic efficacy of such measures, which should improve the quality of the government economic bloc's arguments. However, given the division of the power, the most important role belongs to the Vice Prime Minister on social issues, Mrs. Tatiana Golikova.

Key Findings

1. In 2013-2015 the Russian Federation implemented the key provisions of the WHO FCTC, which resulted in decreases in smoking prevalence. However, an analysis of current changes shows that it would be impossible to reach the goal set by the WHO to achieve a 30% decrease in smoking prevalence rates in the Russian Federation by 2025 compared to 2010.
2. As of 2018, roughly 226,000 people died due to the smoking-related diseases, of whom 201,000 were men. This means that Russia remains among the countries with the highest tobacco-related mortality rate.
3. The government's plan of changing taxation envisions a tax increase of 4% every year (based on the level of predicted inflation) during 2022-2023. Given a low excise share in mid-priced packs of cigarettes (about 40%), one can draw a conclusion that the excise policy of the country will stop promoting the increase of real cigarette prices, meaning that it will not play a crucial role in decreasing the smoking prevalence rate.
4. The development of the HTP segment will promote the decrease of combustible cigarette prevalence. The government chose to stay away from making a decision on taxes to stimulate consumers to switch to harm reduction nicotine-containing products, while the decision to switch will depend more on tobacco companies' marketing, as the tax burden for HTP is significantly lower than that of a pack of cigarettes.
5. There is no effective system of helping smokers to quit in the Russian Federation. The Health Ministry does not include HRP on the list of products helping smokers to quit. Changing this approach is complicated due to current government approaches for tobacco control adopted in late 2019, whereby any nicotine-containing products are made equal to the tobacco ones.

Existing Gaps

1. Sociological surveys are needed on the following issues: 1) public attitudes towards HRP and 2) data on the HRP spread. This will help attract mass media to the problem and will provide new arguments to consumer groups.
2. Adaptation (including translation and infographics) and dissemination of surveys showing the efficacy of the theory of replacement, including the data on harm-reduction products (HRP) substituting for conventional cigarettes are required. The experience of Great Britain is deemed traditionally attractive in Russia, as evidenced by its priority for study tours before passing prior tobacco control legislation.
3. Lower state revenues from tobacco (including HTP) excises may be interpreted as the result of ineffective taxation of tobacco heating systems and sticks, which could cause a change in the position of the Ministry of Finance (which currently is rather balanced with respect to HRP while erroneous with respect to cigarettes). This could result in a scenario in Russia that was successfully promoted earlier by CTFK in Ukraine and Georgia – unified excise rates per 1,000 pcs of cigarettes and sticks. The possibility of this option increases under conditions such as falling oil and gas revenues to the budget and the economic crisis. Unlike many countries that faced decreases in state revenues, Russia will not be able to revise its 5-year plan of freezing excises for cigarettes and therefore compensate for any budget loss. In this regard, strong arguments should be in place so that officials can accept falling revenues from this category.
4. Regardless of anti-Western rhetoric, it is crucial for the stakeholders (including medical and social blocs) to understand the experience of the European Union and the USA in making decisions in the area of public health. The prohibition of snus in the Russian Federation in 2015 was the result of imitating the EU directive. Later this same decision was replicated in Kazakhstan and in other countries of the region. In 2020, when discussing the maximum concentration of nicotine in the fluid for electronic cigarettes, the EU's experience became the factor that led to the admittance of identical standards. The advocates referred to the EU's experience and insisted on a three-fold decrease in concentration. On the other side, the FDA's resolution regarding acknowledgment of the tobacco heating systems as low risk products can be crucial when reviewing the matter in Russia.

Appendix

Annex 1. Relative risks for adult mortality from smoking-related diseases

Disease category (ICD-10 code)	Males		Females	
	Current smoker	Former smoker	Current smoker	Former smoker
Malignant neoplasms				
Lip, oral cavity, pharynx (C00–C14)	10.89	3.40	5.08	2.29
Esophagus (C15)	6.76	4.46	7.75	2.79
Stomach (C16)	1.96	1.47	1.36	1.32
Pancreas (C25)	2.31	1.15	2.25	1.55
Larynx (C32)	14.60	6.34	13.02	5.16
Trachea, lung, bronchus (C33–C34)	23.26	8.70	12.69	4.53
Cervix uteri (C53)	n/a	n/a	1.59	1.14
Kidney and renal pelvis (C64–C65)	2.72	1.73	1.29	1.05
Urinary bladder (C67)	3.27	2.09	2.22	1.89
Acute myeloid leukemia (C92.0)	1.86	1.33	1.13	1.38
Cardiovascular diseases				
Coronary heart disease (I20–I25)				
Persons 35–64 years of age	2.80	1.64	3.08	1.32
Persons ≥65 years of age	1.51	1.21	1.60	1.20
Other heart disease (I00–I09, I26–I28, I29–I51)	1.78	1.22	1.49	1.14
Cerebrovascular disease (I60–I69)				
Persons 35–64 years of age	3.27	1.04	4.00	1.30
Persons ≥65 years of age	1.63	1.04	1.49	1.03
Atherosclerosis (I70)	2.44	1.33	1.83	1.00
Aortic aneurysm (I71)	6.21	3.07	7.07	2.07
Other arterial disease (I72–I78)	2.07	1.01	2.17	1.12
Respiratory diseases				
Influenza, pneumonia (J10–J11, J12–J18)	1.75	1.36	2.17	1.10
Bronchitis, emphysema (J40–J42, J43)	17.10	15.64	12.04	11.77
Chronic airways obstruction (J44)	10.58	6.80	13.08	6.78

References

Global Adult Tobacco Survey: Russian Federation (2017)

http://www.euro.who.int/__data/assets/pdf_file/0010/392887/gats-rus-rep-eng.pdf

Global Adult Tobacco Survey: Russian Federation (2009)

https://www.who.int/tobacco/surveillance/en_tfi_gats_russian_countryreport.pdf

World Bank, Health Nutrition and Population database

Russia Longitudinal Monitoring Survey of Higher School of Economics

https://www.hse.ru/data/2019/08/31/1208342874/r18i_os_31.sav

Euromonitor International. 2019. Tobacco in Russian Federation.

Euromonitor International. 2020. Tobacco in Russian Federation.

WHO. Global Youth Tobacco Survey (GYTS) for Russian Federation. 2015.

WHO. 2015. Report on the Global Tobacco Epidemic: raising taxes on tobacco. Geneva: World Health Organization; 2015. http://www.who.int/tobacco/global_report/2015/en/

World Bank. 2019. Controlling Illicit Trade: A Global Review of Country Experiences.

World Bank, World Development Indicators. 2020.

International Agency for Research on Cancer. Effectiveness of tax and price policies for tobacco control. IARC handbooks of cancer prevention. Vol. 14. Lyon, France: International Agency for Research on Cancer; 2011.

<http://www.iarc.fr/en/publications/pdfs-online/prev/handbook14/handbook14.pdf>

WHO Framework Convention on Tobacco Control [website]. Geneva: World Health Organization; 2016 (<http://www.who.int/fctc/en/>).

Tobacco control database for the WHO European Region [online database]. Copenhagen: WHO Regional Office for Europe; 2016 (<http://data.euro.who.int/tobacco/>).

MPOWER. In: Tobacco free initiative (TFI) [website]. Geneva: World Health Organization; 2016 (<http://www.who.int/tobacco/mpower/en/>).

“WHO Report on the Global Tobacco Epidemic 2019.” Geneva: WHO. 2019. Accessed July 6, 2020.

<https://apps.who.int/iris/bitstream/handle/10665/326043/9789241516204-eng.pdf>

“WHO Technical Manual on Tobacco Tax Administration.” World Health Organization, 2011.

https://apps.who.int/iris/bitstream/handle/10665/44316/9789241563994_eng.pdf?sequence=1

“WHO Technical Manual on Tobacco Tax Administration.” World Health Organization, 2011.