



Central Asian Markets: Kazakhstan and Uzbekistan

Kazakhstan

Kazakhstan is located in the central Asian steppe, covering an area equal to approximately the size of the EU15 Member States which makes it the largest country of the former Soviet republics after the Russian Federation. At the crossroads of European-Asian trade routes since its early history, surrounded by Russia, China, Turkey and the Caucasus, Iran and Afghanistan, Kazakhstan proclaimed its independence in 1991. Over the last two decades, the transition from planned to market economy was conducted through a series of reforms involving all levels of the financial and trade system, focused on privatization and liberalization. Kazakhstan has got significant oil and natural gas reserves, as well as mineral resources. The government's aim, however, is to diversify the country's economy by supporting investments into industry, agriculture, innovation and processing sectors. Privatization of small and medium-sized enterprises, as well as state and collective farms, is well advanced and the gas, oil and mineral sectors have been opened to foreign investors. Kazakhstan banking and financial sector

is also valued as the most stable among the countries of the former Soviet Union. According to the National Bank, in 2009 GDP growth rate was 1.2%, while forecast for 2010 ranges around 7%. In 2010, Kazakhstan was Chairman of the Organization for Security and Cooperation in Europe (OSCE). On 1-2 December, the capital Astana hosted the OSCE summit, the first since 1999.

Kazakhstan's healthcare sector accounts for 2.7% of overall GDP. The healthcare sector, long penalized by uneven distribution of medical services and the lack of a coordinated and effective approach to healthcare provision and financing, was targeted by the "State Health Care Reform and Development Program" for the period 2005-2010, aiming to create a Unified National Health System which was implemented from the 1st of January 2010. The UNHS is based on a guaranteed free healthcare scheme (known as GOBMP), whose provisions include primary healthcare, emergency services, specialist inpatient care and medical assistance to people with "socially significant" diseases. In 2009, GOBMP budget was US\$1.9 billion, over 60% increase on previous year's allocation. According to the Program, payment of medical services to health facilities shall be focused on performance, depending on costs of the treatment according to fixed economic protocols.

Among the priorities there are the reformation and development of primary healthcare networks, improvement of public health administration system, enhancement of medical personnel training, focus on prevention. Spending on primary health is estimated to increase its share in the total funds allocated for the free healthcare scheme from 25% in 2008 to 45% in 2015, as one of the main purposes of the reform is to reduce the high hospitalization and inpatient care rate, partly an inheritance of the former Soviet healthcare system, to shift towards the strengthening of primary and outpatient healthcare. In 2009, public health institutions were turned into state enterprises in the framework of a gradual transfer to an economic management model, to ultimately grant equal quality and costs of medical services throughout all the regions. The new reform program for 2011-2015 ("Salamatty Kazakhstan") includes among the intervention areas, prevention, mother and child health services, vaccination and infection control, incentives for young medical professionals to practice in rural areas, the creation of Family Health Center in polyclinics and of mobile medical ambulance, as well as increased air ambulance.

As regards oral healthcare, coverage for dental treatments is provided by the public health scheme, but many expatriates and persons of higher-income group get private insurance to get dental care, or travel abroad for treatment. Rural areas are particularly underserved, but they are being targeted by mobile dental units to raise awareness and provide oral care.

Health figures, 2009

Number of physicians of all specialties	5 60,700
Physicians per 10,000 population	37.8
Number of paramedical personnel	138,600
Paramedical personnel per 10,000 population	86.4
Number of hospitals	1,020
Number of hospital beds	121,200
Hospital beds per 10,000 population	75.6
Number of medical institutions rendering out-patient and dispensary aid to the population	3,521

Source: Statistical Yearbook «Kazakhstan in 2009»

The market for medical equipment, including dental equipment and devices, depends strongly on imports, accounting for about 80% to 90% of the total supply.

As about 80% of medical institutions are owned by the government, which has also started a public-private partnership program to build "A hundred medical facilities" in the period 2009-2011, it is by far the main buyer of medical equipment and pharmaceuticals, with public purchases accounting for roughly 85% of the total, mostly carried out through government-organized tenders.

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Kazakhstan Dental Imports

Dental cements & other dental fillings	\$3,344,802
Preparations for oral or dental hygiene	\$25,704,080
Dental floss	\$109,504
Dental drill engines (whether or not combined on a single base with other dental equipment)	\$3,092,030
Instruments and appliances used in dental sciences (excl. drills)	\$2,122,435
Artificial teeth	\$634,415
Dental fittings (excl. artificial teeth)	\$330,724
X-ray apparatus for dental uses	\$779,581

Although government financing for the purchase of medical equipment was reduced through the last two years due to the impact of the financial crisis, there is a need to replace old equipment in about 80% of the country's hospitals.

According to a report released by the U.S. Commercial Service, challenges to enter the market are mainly related to the fact that although Kazakhstan has implemented new laws to improve the business environment, a certain lack of transparency and effective regulations affects foreign companies wishing to sell their products in Kazakhstan. It is important to consider the physical distribution of the relatively small population, spread over a huge territory, with major concentration in the southeast area of Almaty, Southern Kazakhstan, and Zhambyl regions, and the north/northeast areas of Astana, Karaganda, Kustanai, northern Kazakhstan, Pavlodar, and eastern Kazakhstan regions. Only one city, Almaty, has over a million inhabitants.

Although some firms opt for acting on the Kazakhstani market from a Russian-based office, a local distributor is usually crucial to get customs clearance, deal with wholesalers/retailers, major corporations or the government, and provide after-sales service. The presence of Russian and Chinese companies is well-established and another important competitor, though more recent, is Turkey.

- Sources:**
 Foreign Investors' Council – www.fic.kz
 The Agency of Statistics of the Republic of Kazakhstan – <http://eng.stat.kz>
 OSCE Kazakhstan 2010 – <http://osce2010.kz>
 Government of the Republic of Kazakhstan – <http://en.government.kz>
 Information-Cognitive Web Portal of the Ministry of Public Health – www.info-health.kz
 KIHE 2011 – www.kihe.kz/en/
 UN Statistics Database – <http://comtrade.un.org>

Source: UN Statistics Database



Uzbekistan

Republic of Uzbekistan lies at the heart of Central Asia, with a population of 27.6 million and area of 447,000 sq. km. Leading sectors of the economy are agriculture, with large exports of cotton, and mineral reserves, but also services, while industry accounts for only a limited share of GDP. After the dissolution of the former Soviet Union, Uzbekistan began a process of modernization of the economy, by pursuing the gradual privatization of state enterprises and the creation of a business climate favorable to foreign investments.

The recent international crisis did not impact heavily on the country's economy, due to pre-existing fiscal surpluses and stimulus measures including tax reduction and support to the banking system, resulting in real GDP growth of 8.1% in 2009 according to IMF estimate, one of the highest rates in the world in times of financial turmoil, and the rate is expected to remain around 8% in 2010. The country's growing labour force and government's programmes of industrial modernization and infrastructure development attract investment in the country. Moreover, the government has streamlined the business registration process into a "single window" and drafted a new, more simple tax code.

The healthcare system is under the responsibility of the Ministry of Health and of regional and district health authorities, whose administration, while basically covering the public sector, extends to the private sector for licensing healthcare providers. Healthcare financing is under control of the Ministry of Finance and its regional and local branches. The public sector, as by the former Soviet model, continues to have the most important role in healthcare delivery, based on three main categories: primary healthcare providers, which can also receive private financing through the

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