

Momynova Saule, c.e.s., Associate Professor
Tulebaev Azamat, m.e.s.
Agashkina Irina, Senior Teacher
*EI «Almaty Management University»
Almaty, the Republic of Kazakhstan*

REALITIES AND PROSPECTS OF THE PHARMACEUTICAL MARKET DEVELOPMENT IN THE REPUBLIC OF KAZAKHSTAN IN THE CONTEXT OF GLOBAL CRISIS

The fight against poverty and public policy, focused on economic development, will directly contribute to the welfare of people in developing countries, and, accordingly, solvent demand for the products of the pharmaceutical companies will increase. Therefore, companies have to be prepared for changes in the economic environment and to produce the goods, which meet customers' expectations. This can be achieved by following the principles of marketing, as well as, we should not forget about the importance of management of company competitiveness in all phases of the business. When speaking of the relevance of the pharmaceutical market, it is impossible not to touch on the global crisis, as the main macroeconomic factors affecting the efficiency of the market.

During the last century, the world economy passed through eight global economic crises. Today the world economy is on the threshold of a new crisis, which is a continuation of the global economic crisis of 2007-2009, as the fundamental disadvantages of the current global system, which caused a crisis of 2009, remain unsolved today [1].

Modern financial crisis has affected all states, and the Republic of Kazakhstan is no exception. Its economy has an important feature in comparison with many developed countries – it vitally depends on the size of foreign investments in the banking sector as well as in the real production [2]. Against the background of a drastic reduction in credit resources in the banking system of Kazakhstan, many enterprises from various industries were faced with a lack of the necessary funds for their activities. Prolonged inflation, holding a single-step devaluation of tenge, the significant rise in prices and decline in the solvency of the population negatively affected the development of economic processes in Kazakhstan [3].

At the same time, it should be noted that pharmaceuticals belong to the essential commodities. Even with a reduction in income, the population slightly reduces the consumption of drugs in real terms. Naturally, there is the decline in consumption in nominal terms, that is, the population changes the structure of demand towards cheaper medicines.

Among the factors that contribute to the growth in sales of medicines are the overall increasing sickness rate in the world due to environmental degradation; population ageing in developed countries; growth of incomes of the population, and many others.

According to the analytical report of the international company «IMS Health Consulting», in 2013 the volume of the global pharmaceutical market reached \$971 billion [4].

In monetary terms, in 2012 an increase was about 3.3%. Analysts believe that in the future annual growth rate will be not less than 3-4%. It is probable that in 2016 the global pharmaceutical market will reach the level of US\$1.2 trillion and by 2020 it will be ready to reach US\$1.5 trillion.

In the European Union the market for pharmaceutical products in 2013 increased by 6% amounted to about 26% of the total world market (\$144 billion). Sales of pharmaceuticals in Eastern Europe grew by 12%, which is \$9 billion. The slowest growth was in Japan – no more than 2%, and in most rapidly developing Chinese market, which grew by 28%. It should also be noted that the Chinese market in terms of sales (\$9.5 billion) exceeded a similar indicator of Eastern Europe. The pharmaceutical market in South Korea increased by 10.7%, the growth in the Latin American market was 11.6% and in India 13% [5].

In accordance with the growth rates, the global pharmaceutical market can be divided into four groups.

The first group is only China, with an annual growth rate at the level of 15-18%. The second group includes the countries such as Brazil, Russia and India, with a growth rate of 9-14%. The third group consists of 17 countries, whose annual growth rate of the pharmaceutical market accounted 7-10%. It is expected that the volume of the pharmaceutical market in these countries will increase from \$94.4 billion in 2013 to \$127 billion in 2017. The status of developing pharmaceutical markets is given to the countries, which are characterized by the cumulative growth rate of more than US\$1 billion for 5 years, According to these characteristics Algeria, Colombia, Nigeria and Saudi Arabia were included in this group in 2013 [6].

In 2012, the company Business Monitor International gave a forecast of the volume of the global pharmaceutical market until 2020 on the territorial distribution, which is represented in Figure 1.

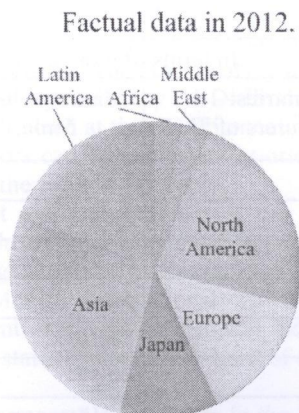


Figure 1. Status and forecast of the global pharmaceutical market according to a territorial distribution [6]

According to Figure 1 it can be seen that, by the territorial distribution, three major centers – North America and Latin America, Europe and Asia – remain in the leading positions. However, experts predict that by 2020, their share in the global pharmaceutical market will fall to 33% compared to 73% in 2006.

Now their share has fallen to the mark of 48%. This trend has been caused by the transformation of the market, related to epidemiological and economic changes, and the demand for medicines effective for treatment of diseases which were previously typical only for developed countries.

Emerging markets are changing more radically than in developed countries. Such markets as China, Brazil and Russia, which were not in the top ten emerging pharmaceutical markets in the world 5 years ago, now overtake in their development more traditional pharmaceutical markets [7].

The US remains the leader of the global pharmaceuticals, occupying 26% in the total global market, although the last few years the growth rate of sales in this market reduced. Today the least developed pharmaceutical markets are in Africa, some Arabic countries and some Latin American countries.

The following factors contribute to the constant growth of the world market sales of medicines: a general increase in the incidence, the trend of population aging, increase in personal incomes in rapidly developing countries, which leads to more expensive and high-quality products. [8].

The pharmaceutical market is growing thanks to the rapid development of such areas as the segment of biologically active additives (BAA) and the segment of generics, cheap analogues of known drugs. Today the share of generics in the USA, UK, Canada and Germany, has already reached 30% and, according to experts, it will increase further.

It should be noted that over the past two years the markets of developed countries, with their very high levels of drug consumption per capita, have reduced the growth rate, whilst outstripping pace of development is the main characteristic of the emerging countries with their relatively low level of per capita consumption of drugs [9].

A small but steady increase in government spending on health care is another important tendency of the previous few years. It is worth mentioning here that the following trend can be traced – the more the country's per capita income, the higher the growth in expenditures on health care. [10]

Medications market in the Republic of Kazakhstan

As it is known, three types of business participate in the organization of medical maintenance. They are pharmaceutical companies, involved in the production of medicinal products, authorized companies-distributors, dealing with logistics (shipping and storage) of drugs in the country, and pharmacy chains, engaged in retail and wholesale of medicines to the final consumer.

Kazakhstan pharmaceutical market is relatively young; its formation began in the mid- 90s. Back in 1994, the drug provision of the population and public health was centrally carried out through the state joint-stock holding company "Pharmacy" which had 1832 pharmacies, including 64 hospital pharmacies and 1768 independent ones.

The centralized system of drug supply was destroyed after the de-monopolization of the "Pharmacy" holding company and privatization of drugstores. In that period, Kazakhstan model of medicines provision underwent rigid transformation from centralized distribution to the system based on the principles of market economy. The key points of this transition were the privatization of farm production, distribution and pharmacy networks, the active process of creating private pharmacies, kiosks, warehouses, etc. By 1996, the whole system of the drug supply changed completely, and these changes have been continuing nowadays.

During the years of economic reforms, there were fundamental changes in the pharmaceutical sector in the Republic of Kazakhstan. A new pharmaceutical system has been formed – manufacturer, distributor and pharmacy institution. Pharmaceutical organizations have gained independence, large distribution companies, such as "Amanat", "Inkar", "Medicus", "Interfarma", "Zaman-Pharma", "Helikaon", "Amity", "Romat", "Stofarm" and a lot of others appeared. Domestic pharmaceutical and medical industries have developed.

Table 1. Top 10 countries – manufacturers of finished medical product by volume of retail sales in 2015 in the Republic of Kazakhstan [11]

In terms of money					
2015	2014	Countries – manufacturers of FMP	Market volume, \$mln.	Share,%	Increase,%
1	1	Germany	133,62	16,15	-19,13
2	2	Russia	83,8	10,13	-4,46
3	5	Kazakhstan	61,17	7,39	-0,1
4	3	France	56,4	6,82	-24,7
5	4	India	56,26	6,8	-15,48
6	6	Hungary	49,52	5,99	-11,49
7	7	Slovenia	42,16	5,1	-4,98

8	10	Poland	27,19	3,29	2,78
9	8	Italy	26,44	3,2	-19,4
10	9	Spain	21,61	2,61	-29,71

According to Table 1, it can be concluded that in 2015, the ranking of countries-drug manufacturers has not changed. One exception is that sales of own products in the Republic of Kazakhstan have increased due to the opening joint enterprises for the manufacture of drugs with foreign countries such as Russia, France, and Turkey in Kazakhstan. This fact helped to overcome barriers in the tender procurement of drugs.

The state and development of the pharmaceutical market has been affected by the demographic and social factors. They are consumers, hospitals, pharmacies, manufacturers, distributors, trade names, as well as international non-proprietary name. The international non-proprietary name (INN) is the “name” of the active substance, which is included in medicines. The “name” provided is used at registration of the active substance. It should be noted that INN is a name of the active substance, but it does not always reflect its formula [12].

Figure 2 shows how the volume of drugs, which are sold in the territory of the Republic of Kazakhstan, changed from 2010 to 2014. The market of FMP had a positive trend with an annual growth of 25 to 30% from 2010 to 2013.

However, in 2014, drugs sales amounted US\$1.486 million that was almost 20% less than in 2013.

The situation was connected with the devaluation in February 2014 that made major distributors to change their pricing policy in respect of pharmacy chains. Pharmacy sales in the B2C market declined significantly, now many pharmacies are forced to close due to the unfavorable terms of sales. Customers’ purchasing power reduced, consumers began to spend less money on health, more rarely contact the medical institutions both public (despite the fact that the doctor’s appointment is free), and private (paid), therefore the number of prescriptions decreased.

Currently, the share of the foreign presence in the medications market in the Republic of Kazakhstan is about 85%. In 2013 the main foreign players in this area were such countries as Germany, France and India with \$ 234 million, \$ 130 million and \$ 97 million share of imports respectively. Experts say that the local manufacturing market is quite conservative. Companies, engaged in manufacturing drugs, mainly targeted at the average consumer basket. Original expensive drugs are presented by the countries of Western Europe and the United States [14].

Practically, the pharmaceutical industry belongs to the private owners. As experts think, the main problems of the weak development of the Kazakhstan pharmaceutical market are: a low level of infrastructure development, the cost of raw materials for medications and the lack of appropriate equipment – all these are the constraints of the local market.

Kazakh producers depend to a considerable extent on the production of raw materials. Local players have to buy raw materials for the drugs production abroad, making the local pharmaceutical activity dependent on this factor. China and India are the main suppliers of raw materials for production. It is worth noting that these countries provide about 80% of the world market of raw materials for pharmaceutical production.

Thus, the market of pharmaceutical production will develop at the expense of the foreign component in the local market.

Due to poorly sophisticated home pharmaceutical industry in Kazakhstan, the foreign companies have no difficulty carrying out their economic activities; the barriers to entry are not significant.

There is a tendency when the owners of foreign companies become the owners of local production companies by buying a controlling stake or participating in the process of so-called localization, i.e., building their own factories in the country.

According to the association “FarmMedIndustriya Kazakhstan”, foreign companies are willing to invest in the domestic market. For example, a Polish company PolPharma acquired a 51% stake in the local company of “Khimfarm”, investing about \$ 100 million in the construction and modernization and receiving international standard of GMP, which allows the company to export drugs to Europe. Turkish company “Nobel” bought “Almaty farmfabrika”, investing more than \$ 30 million in reconstruction, and received standard GMP. Today, the company is planning to invest another \$60 million in the construction of a factory in the industrial zone in Almaty. Kazakhstan company “Globalfarm” has sold 60% of its shares to the largest pharmaceutical company in Turkey ABDI Ibrahim [15].

The total volume of foreign investments, directed at the development and reconstruction of factories and enterprises, is more than \$ 200 million. Attracting investors can be explained by orientation of the domestic market on the export production of medicines and the reduction of the foreign presence.

According to the Ministry of Investment and Development of the Republic of Kazakhstan, there are about 79 companies involved in the pharmaceutical industry, including small and medium producers. Therefore, six of the largest manufacturers have more than 90% of all drugs produced in Kazakhstan in terms of money [16].

In the view of the experts of «Business Monitor International» (BMI), the main reason for the active participation of the state in this sector and the development of the pharmaceutical industry through the consolidation of the public procurement of medicines is a decision by the state to increase the level of domestic pharmaceutical market to 50% in real terms. Today, the figure is still only 25%.

Note that the positive dynamics of the pharmaceutical industry in the Republic of Kazakhstan is continuing because of the growth of pharmaceutical products consumption, as well as due to inflation and fluctuation in tenge exchange rate.

Table 2. Top 10 FMP corporations on volume of retail sales in 2015 [1]

In terms of money					
2015	2014	Corporation of FMP (finished medical products)	Market volume, \$mln.	Share,%	Increase,%
1	2	Novartis	47,58	5,75	-11,62
2	3	Takeda	37,45	4,53	-25,91
3	4	Gedeon Richter	36,16	4,37	-4,54
4	1	Sanofi-aventis	33,42	4,04	-41,46
5	6	Bayer	29,44	3,56	-11,99
6	8	Teva	29,24	3,53	-4,52
7	5	Berlin-Chemie	27,23	3,29	-20,95
8	7	Abbott	26,48	3,2	-15,95
9	12	World Medicine	25,03	3,03	6,57
10	13	STADA	24,88	3,01	9,14

According to the rating shown in Table 2, local companies were not included in the top 10 FMP in Kazakhstan by retail sales in terms of money. It should be noted that Kazakhstan has the lowest share of local manufacturers in the market of all the EAEU (Eurasian Economic Union) countries, and therefore the volume of exports is insignificant compared with the total market in the country.

Recent data indicates that the rating of FMP manufacturing companies have changed to some degree, due to the economic situation in the Republic of Kazakhstan, namely because of the change in exchange rates in 2014 and 2015, the fall of the national currency tenge by 67% in relation to 2014. Thereby, there is a negative trend of falling sales in 2015, compared with data for 2014. In addition, large retailers who sell FMP, have difficulties in settling accounts with factories manufacturers, since the most number of contracts are made under the terms of implementation, after the calculation of the final sale.

In 2014, Germany, France, Japan and other countries were among the TOP 10 leading corporations in terms of retail sales value in the market of the Republic of Kazakhstan. Representative offices and branches of companies deal with promotion and protection of the interests of agents of foreign manufacturers in Kazakhstan. In addition, some companies buy shares from the local pharmaceutical manufactures and thus, automatically have the opportunity to participate in public tenders, which bring the lion's share of the profits of the companies.

The structure of exports of medicines in the Republic of Kazakhstan is shown in Figure 3.

Exports, as demonstrated in Figure 3, had unsteady and one-off nature. In 2013, there was a slight increase in exports from \$23.4 million to \$23.5 million. The trend of a slight increase in exports was observed in previous years. So, in the period of 2008-2012 exports rose from \$20.1 million to \$24.6 million compared with \$16.4 million at the recession in 2009. The country imports of Kazakhstan, represented in Figure 4 are very similar to Belarus. The largest partners in terms of imports of pharmaceutical products in Kazakhstan are Germany (15%), Russia (9%), France (8%), India (7%) and others. It should be noted that supplies from Russia increased significantly after the formation of the Customs Union Industry associations

The largest Kazakh association of pharmaceutical manufacturers is FarmMedIndustriya Association of Kazakhstan that unites the leading pharmaceutical companies. The Association actively cooperates with the following public authorities: the Ministry of Health of Kazakhstan, the Ministry of Investment and Development of Kazakhstan and other relevant agencies and organizations. FarmMedIndustriya Kazakhstan Association represents the interests of Kazakhstan's largest pharmaceutical manufacturers, and promotes the competitiveness of the pharmaceutical industry in Kazakhstan [50]. The purpose of the association is to support and protect the interests of modern Kazakhstan pharmaceutical industry.

Localization of production

Today in Kazakhstan, the localization of full production cycle was completed only by French company «Sanofi», which organized the release of injectable form of the drug «Essentiale-H» on the base of the plant «Himfarm» (Shymkent, South Kazakhstan region).

Large international companies have big plans for localization development on the territory of Kazakhstan. The company «Sanofi», together with the American «Pfizer», are planning to locate in Kazakhstan a full cycle of production of about 70 pharmaceutical products by 2020.

In Kazakhstan, the government plays an important role in supply of medicines, through a unified distributor for the procurement and provision of drugs and medical products. LLP «SK-Pharmacy» was founded in 2009 to carry out the functions of a single distributor for the procurement and provision of medicines within the guaranteed volume of free medical care. The share of the hospital segment in terms of value in 2013 was higher than in Belarus, and amounted to 37.1% in value and 13.2% in real terms. In relation to 2011, the change amounted to 56.7% in value and 7.9% in volume.

In Kazakhstan "Program of development of the pharmaceutical industry in the Republic of Kazakhstan for 2010 – 2014" provides measures of state support, such as long-term contracts for the purchase of products, the return of funds spent on the implementation of the standard GMP, reimbursement of expenses for the promotion of products abroad, etc. The objectives of the program are to achieve by the end of 2014 in real terms 50% level of satisfaction of the needs of the country in pharmaceuticals by local production and the complete transition of domestic producers on standard GMP in December 2014.

The program has stimulated the development of the industry. Currently about 27 projects of the pharmaceutical industry totaling more than 35 billion tenge have been planned to implement. Using these measures of state support, in Kazakhstan foreign companies Polfarma (Poland), "Pharmstandard" (Russia), Abdi Ibrahim (Turkey), Favea (Czech Republic) and others have been creating its own production and introduce modern technologies.

The costs associated with foreign trade activities (9.4 mln tenge) were compensated for four companies – "Nobel AFF", "Khimfarm», DOTSFAM, «MEDOPTIKA".

Within the program of state support, the following investment projects have currently implemented in Kazakhstan:

1. Expansion and modernization of existing production through the establishment of additional production facilities and modernization of existing production of solid and liquid medicines.
2. The construction of a pharmaceutical factory of a full cycle in Almaty worth \$25 million. Polish company "Polpharma" has acquired from JSC "Himfarm" 51% of the shares and has to provide access to the capital and "know-how", the transition to GMP standards for 4 years, \$100 million for investment, modernization of the plant, the new plants, innovative technologies and modern environmental standards.

The main trade partner of the Republic of Kazakhstan and Belarus is Russia. Mutual deliveries in 2013 amounted to \$140 million including the export of \$4 million and imports of \$136 million. In comparison with 2012, the volume of exports grew by 28.0%, although now it is lower by 2.9% than in 2011. Imports also increased by 20.4% after a slight increase in 2012 by 1.0%.

Exports to Belarus for the first time in 2013 were \$11 thousand. Until this year, pharmaceutical products were not supplied to the Republic of Belarus. Imports from Belarus in 2013 amounted to \$17 million. Compared to 2012 imports from Belarus fell by 11.1%, although it is still higher than in 2011 by 6.7%.

A more detailed structure of exports and imports of mutual trade in the Republic of Kazakhstan is for 2013. Kazakhstan pharmaceutical industry is represented by more than 80 enterprises. The five largest companies account for more than 88% of all drugs produced in Kazakhstan in terms of money. "Khimfarm", "Nobel", "Global Farm" FC "Romat" and "Dofarm" represent the enterprise of a full cycle, including development and implementation of processes, production of finished dosage forms, the implementation of medical institutions and consumers through distributors and pharmacy chains [4].

The Russian Federation has the largest volume of mutual trade with the Republic of Kazakhstan. Mutual deliveries in 2013 amounted to \$140 million. Of these, exports accounted of \$136 million and imports amounted \$4 million. Exports to Kazakhstan increased by 20.4% after rising by 1% in 2012. The volume of imports rose by 28.0%, although it is still lower than in 2011 by 2.9%.

The Customs Union and the Common Economic Space have stimulated investment activity of foreign and local companies. JSC "Borisov Pharmaceutical Plant" (RB) has its own dealers – "Bori-farm" in Smolensk (Russia) and LLP "Borisov KZ" in Astana (Kazakhstan).

Kazakhstan LLP "Sultan" in cooperation with the Russian ZAO "Pharmaceutical factory "Obolensky" and Indian "Vizat Pharmaceuticals Ltd" is engaged in packaging products and manufactures packaging for liquid pharmaceuticals.

LLP "Karaganda pharmaceutical complex" together with the Russian company "Pharmstandard" have been implementing a project for the production of cancer drugs in the Karaganda region. Russian ZAO NPK "Quatrain" in 2010 bought the shares of pharmaceutical distributor ODO "Dominantafarm" (RB), and a year earlier – the shares of the Kazakhstan pharmaceutical distributor LLP "Amity International" (Kazakhstan).

In the near future, the project on establishment of a co-production of biological products in Kazakhstan, based on working out of the Belarusian Institute of Cytology and Genetics, and the Institute of Microbiology of the NAS of Belarus, will be prepared.

Currently, the Eurasian Economic Commission, together with industry associations and regulators EAEU member countries, has been working on a draft agreement on common principles and rules of circulation of drugs in the framework of the Eurasian Economic Union.

Designed by the relevant Working Group, draft agreement is aimed at the formation of a common market of medicines by the states – members of the Eurasian Economic Union in accordance with the principles set out in Article 30 of the Treaty on the Eurasian Economic Union by May 29, 2014.

In addition, the provisions of the draft agreement aims at increasing the availability of safe, effective and quality medicines to the population of the Eurasian Economic Union and the competitiveness of the pharmaceutical industry of the Eurasian Economic Union in the global market.

This Agreement establishes a two-tier system: the regulation will be carried out both at the supranational and national level.

Constraints in today's environment for the development of companies' cooperative ties on producing pharmaceutical products are:

- similarity of manufactured commodity nomenclature, the overwhelming majority of which are generics of “traditional” orientation, the most accepted by national health systems);
- competition for the same customers, as the final release of pharmaceuticals in all enterprises are finished dosage forms (having the greatest value added tax), which will inevitably come in competitive relationships on the national markets and the markets of the Commonwealth of Independent States;
- reluctance to break the existing technological chain of production of finished products; in these cases it is not needed to speak about the transmission / reception technologies of production, possible cooperation is reduced to a purely technical function to provide narrowcasting services with low added cost; there is the possibility of the equipment downtime due to rupture process.

This cooperation is possible only in the case of a dot matches the commercial interests of enterprises and at certain stages of the strategy of the potential exporter when its output to neighboring markets with their products. In addition, one of the possible forms of expansion of cooperation between producers EAEU is cooperation on the packaging in the consumer package goods [15].

At the present time, the expansion of cooperation with local manufacturers of Eurasian Economic Union (EAEU) for packaging in the consumer product packaging is seen as the most appropriate solution. This co-operation will reduce the cost of product promotion in the highly competitive markets of Russia and Belarus, and the market will allow Kazakhstan to participate in co-operation with local manufacturers, who use strong state support.

On the one hand, the needs of health care and most people in the drugs are not met, due to the low solvency of the population, still limited funding from the state budget and insurance sources, the low level of voluntary health insurance. On the other hand, in recent years the growth of the pharmaceutical market has increased. Thus, the question arises: what impact has the global financial crisis had on the development of the pharmaceutical market and what to expect in the future?

First, it is necessary to note some peculiarities of the pharmaceutical market in Kazakhstan, as they directly affect the outcome of our research:

- significant dependence of the domestic market on imports of medicines, low country production;
- most drugs are bought for the consumers’ money, which greatly limits the flow of innovation, that is more expensive, drugs;
- low funding of the health system. Despite the constant increase in funding by the Ministry of Health of the Republic of Kazakhstan on average 7-9% per year, this figure did not reach recommended by the World Health Organization level of 5% of the total GDP of the state. Today, the costs for health care in Kazakhstan is 2.1% of GDP.
- due to the low level of consumption and production of drugs Kazakhstan pharmaceutical market is estimated to be 700-800 million, which is insufficient, according to the World Health Organization, for the country with a population of 15 million people;
- essential feature of the main subjects of the pharmaceutical market, enterprise-producers, is a high-tech industries. The presence of the international requirements for quality products, the need for compliance with the requirements of enterprises puts domestic pharmaceutical factories in obviously non-competitive position relative to foreign producers. Creation of original preparation requires the use of a large amount of investment, modernization of production facilities and staff. Thus, the majority of domestic manufacturers – with the exception of some companies – are not able to raise additional funds for the implementation of the above activities.

Major global trends in pharmaceutical markets – consolidation and development of vertically integrated companies are also observed in Kazakhstan. This occurs in the distribution, manufacturing and retail sectors. The number of pharmacy chains is growing. Modern marketing techniques are introduced.

The share of pharmacy chains in the total pharmaceutical business sector of the market in terms of money is growing steadily. It is estimated that by 2020 80% of the commercial pharmaceutical market in the country will control the pharmacy networks.

Taking into account the current economic and political situation in the world, we propose the introduction of a new concept for the optimization of the pharmaceutical business. Namely, the factories of European manufacturers of drugs should be relocated to the territory of the Republic of Kazakhstan, in light of its convenient geographical location, reducing costs for finished medical product (FMP) transportation between EAEU countries and free access to other markets to form a single center “Kazakhstan as a logistics distribution center of FMP in Central Asia” (Figure 5).

Logistics centers will facilitate the implementation of the following aspects:

- the possibility of reducing entry barriers in the pharmaceutical industry, related to participation in public procurement of FMP in the Republic of Kazakhstan, due to the presence of its own plant in the territory of the Republic of Kazakhstan;
- reduction of labor costs, through the involvement of the local workforce;
- the availability of operational data needed for effective planning and conduct of business.

In the case of the forecast implementation for 2016 to create a single pharmaceutical market in January 2016, the changes in policy of Distribution Management are assumed. It is likely that larger companies will soon become monopolized in their industry in the country sector and the formation of the final price will depend on the degree of influence in the markets of the Republic of Kazakhstan, the Russian Federation, Belarus and Kyrgyzstan.

This analysis of the current state of the main components of the pharmaceutical market – production, distribution

and pharmacy trade, trends, factors and prospects of its development – is aimed to assess the attractiveness of the major segments of the pharmaceutical market, both for interested investors as well as for members of large, medium and small businesses.

As seen from the features of the development of the pharmaceutical market of the Republic of Kazakhstan, they are directly influenced by the global financial crisis.

Thus, we can conclude the following: the global financial crisis has a negative impact on the competitiveness of the world's producers of medicines, which makes it possible for domestic pharmaceutical enterprises to become more competitive in the domestic market of pharmaceutical products. It is necessary to note the important role of the state, as, in resolving the issue of availability of affordable quality drugs, not only the future health of the nation but also the future of the domestic pharmaceutical industry depend on the position of the government.

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