

Report on Bachelor / Master Thesis

Institute of Economic Studies, Faculty of Social Sciences, Charles University in Prague

Student:	Lukáš Bystřický
Advisor:	Vilém Semerák, Ph.D.
Title of the thesis:	Analysis of Chinese foreign direct investment to Europe

OVERALL ASSESSMENT (provided in English, Czech, or Slovak):

Please provide your assessment of each of the following four categories, summary and suggested questions for the discussion. The minimum length of the report is 300 words.

Contribution

Besides providing a concise overview of trends in Chinese outward FDI and of methodological issues related to Chinese FDI statistics, the thesis provides one interesting bonus – its econometric section is entirely based on Chinese data that the author obtained directly from materials published by Mofcom. This can bring additional insight (in comparison to papers based on mirror statistics), it also enables the author to compare the depiction of Chinese outward FDI from different perspectives (Rhodium vs. Mofcom). On the other hand, there is also a price paid for this decision: the reliance on this particular source also restricts the dimensions of the available dataset (unilateral panel).

Methods

The econometric part of the paper is based on a one-sided panel (FDI outflows from China to all the countries for which the data were available: 174 countries during 9 years). The model is based on a gravity model. The design of the model is one of the weaker features – although the author mentions possible microeconomic foundations – such as Bergstrand & Egger (2007), the design (selection of variables, the form of their inclusion) seems a bit ad hoc. However, this is unfortunately a relatively common feature of much of the traditional empirical literature on FDI flows. Description of the econometric methods is occasionally a bit superficial, but they can be still considered to be at a level adequate for an undergraduate text. The author also decided to use the PPML estimator which is still a bit less usual at the undergraduate level.

Literature

The literature reviewed in the paper is adequate for a bachelor thesis. The issues related to reporting of Chinese outward FDI flows are discussed in detail, on the other hand, the treatment of econometric issues (microeconomic foundations, the specification of the model) is a bit shallow.

Manuscript form

The thesis has an adequate structure. There are occasional typos, stylistic or terminological issues (capital account instead of financial account – p.4, Housman test – p. 21), and there are also a few claims that some authors would have preferred to be backed with additional references/citations. However, the paper seems to have an acceptable style for a bachelor thesis.

Summary and suggested questions for the discussion during the defense

All in all, the thesis is comparable to many papers published by researchers in social sciences and focused on econometric analysis of Chinese macroeconomic data. It is not perfect, but it definitely meets criteria relevant for bachelor theses at the IES.

Questions for the defense:

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- It seems that you are suggesting (e.g. section 1.5) that the sensational news about Chinese investment to Europe can be just a case of “much ado about nothing”. Would you agree with such a description and if yes, how would you explain this interpretation? Can your explanation also have any relevant implications for the design of your econometric model?
- Why is the issue of correct specification (and of its microeconomic foundations) so important? Which dangers are we facing if we use an entirely ad hoc specification?
- What was the main reason for including inflation amongst explanatory variables?

SUMMARY OF POINTS AWARDED (for details, see below):

CATEGORY	POINTS
<i>Contribution</i> (max. 30 points)	26
<i>Methods</i> (max. 30 points)	24
<i>Literature</i> (max. 20 points)	17
<i>Manuscript Form</i> (max. 20 points)	18
TOTAL POINTS (max. 100 points)	85
GRADE (A – B – C – D – E – F)	B

NAME OF THE REFEREE: *Vilém Semerák, Ph.D.*

DATE OF EVALUATION: 29. 8. 2018

Referee Signature

EXPLANATION OF CATEGORIES AND SCALE:

CONTRIBUTION: *The author presents original ideas on the topic demonstrating critical thinking and ability to draw conclusions based on the knowledge of relevant theory and empirics. There is a distinct value added of the thesis.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
30	15	0

METHODS: *The tools used are relevant to the research question being investigated, and adequate to the author's level of studies. The thesis topic is comprehensively analyzed.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
30	15	0

LITERATURE REVIEW: *The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
20	10	0

MANUSCRIPT FORM: *The thesis is well structured. The student uses appropriate language and style, including academic format for graphs and tables. The text effectively refers to graphs and tables and disposes with a complete bibliography.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
20	10	0

Overall grading:

TOTAL	GRADE
91 – 100	A
81 - 90	B
71 - 80	C
61 – 70	D
51 – 60	E
0 – 50	F