

Report on Master Thesis

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

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Title of the thesis:	Offshore Financial Centers and the Financial Crisis

OVERALL ASSESSMENT:

The thesis of Vojtěch Šůva deals with an interesting topic of tax havens and offshore financial centers (OFCs). The paper consists of literature survey, empirical model and informative parts about the individual OFCs and offshore destinations favored by Czech entrepreneurs.

In the empirical part author introduces a model of a previous study by Zoromé (2007) and points out its limitations. The added value of this paper is that author tries to contribute in this field of study with a new model on panel data. In the model he uses Coordinate Portfolio Investment Survey (CPIS) and International Investment Position (IIP) to estimate the ratio of net financial services export. Based on this ratio he identifies the OFCs and in the following chapter he shows the effects of the financial crisis on the OFCs.

The literature survey, empirical part and informative parts about individual countries are well managed and together they create a very solid paper (except minor technical imperfections).

My questions:

- 1) Why does the author think that the max (IIP, CPIS) is the best possible proxy for net financial services? Zoromé (2007) also used this approach, but I did not fully agree with the reasoning for this approach. Why not to use the average of these two? The author quotes Zoromé (2007) and claims that CPIS are preferred to IIP when they are higher for one reason and IIP are preferred to CPIS when they are higher for a different reason (p. 22).
- 2) Luxembourg is found as an outlier in the regression model. Why is Luxembourg different?
- 3) Would it be possible for the Czech Republic to become an OFC? How? What would be the main pros and cons for the Czech Republic becoming an offshore financial center?

In case of successful defense, I recommend “výborně” (excellent, 1).

SUMMARY OF POINTS AWARDED:

CATEGORY	POINTS
Literature (max. 20 points)	19
Methods (max. 30 points)	27
Contribution (max. 30 points)	25
Manuscript Form (max. 20 points)	14
TOTAL POINTS (max. 100 points)	85
GRADE (1 - 2 - 3 - 4)	1

NAME OF THE REFEREE: Karel Bába

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Referee's signature