Report on Bachelor / Master Thesis

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

Student:	Klára Koubková
Advisor:	Mgr. Ing. Vilém Semerák PhD.
Title of the thesis:	Effects of foreign investment on international trade

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

The aim of the thesis is to examine the relationship between foreign direct investments (FDI) and exports and imports flows on the example of the Czech Republic and Germany. In the first part of the thesis (chapters 1 to 4) the author provides an introduction to the concept of FDI, lists key drivers of FDI and the impact of FDI on the host country. Chapter 5 discusses the connection of FDI and export and import flows (which is the proper subject of interest of this thesis) and provides a literature survey. Chapter 6 includes the description of a gravity model and chapter 7 further presents the model used and provides results.

I understand that the topic of the thesis is the relationship between FDI and trade flows and that the underlying theoretical framework is contained in the chapter 5.2. Since this is the key theoretical part of the thesis, I would prefer to devote more time to this chapter, thus better showing author's thorough understanding of studied issues. On the other hand, previous chapters, especially chapter 3 including formal description of FDI drivers, could have been shorter as this topic although being related is not of the key concern of this thesis.

I further list below my comments concerning relevant categories of the evaluation:

Literature

The author provides an extensive literature review in the descriptive part of the thesis – mainly in chapter 3 concerning the drivers of FDI and in chapter 4. Different theoretical concepts related to the analytical part (in chapter 5.2) seems also exhaustive, although this part could have been further more broadly developed as discussed above.

Methods

The empirical analysis uses a gravity-type model, which logic is presented in chapter 6. The author describes in detail the gravity model by Baldwin-Taglioni without having made the proper liaison with the empirical model used in the analysis and presented in chapter 7.

The author incorrectly draws conclusions from results (variables) that are not significant (e.g. page 45, EU variable) or suggests that although the proper analysis did not result in any significant results, a model without robust standard errors correction would lead to *better results* (page 47).

Contribution

The empirical analysis is based on a study by Breton et al. (1999). I understand that the value added of the analysis contained in the thesis is that it takes into account panel data sets as opposed to cross-sectional data used by Breton et al.

Manuscript Form

From the formal point of view the thesis comprises several flaws:

- Although the thesis is written in English, outputs from the statistical program included in tables in the appendix are in Czech. The author should have stuck with one working language and should have translated her econometrics results.
- Both tables in the main body and mainly in appendix should be numbered. References to relevant tables should be included in the text.
- There is missing text (ends of commenced phrases) at different places of the thesis (e.g. footnotes 1 and 6, page 45).

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- There are many spelling mistakes, typos and text inconsistencies in the thesis. There certain mistakes in presented equations (e.g. in equation number 7.3 "ln Yj" is missing, there are certain typos in equations 8.2-8.5).
- I believe that there is space for improvement in terms of deeper text cohesion, which would also underline the main objectives of the thesis and the obtained results.

Based on my comments above I recommend **"velmi dobře" (good, 2)**.

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

CATEGORY		POINTS
Literature	*(max. 20 points)*	16
Methods	*(max. 30 points)*	23
Contribution	*(max. 30 points)*	21
Manuscript Form	*(max. 20 points)*	5
TOTAL POINTS	*(max. 100 points)*	65
GRADE	(1 – 2 – 3 – 4)	2

NAME OF THE REFEREE: Ing. Barbora Svárovská, M.A.

DATE OF EVALUATION: 2 September 2012

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Referee Signature

B.S.

EXPLANATION OF CATEGORIES AND SCALE:

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

Strong	Average	Weak
20	10	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.*

Strong	Average	Weak
30	15	0

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.*

Strong	Average	Weak
30	15	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.*

Strong	Average	Weak
20	10	0

Overall grading:

TOTAL POINTS	GRADE		
81 – 100	1	= excellent	= výborně
61 – 80	2	= good	= velmi dobře
41 – 60	3	= satisfactory	= dobře
0 – 40	4	= fail	= nedoporučuji k obhajobě

B. S.