

# Report on Bachelor / Master Thesis

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

<b>Student:</b>	<b>Štěpán Chrz</b>
<b>Advisor:</b>	<b>Ing. Zdeněk Hrubý CSc.</b>
<b>Title of the thesis:</b>	<b>Interconnections within Food, Biofuel and Fossil Fuel Markets: Cointegration analysis</b>

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

In the first part of the thesis (sections 2 to 4) the author provides the introduction into the area of biofuels covering respectively the specification of crops that serve as inputs in the production process (section 2), the policy objectives of biofuels support and the types of subsidies (section 3) as well as the development of biofuels-related legislation in the EU, USA and Brazil (section 4).

Overall, sections 2 to 4 are well-structured and easy to read. Technicalities concerning the production process and biofuels' attributes are well-explained.

### Minor suggestions:

- I recommend to remind the reader what crops serve as inputs in the ethanol and biodiesel production again in the second part where the relationships „input or substitute“ are examined (i.e. section 9).
- Although section 3 surely provides certain background information on the prevailing trend of increasing volumes of production of biofuels, it seems rather long without a clear liaison to the analysis that follows.
- The examination of the impact of regulation on the interconnections between crops and fuels prices is founded on the Energy Policy Act from 2005, which the author mentions in section 4. I would recommend making a liaison to the research question already at this stage so that the reader notices the importance of this regulation act for the analysis.

The second part of the thesis includes the motivation, the literature survey, data sources, methodology description and results as well as final comments. My comments with respect to those parts are as follows:

### **Motivation and research questions**

While the aim of the thesis is to find out whether the increasing production of biofuels is affecting the interconnections within the food, biofuel and fossil fuel markets (page 19), the performed analysis examines directly the price interconnections between crops, biofuels and fossil fuels. The impact of the increasing volumes of production of biofuels is assumed and not further commented. Hence, I would recommend that the author goes back to this broader issue and proposes certain conclusions in this respect.

Secondly, when presenting his results the author sometimes comments that some results were “in line with our expectations” (e.g. page 42). For the sake of clarity and better text cohesion I would recommend mentioning the author's expectations in section 5 (Intention).

### **Literature**

The literature survey is extensive and comprehensible. In this respect, I would only recommend that the author emphasizes the similarities and differences of his results with results of the most relevant papers (in terms of used methods or data) mentioned in the literature survey. This may help to clarify the author's contribution as well.

### **Data**

The author mentions at page 7 that the majority of biodiesel produced in the EU is received from rapeseed (řepka olejná), however in the analysis only soybean is included. Is this due to data limitations? In the European as well as the Czech Republic context it would be interesting to include rapeseed in the analysis too.

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## **Methodology**

The used methods and the methodology description seem to be comprehensive.

## **Results and conclusions**

As mentioned above I would recommend an inclusion of (i) a brief comparison of the author's results with the existing literature, and (ii) a clarification of the impact of rising volumes of produced biofuels due to introduced policy measures on the price interconnections.

## **Contribution**

I understand that the value added of the analysis contained in the thesis is that it takes into account price developments of a broader portfolio of crops as well as prices of fossil fuels in different regions (EU and USA).

## **Manuscript Form**

The thesis is overall well-structured and comprehensible. The author 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 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.

Most of the above comments are rather suggestions for further development. Therefore, overall I recommend "výborně" (excellent, 1).

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

<b>CATEGORY</b>	<b>POINTS</b>
Literature (max. 20 points)	19
Methods (max. 30 points)	30
Contribution (max. 30 points)	25
Manuscript Form (max. 20 points)	17
<b>TOTAL POINTS</b> (max. 100 points)	<b>91</b>
<b>GRADE</b> (1 – 2 – 3 – 4)	<b>1</b>

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

**DATE OF EVALUATION:** 10 June 2012



**Referee Signature**

**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