

Report on Bachelor / Master Thesis

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

Student:	Ján Tomo
Advisor:	Vilém Semerák
Title of the thesis:	Impact of increasing returns to scale and imperfect competition on international trade in automotive industry: Czech republic – Germany

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

Mr Tomo has opted for a topic related to quite a few important theoretical and policy-related debates in the field in international trade. He has been working on the thesis for a considerable length of time and preferred to work very independently without consulting most of his work with his supervisor.

The product of Mr Tomo's work is a lengthy text (71 pages) which at a cursory glance seems to have the structure and features of a typical bachelor thesis and which seems to include not only a literature review but also own empirical analysis. A closer inspection reveals that the text is of a rather slapdash nature: it includes a number of redundant parts, it contains many grammatical errors, references are poorly made (the final list includes works not cited in the text, references in the text are often too general), figures and tables are not numbered, some tables (see p. 58) included variables only described in text but not identified in the tables per se. Interestingly enough, the structure of the text also differs a little from the outline of the text provided at the beginning of the thesis.

Section 1 of the text was probably intended as an attempt to show the place of new trade theory in the field of international trade theory. However, it would have been better to omit this chapter altogether as the author remains at a very low level of detail (the author basically renarrates an introductory textbook).

Section 2 (Economies of scale and international trade) is closer to the very topic of the thesis, but I do not understand why the author wastes so much space on revising the basic concepts related to returns to scale and imperfect competition (such as MC, MR, and their role in a simple model of monopoly). Just like with section 1 – it would be advisable to omit large parts of section 2 as well.

Section 3 (Competitiveness and importance of the production quality) is much more relevant than the previous 2 sections. Unfortunately, the author decided to leave much less space for this relevant text, which causes that the literature review in this part is rather superficial. While Mr Tomo describes basic approaches used to analyze the role of intra-industry trade and vertical/horizontal specification, his description of the statistical indicators is neither too detailed nor too analytical.

Section 4 (Automotive industry in the Czech Republic) provides what its name promises, that is a description of the development of production and foreign trade of the automotive sector.

Section 5 (Analysis of the Czech foreign trade with Germany focused on automotive industry) contains the empirical and analytical part of the paper. The author opted for two main approaches: (i) analysis of relatively aggregated data (3 digit SITC and only two categories, SITC781 and SITC784), (ii) more detailed analysis based on CN8 data. The author calculated simple Grubel-Lloyd indexes and compared unit values (kilogram prices). However, he has not tried to calculate alternative measures of intra-industry trade (e.g. the overlap index mentioned on p. 41), the analysis of relative unit values remains at a fairly basic level (just calculation + description) too.

The thesis as it is would constitute a good initial research that could be used to write the final version of such paper. The current version, however, leaves something to be desired.

The final conclusion is not an easy one to make. While I am aware that Mr Tomo might have been a bit disadvantaged (compared to other students), the presented thesis lags behind the usual standards required from students of the IES. Therefore I cannot recommend other grade than "Satisfactory", and only if the students satisfactorily defends the thesis and addresses the arguments of the reviewers.

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Questions for the defense:

1. Explain the difference between the “overlap index” and the simple Grubel-Lloyd index. Would your results be different if you used the former approach?
2. What kind of problems related to FOB and CIF parities are we facing when calculating relative unit values? How can we deal with them?

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

CATEGORY	POINTS
<i>Literature (max. 20 points)</i>	8
<i>Methods (max. 30 points)</i>	14
<i>Contribution (max. 30 points)</i>	10
<i>Manuscript Form (max. 20 points)</i>	8 – 9
TOTAL POINTS (max. 100 points)	40-41
GRADE (1 – 2 – 3 – 4)	3

NAME OF THE REFEREE:

DATE OF EVALUATION:

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