

Report on Bachelor / Master Thesis

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

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Title of the thesis:	Relationship between oil and GDP: The case of Kazakhstan. Assessment of economic situation and economic development of Kazakhstan based on the economy of oil.

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

The thesis describes the economic development of Kazakhstan, analyzes effect of oil price, inflation, exchange rate and foreign direct investment (FDI) on gross domestic product (GDP) using time-series Vector Error Correction Model (VECM) approach and Ordinary Least Square (OLS) regression analysis. Chapters 1-3 provide detailed description of development of oil industry, changes in political and institutional environment of Kazakhstan from early 90s to nowadays. Analysis of influence of oil sector on the economy of the country is introduced in Chapter 4. The **key results** are:

1. „the price of oil is insignificant for the economy of republic in the long run“;
2. „the oil price has positive effect on GDP of Kazakhstan in the short-term“
3. „there is a positive relationship between the FDI and economic growth“

The used approach is legitimate, but I have some formal comments:

- The introduction is quite long, the detailed description of specific events of Kazakhstan early history can be shortened.
- In the text there are 2 assertions which cannot be verified from presented data: p.7 „In 1999, the worst year in Kazakhstan's economy, total GDP was equivalent to 69% of its 1990 value (see Figure 2.2).“ – There are no data for 1990 at Figure 2.2; p.15 „According to the IMF, in 2009 GDP increased by 1.2% and in 2010 by about 6.0%, due to higher oil prices, a recovery in domestic spending, as well as financial assistance from the state.“ –According to Figure 2.2, GDP decreased in 2009.

Otherwise, the thesis is well written, there are correct references to graphs and tables at the text and the used sources are clearly cited. I recommend the thesis for defence.

Suggested questions for the defense are:

- “Can Kazakhstan government regulate the oil price and oil production? If yes, how these regulations influence key results 1. and 2. listed above?”

In the case of successful defense, I recommend “**velmi dobře**” (good, 2).

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

CATEGORY	POINTS
Literature (max. 20 points)	15
Methods (max. 30 points)	25
Contribution (max. 30 points)	20
Manuscript Form (max. 20 points)	15
TOTAL POINTS (max. 100 points)	75
GRADE (1 – 2 – 3 – 4)	2

NAME OF THE REFEREE: Ing. Oksana Melikhova, PhD.

DATE OF EVALUATION: 18.06.2013


Referee Signature