

# Report on Bachelor / Master Thesis

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

<b>Student:</b>	<b>Bc. Ondřej Sláma</b>
<b>Advisor:</b>	<b>Jaromír Baxa</b>
<b>Title of the thesis:</b>	<b>The Importance of Non-Price Competitiveness: Oil Downstream Sector in Europe</b>

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

*Please provide your assessment of each of the following four categories. The minimum length of the report is 300 words.*

The thesis submitted by Ondřej Sláma discusses the importance of the non-price competitiveness for the developments of the European oil downstream industry. The core of this thesis is estimation of the index of relative export prices adjusted for changes in quality and taste using highly disaggregated data in a way suggested in Benkovskis and Wörz (2016). Up to my knowledge, this methodology is used for the analysis at the sectoral level for the first time. It is shown that the oil downstream sector in Europe suffers not only due to its high costs but its relative non-price competitiveness position deteriorated over the past decade as well.

### **Contribution**

The thesis utilizes newly developed methodology that has been developed quite recently and the method is applied on the analysis of one particular industrial sector for the first time. The motivation for utilization of the methodology for oil downstream is reasonable and quite clever.

Also, calculation of the relative export prices requires work with highly disaggregated data and somewhat extensive coding. The findings of this paper point to the importance of the adjustment of changes in prices for the effects of quality and other non-price factors. Thus, the results support the literature suggesting larger and somewhat structural problems in the oil downstream, not just gradual loss of price competitiveness because lower costs of inputs in the U.S. after expansion of the shale gas exploration. In this respect, the results contribute significantly to the current literature, although this relation to the literature is not particularly stressed in the diploma thesis itself.

### **Literature**

Work with the literature seems to be a relatively weaker spot of the thesis. While the methodology itself is well described and with proper references to the sources, the section on oil downstream lacks a solid literature review. From the other parts of the text, it is clear that the author has deep expertise in this area, but in the diploma thesis, the link to the existing literature shall appear as well.

Following references can serve as a starting point:

Vollebergh, H. R., & Drissen, E. (2014). Unconventional Gas and the European Union: Prospects and Challenges for Competitiveness. CESifo Working Paper, No. 5035

Cornot-Gandolphe, S. (2015). The Impact of the Development of Shale Gas in the United States on Europe's Petrochemical Industries.

Konstantelos, S. (2014). Discovering the drivers for corporate investments or divestments in the European downstream oil sector. Delft University of Technology.

### **Methods**

The methodology relies on the framework by Benkovskis and Wörz (2016) and it seems to be well implemented (since the replication of the results for countries included in Benkovskis and Wörz, 2016, lead to very similar results as those presented in the original paper, see sections 5.3 and 5.4).

### **Manuscript form**

The manuscript form follows the main conventions. The structure of the text is logical, it starts with presentation of a replication of the original paper and then it shows the results for the oil downstream sector.

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

<b>CATEGORY</b>	<b>POINTS</b>
<i>Contribution</i> (max. 30 points)	28
<i>Methods</i> (max. 30 points)	30
<i>Literature</i> (max. 20 points)	12
<i>Manuscript Form</i> (max. 20 points)	18
<b>TOTAL POINTS</b> (max. 100 points)	<b>88</b>
<b>GRADE</b> (1 – 2 – 3 – 4)	<b>1</b>

**NAME OF THE REFEREE:**

**Jaromír Baxa**

**DATE OF EVALUATION:**

**September 5, 2017**



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**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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
20	10	0

**Overall grading:**

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