

Report on Bachelor Thesis

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

Student:	Jakub Reinštein
Advisor:	Mgr. Michal Paulus
Title of the thesis:	The Belt and Road Initiative: Effects on eastern Europe and post-soviet republics gravity analysis.

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

Contribution

The paper is contributory to the existing literature in several aspects. At first it offers estimations of the impacts of the BRI initiative on the countries along its inland corridors using not only the aggregate trade data but also sectoral BEC Comtrade data. I regard those results as useful robustness checks of the existing papers on the topic while present the impacts also on disaggregated trade flows. Secondly, the paper is examining impacts of the LPI (Logistics Performance Index) showing its positive effects on mutual trade. That aspect is important for assessments of BRI impacts and in my opinion demands further more detailed research (especially whether the Chinese investments really significantly and efficiently improve local infrastructure in BRI countries...).

I consider the paper as more than sufficiently meeting standards (concerning its contributory aspect) for a bachelor thesis.

Methods

The author uses a standard version of a microfounded gravity model (Anderson and Wincoop, 2003). I consider the incorporation of exporter, importer and time dummies as adequate given the fact that he uses a short time period (see WTO, 2012, p.110) and submits a bachelor thesis (in case of a master thesis I would demand more advanced methodological framework).

Therefore, the chosen methods I consider as sufficient for a bachelor thesis incorporating gravity model of trade.

I have just several critical comments:

- In the Table 2 (page 25) the author presents the list of countries associated with the dummies *ob.both* and *ob.one* and refers to the Appendix 3 which includes about 33 BRI countries. Those are countries which are along the inland corridors of BRI. However, on page 5 the author mentions just countries included in the so called 16+1 initiative even though at the end of the paragraph he states that he is focused on three land corridors of BRI. The fact that the author is examining countries along the "inland corridors of BRI" (the 16+1 is just a subsample of that group) is also stated on page 23. Therefore, I would recommend revising the paper once more to clarify such passages as on page 5 and avoid potential misinterpretation of his intentions.
- I would recommend being more specific how the so called "Bronze medal" (p.12) is usually solved. You very simply use data in nominal value together with time dummies. That solution is mentioned in the next paragraph, however I would personally explain that within the paragraph devoted to the description of "Bronze medal".

Literature

The author sufficiently covers the literature related to the topic. The literature review is also well and logically structured not only discussing outcomes of economic research on BRI but also main methodological tool which was used in the thesis (gravity model of trade).

I have no serious critical comment on that aspect of the paper.

Manuscript form

I have no serious remarks on the manuscript form. However, I would definitely recommend additional round of proofreading to correct several minor language issues.

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Summary and suggested questions for the discussion during the defense

Even though I have several critical comments I regard them as minor and **give the mark A**. The thesis has clear structure, uses appropriate methods and the author is able to discuss the results of his research. As a supervisor I would like to also mention that Jakub has been working on his thesis during the whole year and I have no complaints concerning his effort.

I am proposing several questions for his defense:

- Do you have any suggestion why nearly all resulting coefficients in the Model 1 are statistically significant? Is not that an outcome of possible methodological shortages of the chosen model and estimation procedures?
- You fairly mention that the results concerning CPI shall be taken with caution and the whole topic of the effects of corruption on trade is demanding further investigation. You also state that "other institutional influences might play role in those results" (page 37). Do you have an idea which other institutional factors might be relevant for your results?
- You found out that corruption may play positive role in case of BEC-3 (Fuels and lubricants) and BEC-7 (Goods not elsewhere specified in particular). You also mentioned in the conclusion that you are potentially planning to investigate this topic in your master thesis. Do you think that the usage of BEC offers a satisfactory level of disaggregation for a study of impacts of corruption on trade? Do not you consider using higher levels of disaggregation to make those results more precise in your potential future research? The BEC classification may be simply too broad and hiding important heterogeneity of the effects of corruption on trade.
- At the end of your conclusion you state that "we should be also aware of geopolitical implications when talking about this topic". Can you elaborate on that little bit more?

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

CATEGORY	POINTS
<i>Contribution</i> (max. 30 points)	30
<i>Methods</i> (max. 30 points)	24
<i>Literature</i> (max. 20 points)	20
<i>Manuscript Form</i> (max. 20 points)	17
TOTAL POINTS (max. 100 points)	91
GRADE (A – B – C – D – E – F)	A

NAME OF THE REFEREE: Mgr. Michal Paulus

DATE OF EVALUATION: May 31, 2020


Referee Signature

EXPLANATION OF CATEGORIES AND SCALE:

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.*

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.*

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

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.*

Overall grading:

TOTAL	GRADE
91 – 100	A
81 - 90	B
71 - 80	C
61 – 70	D
51 – 60	E
0 – 50	F