

Report on Bachelor Thesis

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

Student:	Timur Bahodirovich Barotov
Advisor:	Vilém Semerák, Ph.D.
Title of the thesis:	Analysis of the effects of EU membership on trade flows of member countries: Implications for new members and for attempts to leave the EU

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

Please provide your assessment of each of the following four categories, summary and suggested questions for the discussion. The minimum length of the report is 300 words.

Contribution

It is not easy to evaluate the thesis. On the one hand, the author has amassed many highly relevant sources, managed to obtain relevant data and learnt how to implement gravity models (and even attempted to avoid the most typical problems of such models). On the other hand, he opted for analysis of the effects of integration at a level which might appear to be almost self-evident or banal, i.e. aggregate effects of European integration on trade. While he attempts to make this more interesting at least by considering the possibility of gradual/delayed adjustment to the membership and by attempting to test for the presence of trade diversion effects, it might have been relevant to go a little deeper (e.g. more detailed decomposition of trade flows).

Methods

Gravity models definitely constitute relevant methodology for the analysis of effects of economic integration; the types of models used in the thesis (fixed effect or rather LSDV models and PPML estimator applied on specification derived from micro-founded gravity models) are adequate for the undergraduate level. Similarly, the data come from standard sources and the author was able to process and work with them adequately. The description of the results of the estimation (and of post-estimation tests) includes some imprecise formulations (e.g. p. 44).

Literature

Literature on gravity models is covered relatively extensively and includes references relevant for this type of work. Coverage of empirical research on the effects of trade integration still leaves some space for improvement. Also the rather important issue of pre-accession trade liberalization is dealt with very briefly and does not mention e.g. previous attempts to estimate the effects of such liberalizations.

The author also clearly preferred the quantity (as measured by the number of sources and the number of references in the text) to the quality of working with literature. While I acknowledge that the final version is significantly improved, description of some previous results and facts can appear more superficial than one would expect in a scientific text.

Manuscript form

As far as formatting, the use of tables, etc. are concerned, the thesis looks fairly good, largely thanks to the author's decision to rely on Latex.

A few typos and language oddities remained in the text, but the overall form is still quite acceptable for a bachelor thesis.

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Summary and suggested questions for the discussion during the defense

The thesis meets the criteria applied for similar texts at the IES and the results of the Urkund analysis also do not indicate significant text similarity with other available sources. Therefore, I recommend the thesis for the defence and propose grade C.

Suggested questions:

1. Trade economists often attempt to dissect changes in trade flows into so-called intensive and extensive margin. What kind of effects of European integration on the intensive and extensive margin would you expect and would it be possible to analyze the relative importance of the margins with the data which you had?
2. It seems that you claim that EU effect might be both underestimated (p. 16) and overestimated (p. 35) due to the existence of pre-accession trade liberalization treaties. Can you explain this issue more clearly?
3. On p. 44 you claim that “the presence of heteroskedasticity [] was confirmed by Huasman [sic] test”. Can you clarify how you tested for heteroskedasticity? What kind of troubles would heteroskedasticity cause in typical econometric models? Is this different in the case of gravity models?

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

CATEGORY	POINTS
<i>Contribution (max. 30 points)</i>	19
<i>Methods (max. 30 points)</i>	22
<i>Literature (max. 20 points)</i>	17
<i>Manuscript Form (max. 20 points)</i>	18
TOTAL POINTS (max. 100 points)	76
GRADE (A – B – C – D – E – F)	C

NAME OF THE REFEREE:

Vilém Semerák

DATE OF EVALUATION:

*Digitálně podepsáno (1.9.2020)
Vilém Semerák*

Referee Signature

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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