

# **Currency Invoicing Decision: New Evidence from a Questionnaire Survey of Japanese Export Firms**

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## **Abstract**

There have been only a few studies that empirically examine the firm's decision on price setting or currency invoicing in international trade. This paper is the first study that conducts the questionnaire survey with all manufacturing firms listed in Tokyo Stock Exchange concerning the choice of invoicing currency at a firm level. Questionnaires were sent out to 920 Japanese firms in September 2009 and 227 firms responded. We present the new firm-level evidence on the choice of invoicing currency by destination and by type of trading partner, and also the share of invoicing currency of Japanese production subsidiaries in Asia. By conducting cross-section analysis, we found the following evidences: (1) highly differentiated goods and/or strong competitiveness of the products promote Japanese yen invoicing in exports to all countries, (2) larger share of intra-firm trade in exports promotes importer's currency invoicing in exports to advanced countries, and (3) the production-sales networks of Japanese firms whose Asian production subsidiaries export their final products to other countries/region promote US dollar invoicing in exports to Asian countries.

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