

## Export Dynamics and Invoicing Currency

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**Abstract:** In this paper, using the finely disaggregated firm-level export data in Thailand, we examine how firms' export experience is related to the dynamic choice of invoicing currency. We present an evidence that the majority of exporters do not change invoicing currency for same product/destination during the sample period. This evidence implies that changing invoicing currency requires significant burden of menu cost. We also find that, even after controlling for export size, the probability of choosing export country's currency, or producers' currency (PC), in the first export is significantly higher than in the export of the second and subsequent products/destinations. Assuming importers are risk averse, this finding implies that accumulation of firms' export experience provides better know-hows of exchange rate risk management and enhances the use of currencies other than PC in order to gain better profit. We also propose a theoretical model which provides rationale for these empirical findings.

**Keywords:** Export dynamics; Invoicing currency; Exchange rate risk management; Learning

**JEL Classification:** F1; F3

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\* This research was conducted as part of a project of the Economic Research Institute for ASEAN and East Asia "Export Dynamics and Export Industry Development." We would like to thank Ju Hyun Pyun, Kiyoshi Matsubara, Etsuro Shioji, and the seminar participants at Research Institute of Economy, Trade and Industry (RIETI), Japan Society for International Economics and University of Niigata Prefecture. Matsuura and Yoshimi acknowledge financial support from the JSPS under KAKENHI Grant Numbers JP2638011 (to Matsuura), JP15H05393 and JP16H03638 (to Yoshimi). All remaining errors are ours.

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