

# Invoice Currency Choice: Strategic Complementarities and Currency Matching

Yushi Yoshida\*, Junko Shimizu, Takatoshi Ito,  
Kiyotaka Sato, Taiyo Yoshimi, and Uraku Yoshimoto

Shiga U, Gakushuin U, Colombia U,  
Yokohama National U, Chuo U, Policy Research Institute

April 24, 2023

## Abstract

Successful manufacturers have expertise in making decisions for producing and providing their products to customers. However, facing oversea markets, they must make one international financial decision in addition to the issues associated with exporting to foreign markets. When faced with fluctuating exchange rates, the choice of invoice currency affects the exporter's consequent revenue in terms of home currency. In this study, we investigate the determinants of invoice currency choice by utilizing the transaction level information contained in export and import declarations at Japan Customs. With this new data set, we are able to identify exporting firms that are also involved in importing. As determinants for invoice currency choice, we aim to find currency marrying is as essential as strategic complementarity for two-way trader exporters. We investigate whether Two-way trader exporters choose invoice currency for their exports as matched with those for their imports to minimize the exchange risk generated by currency mismatch. Using the Belgian firm transaction level data, Amiti, Itskhoki, and Konings (2022) called the phenomenon strategic complementarity in which the competitors' choice of invoice currency in the same industry induces an exporter to choose the same currency. We also examine whether the exact mechanism works for Japanese exporters.

Keywords: Invoice Currency; Strategic Complementarities.

JEL Classification: F14 (Empirical Studies of Trade); F61 (Microeconomic Impacts of Globalization).

\*Shiga University, corresponding author: [yushi.yoshida@biwako.shiga-u.ac.jp](mailto:yushi.yoshida@biwako.shiga-u.ac.jp). The authors thank great research support from the staff while using transaction-level microdata at the PRI. We thank the participants at the PRI research meeting for their useful comments. Yoshida gratefully acknowledges financial support from the JSPS KAKENHI 22K18527.