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Abstract

In this article, I investigate the euro has gained momentum that it is not about the America's current w

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Although currency. Although
tions, I argue
Notwithstanding
l policy inside the
euro-zone, and the need to coordinate these, will make it difficult to accommodate and correct large-scale imports over the long term. I also find that taking on the role of the world's preferred import destination is bound to exacerbate internal differences and complicate decision-making.



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1.

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2.

1. Since two currencies are involved, the percentage shares are out of 200.

3.

2. Because of data limitations, I cannot track the evolution of the euro and the dollar's relative use as invoicing currency for a complete run of years.

- 4.
3. The data for both years are not available for all countries, so there may be other exceptions as well.
- 5.
4. The author's calculations based on IMF (October 2007).
- 6.
5. Based on the author's calculations using Eurostat (2009).
- 7.
6. It is assumed that demand is more sensitive to price, the more highly differentiated the good.
- 8.
7. IMF (March 2003).
- 9.
8. IMF (September 2004).
- 10.
9. IMF (October 2007).
- 11.
10. I do not attempt to sort out the direction of causality in this article, i.e. whether oil prices influence the dollar exchange rate or whether the dollar exchange rate influences oil prices.
- 12.
11. Author's calculations based on Eurostat and EIA.
- 13.
12. Although we are not entirely outside the box, since the ability to sustain high and regular trade deficits is related to the key currency's store of value function.
- 14.
13. As the study points out, however, there is no statistically significant relationship between the net international investment position and reserve currency status; in part, this is due to the major role of the United States in the sample (see Chinn and Frankel (2005)).
- 15.
14. These calculations are based on Eurostat (2008).
- 16.
15. For a comprehensive treatment of the link between key currency and military status, see Carla Norrlof (forthcoming 2010).

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