frequently observed with Asian exports, in that market share gains might be more easily realised if exporters attempt to carry these costs themselves. Clearly much depends on the intensity of competition in the importing country market, and the type of good or service being traded (- that is, whether the good or service is relatively homogeneous or not).

A study by the ECU institute (1995), which in tum was based on a paper by Ilzkovitz (1994), estimated invoicing practices from a variety of sources for 1992. Hartmann (1996) used this as well as United Nations data to make some predictions about invoicing after EMU using various simplifying assumptions. These results are reproduced below.

Table 3.2
Trade Invoicing in Major Currencies Before and After EMU for 1992
(in percentage terms)

Currency	World 1980	World 1992	Intra-EU	Extra-EU[1]	Extra-EU[2]
US$	56.1	47.6	3.9	43.7	59.4
¥	2.1	4.8	0.1	4.7	6.3
DM	13.6	15.3	8.1	7.2	9.8
Ffr	6.2	6.3	3.2	3.1	4.2
UK£	6.5	5.7	2.8	2.9	3.9
I lira	2.2	3.4	1.7	1.7	2.4
Hfl	2.6	2.8	1.3	1.5	2.0
EU5[3]	31.1	33.5	17.1	16.4	22.2
EU4[4]	24.6	27.8	14.3	13.5	18.3
EU15	na	na	na	16.6	25.2

Notes: 1 - this column refers to % of world trade including trade between EU Member States.
2 - this column refers to % of world trade excluding trade between EU Member States.
3 - France, Germany, Italy, Netherlands, United Kingdom.
4 - Excluding United Kingdom.

Source: Hartmann (1996)

The table shows in the first column the invoicing currencies used in world merchandise trade in 1980 (services are omitted from the analysis, due to poor data quality), and in the second column the state of affairs in 1992. The drop in US dollar invoicing between 1980 and 1992 occurred largely because of the fall in exports from OPEC (Oil Producer Exporting) countries, and the Japanese yen (¥) and the German mark (DM) largely filled the gap. Taking the 1992 figures, if it is hypothetically assumed that EMU occurred in 1992, then the third column describes what might happen to this breakdown. If national invoicing practices outside the EU are unchanged, then as EMU occurs a large portion of foreign trade effectively "disappears", as it becomes regional trade using the European "domestic" currency. The assumption here is that all trade that was denominated in a European currency is now denominated in euros. The rows marked EU5 and EU4 report the trade invoicing in EU Member State currencies as a proportion of total world merchandise trade invoicing. EU4 represents the "core" EU Member States (Germany, France, Italy, Netherlands) but excludes the UK, whereas EU5 includes the UK.

Thus, if the UK participated in EMU, then intra-EU trade would be at least 17 percent of world