

# Export, technological innovation, and economic policy uncertainty: Evidence from Japan

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## **Abstract**

This paper investigates the effect of economic policy uncertainty (EPU) on exports, using approximately 4,000 Japanese listed firms per year from 1998 to 2022. The EPU index proposed by Baker et al. (2016) is employed as the measure of policy uncertainty. IV estimation employing EPU in Japan as the instruments suggests that EPU leads to a decrease in exports through a reduction in investment. This mechanism underscores the crucial role of investment as a channel through which EPU impacts international trade.

Keywords: export; R&D; investment; uncertainty; firm-level data

JEL classifications: F14; F13; F61; D25; D80

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