Table 1: VAT export tax and product's quality upgrading, baseline regression

| | Dependent variable: Ln Export Value (city/product/trade regime/year) | | | |
|---|---|---|---|---|
| | Eligible | Non-Eligible | All | All benchmark |
| | (1) | (2) | (3) | (4) |
| Ln VAT export $\text{tax}_{k,t-1}$ | $-0.249^{***}$ | $-0.072$ | $-0.095^{*}$ | |
| | (0.029) | (0.057) | (0.055) | |
| Ln VAT import $\text{tax}_{k,t-1}$ | $0.068^{**}$ | $-0.015$ | $-0.010$ | |
| | (0.033) | (0.061) | (0.059) | |
| Ln VAT export $\text{tax}_{k,t-1} \times \text{Eligible}^{R}$ | | | $-0.155^{***}$ | $-0.134^{*}$ |
| | | | (0.057) | (0.070) |
| Ln VAT import $\text{tax}_{k,t-1} \times \text{Eligible}^{R}$ | | | 0.077 | 0.070 |
| | | | (0.059) | (0.061) |
| City-product fixed effects | Yes | Yes | Yes | No |
| City-sector-year fixed effects | Yes | Yes | Yes | No |
| Product-destination fixed effect | Yes | Yes | Yes | No |
| City-product-regime fixed effects | No | No | No | Yes |
| City-sector-regime-year fixed effects | No | No | No | Yes |
| product-year fixed effects | No | No | No | Yes |
| Observations | 4,906,923 | 909,515 | 5,816,438 | 5,816,438 |
| $R^2$ | 0.501 | 0.644 | 0.504 | 0.358 |

This table estimates eq(3). Note that 'Eligible' refers to the regime entitle to VAT refund, our treatment group.Our control group is processing trade with supplied input, 'Non-Eligible' to VAT refund.Sectors are defined following the Chinese 4-digit GB/T industryclassification and regroup several products.Heteroskedasticity-robust standard errorsclustered at the product level appear inparentheses.* Significance at the 10%, ** Significance at the 5%, *** Significance at the 1%.