Table 1: VAT export tax and firm's quality upgrading, Robustness checks

	Dependent variable: Product quality (city/product/trade regime/year)					
	Shocks	Balance	Eligible to non eligible	Non eligible to eligible	Only 17%	No zero rebate
	(1)	(2)	(3)	(4)	(5)	(6)
lag foreign export share$^R_{ckr}$	0.021**	0.020**	0.023**	0.021**	0.020**	0.020**
	(0.010)	(0.009)	(0.010)	(0.009)	(0.009)	(0.009)
lag SOE export share$^R_{ckr}$	0.035***	0.038***	0.038***	0.038***	0.040***	0.038***
	(0.010)	(0.009)	(0.010)	(0.009)	(0.010)	(0.010)
Ln VAT export tax$_{k,t-1}$ × Eligible^R	−0.146*	−0.151*	−0.146*	−0.158*	−0.143*	−0.175**
	(0.084)	(0.085)	(0.085)	(0.086)	(0.087)	(0.086)
Ln VAT import tax$_{k,t-1}$ × Eligible^R	−0.003	0.057	0.058	0.045	0.058	0.055
	(0.094)	(0.105)	(0.110)	(0.106)	(0.105)	(0.105)
City-product-regime fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
City-sector-regime-year fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
product-year fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
product-year-destination fixed effects	Yes	No	No	No	No	No
Observations	5,832,345	5,826,965	5,685,472	5,797,240	5,569,459	5,711,688
R^2	0.573	0.321	0.318	0.320	0.321	0.319

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