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$^R_{ckjr}$	0.140***	0.392***	0.393***	0.392***	0.396***	0.393***
	(0.011)	(0.031)	(0.031)	(0.032)	(0.032)	(0.032)
lag SOE export share$^R_{ckjr}$	0.449***	0.572***	0.573***	0.572***	0.578***	0.572***
	(0.020)	(0.022)	(0.022)	(0.022)	(0.023)	(0.022)
Ln VAT export tax$_{k,t-1}$ × Eligible^R	−0.146*	−0.151*	−0.146*	−0.158*	−0.144*	−0.174**
	(0.084)	(0.084)	(0.084)	(0.085)	(0.086)	(0.085)
Ln VAT import tax$_{k,t-1}$ × Eligible^R	−0.006	0.058	0.059	0.045	0.059	0.056
	(0.094)	(0.104)	(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	0.575	0.324	0.321	0.323	0.324	0.322

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 industry classification and regroup several products. Heteroskedasticity-robust standard errors clustered at the product level appear in-parentheses. * Significance at the 10%, ** Significance at the 5%, *** Significance at the 1%.