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

	Dependent variable: Product quality (city/product/trade regime/year)					
		Baseline	Shocks	Balance	Only 17%	No zero rebate
	(1)	(2)	(3)	(4)	(5)	(6)
Ln VAT rebate$_{k,t-1}$ × Regime^R	0.281***	0.263***	0.259***	0.263***	0.276***	0.244**
	(0.096)	(0.096)	(0.090)	(0.096)	(0.097)	(0.108)
Ln VAT import tax,$_{k,t-1}$ × Regime^R	−0.122**	−0.120**	−0.150***	−0.120**	−0.117**	−0.120**
	(0.048)	(0.048)	(0.051)	(0.048)	(0.048)	(0.048)
lag foreign export share$^R_{ck,t-1}$		0.039***	0.036***	0.039***	0.038***	0.038***
		(0.009)	(0.009)	(0.009)	(0.009)	(0.009)
lag SOE export share$^R_{ck,t-1}$		0.125***	0.115***	0.125***	0.127***	0.125***
		(0.009)	(0.009)	(0.009)	(0.009)	(0.009)
City-product-regime	Yes	Yes	Yes	Yes	Yes	Yes
Product-year	Yes	Yes	Yes	Yes	Yes	Yes
Destination-year	Yes	Yes	Yes	Yes	Yes	Yes
Observations	5,744,631	5,744,631	5,744,631	5,738,682	5,507,898	5,654,472
R^2	0.269	0.269	0.520	0.269	0.270	0.268

This table estimates eq(XX). Ln VAT rebate is the share entitled to reimbourse-ment at the HS6 product. Note that 'Eligible' refers to the regime entitle to VAT re-fund, our treatment group. Our control group is processing trade with supplied in-put, '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%.