Table 1: VAT export tax and firm's quality upgrading, characteristics of sensible sectors

	Dependent variable: Product quality (city/product/trade regime/year)				
	No rare-earth	No polluted intensive	No high tech	No RD oriented	No high skilled oriented
	(1)	(2)	(3)	(4)	(5)
Ln VAT rebate$_{k,t-1}$ × Regime^R	0.265***	0.266***	0.294***	0.273***	0.302***
	(0.096)	(0.100)	(0.095)	(0.096)	(0.095)
Ln VAT import tax,$_{k,t-1}$ × Regime^R	−0.120**	−0.124***	−0.123**	−0.126**	−0.125***
	(0.048)	(0.048)	(0.049)	(0.049)	(0.048)
lag foreign export share$^R_{ck,t-1}$	0.038***	0.038***	0.039***	0.039***	0.040***
	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)
lag SOE export share$^R_{ck,t-1}$	0.125***	0.124***	0.126***	0.125***	0.124***
	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)
City-product-regime	Yes	Yes	Yes	Yes	Yes
Product-year	Yes	Yes	Yes	Yes	Yes
Destination-year	Yes	Yes	Yes	Yes	Yes
Observations	5,739,657	5,638,182	5,699,150	5,606,243	5,588,639
R^2	0.269	0.268	0.269	0.264	0.265

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%.