

Tax System, Environmental Regulation and Export: Evidence from China and Policy Implications for Developing Countries

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Abstract:- Under the background of deepening economic globalization and strengthening trade liberalization, the export of enterprises has attracted more and more attention and research. Exports can not only widen the channel of the enterprise income, increase revenue, expand the scale of the enterprise, also provide enterprises with the learning and the introduction of advanced technology in the international market opportunities, improve enterprise well-knownness, scattered enterprise risk to a certain extent, therefore, the study of factors affecting enterprise exports, explore out the most suitable for enterprises to export the institutional environment, will be conducive to the development of the enterprise. Based on the institutional environment with Chinese characteristics and the actual development situation of Chinese enterprises, this paper analyzes the corresponding theoretical mechanism of its influence on enterprise export from two major factors: tax system and environmental regulation, so as to provide help for the growth and development of enterprises. At the same time, this paper reviews the existing tax system and environmental regulation, judges its effectiveness and limitations, and puts forward two major policy suggestions. The conclusion of this paper has important reference significance for developing countries to promote the high-quality development of enterprise export through macro-adjustment at the institutional level.

Keywords:- Tax System; Environmental Regulation; Export.

I. RESEARCH BACKGROUND

Since China joined the World Trade Organization (WTO) in the 21st century, it has been deeply integrated with the global value chain, and the rapid development of foreign trade has driven the sustained growth of China's economy. However, in recent years, affected by various factors such as the great changes in the international environment and the spread of the novel coronavirus across the world, the foreign trade of developing countries is faced with many unfavorable conditions, and the export of enterprises is also hit. In the harsh international environment, enterprises in developing countries need comprehensive and multidimensional policy support to enhance export. Under the new background of global economic dynamics, it is very important for developing countries to

cultivate new advantages in international trade competition by summarizing the favorable institutional environment created by the Chinese government in recent years to actively promote enterprises' export and the experience of institutional environment in promoting enterprises' export.

II. HOW DO TAX SYSTEM AND ENVIRONMENTAL REGULATION AFFECT EXPORT

By collecting, sorting and analyzing previous literature, this paper summarizes how the Chinese government promotes high-quality export development of enterprises from two aspects: tax system and environmental regulation. Among them, the tax system is divided into export rebate rate, value-added tax reform and financial subsidies, and the environmental regulation is divided into cleaner production standards, environmental management system certification and green credit policy.

A. Tax system

The core of China's tax system reform is to deal with the relationship between the "visible hand" and the "invisible hand". The supply of public goods, externalities, information asymmetry and other market failures need the government to solve the problems through macro-system adjustment. Since 2008, the Chinese government has taken a number of fiscal measures to recover from the shadow of the financial crisis and help the Chinese economy quickly return to a normal track, including repeatedly setting and adjusting the tax system to support exports.

1) The impact of export tax rebate on export

Export tax rebate refers to a measure that part or all of the domestic tax levied on export commodities is refunded to exporters. It is an international practice that is conducive to maintaining the fair competition of international products. The proportion of the tax refunded on the corresponding export products to the price of calculating the tax rebate is called export tax rebate rate.

The government supports enterprises to conduct foreign trade through the adjustment of fiscal system, which is helpful to improve the export commodity structure and expand the scale of export trade. Due to the low degree of marketization in China and the restraint strength of relevant systems, the

crowding-in effect of increasing the ETR rate on enterprises' export is greater than the crowding-out effect, that is, it is conducive to export behavior (Lin, 2020). On the other hand, ETR can increase the after-tax income of enterprises, increase the net cash flow income, reduce the debt financing of enterprises, and promote the export of enterprises through the intermediary effect of corporate financing.

Yue and Wu (2007) used monthly data from 2000 to 2006 and through cointegration analysis, they believed that China's ETR had a stable long-term equilibrium relationship with export trade volume, and a 1% change in the ETR would cause a change of about 0.12% in the export volume. Shi Yaobin (2007), vice minister of finance, believed that the adjustment of ETR policy was conducive to preventing the passive situation of China's economic development affected by the sharp decline in exports. Increasing the export tax rebate rate of labor-intensive products will help strengthen the ability of enterprises to resist market risks and support small and medium-sized enterprises to overcome business difficulties; Increasing the export tax rebate rate of high-tech and high value-added commodities is conducive to guiding enterprises to optimize the export product structure and accelerate the pace of industrial upgrading. However, Zhu (2009) believed that the ETR policy adjustment would have a certain effect on reducing the burden of enterprises, but had little effect on increasing exports for the time being, because the current decline of China's exports is no longer the lack of competitiveness caused by the price problem, but the export blockage caused by the reduction of external demand. By using the 2016 National Tax survey data and OLS estimation method, Lin (2020) found that ETR significantly increased the export intensity of enterprises' goods, and the incentive degree of the policy for enterprises in different regions was different.

2) *The effect of value-added tax on exports*

In recent years, with the transformation of China's VAT(Value-added tax) from production to consumption, more and more scholars have begun to study the economic impact of VAT reform from different perspectives. Value-added tax is a kind of turnover tax that is based on the value-added value generated in the process of commodity circulation. Said from tax principle, value added tax is a kind of turnover tax that collects the added value of goods or the added value of goods in multiple links of commodity production, circulation and labor service.

From May 1, 2018, the notice on the adjustment of VAT rates issued by the Taxation Administration of the Ministry of Finance of the PRC was officially implemented, and the VAT rates of taxpayers were generally reduced. VAT reform brought about by the preferential tax is addition to the imperfect financial market environment, can improve the operation efficiency of financial markets, to reduce the information asymmetry, solve the problem of your enterprise financing difficulties, financing, and promote enterprises to export, promote export-oriented economies dominated by the international trade development (such as the sea, 2021).

Nie and Liu (2009) used the DID method to analyze the impact of VAT reform on business investment, and the results showed that VAT reform had a significant positive impact on business investment and employment. Liu and Lu(2015) used China's value-added tax reform in 2004 (which will have a positive impact on business investment) as the instrumental variable of business investment, and found that business investment would improve productivity, thus significantly increasing the probability of export. Liu and Huang (2018) pointed out that reducing the tax burden not only helps enterprises to improve the efficiency of resource allocation and promote the upgrading of machinery, but also stimulates enterprise innovation, improves the added value of products, and restructures the new driving force of China's economic growth. According to MM theory, although the accelerated depreciation of fixed assets cannot achieve tax reduction in absolute amount, the government transfers the time value of tax to enterprises, which reduces the capital occupation of enterprises in the early stage of investment, and the accelerated capital return reduces the actual capital burden of enterprises. The research of Chen Jin (2020) shows that the reduction of corporate VAT has a significantly positive impact on the net entry rate of export markets, and is conducive to reducing the risk of corporate export survival and extending the duration of export. Operator the sea (2021), and other people in the use of comprehensive measuring corporate financing constraint index, the method of sample group of high financing constraints and low financing constraints sample group to group after the handover, found that tax breaks for the export of high financing constraint sample group promoting effect more apparent, can not only improve export enterprises participation, but also can increase exports.

3) *The effect of fiscal subsidies tax on exports*

Financial subsidy refers to a subsidy provided by the state to enterprises or individuals by special funds arranged by the state for designated matters in order to achieve specific political and economic goals. It is a means for the state finance to regulate the national economy and social life through the intervention of distribution, with the purpose of supporting the development of production, adjusting the relationship between supply and demand, stabilizing market prices, and safeguarding the interests of producers, operators or consumers. Similar to the effect mechanism of tax reduction, increasing financial subsidies for enterprises can alleviate the survival crisis of enterprises, effectively stimulate innovation output, improve the added value of export trade enterprises, and enhance the international competitiveness of export trade.

Van Pottelsberghe and Guellec (2003) argued that the incentive effect of government subsidies on R&D investment of enterprises was greater than the crowding-out effect, and that government subsidies reduced the risks caused by the uncertainty and information asymmetry in foreign markets, and enhanced the viability of enterprises in overseas markets. Su et al. (2012) used the micro data of Chinese manufacturing enterprises from 2003 to 2007 to quantitatively investigate the impact of China's financial subsidies on the export of enterprises, and found that the financial subsidies had a positive effect on the export behavior of Chinese manufacturing enterprises. Zhou Shimin et al. (2014) used the matching and

difference method to measure the impact of financial subsidies on the export behavior of manufacturing firms. Lin et al. (2020) analyzed and studied the relevant policies of the Chinese government to support export trade, and concluded that financial subsidies would promote the development of China's export trade.

B. Environmental regulation

Since the reform and opening up, China's economy has developed rapidly. Extensive development has brought a huge environmental burden to China, with increased air and water pollution, desertification, and difficulties in garbage disposal. After the 11th Five-Year Plan, China has gradually paid more attention to environmental protection and imposed stricter regulations on pollution emissions. Strict policies have brought about environmental improvement. China's pollution emissions have decreased significantly, and the overall ecological environment has improved significantly. Under the leadership of the government, China's economic development mode is gradually moving towards environment-friendly. At present, China's economic development has entered the "new normal", and export is one of the three carriages of economic growth. In what way will the implementation of environmentally friendly policies and systems promote the quantity and quality of China's export products and drive forward, a series of related issues have aroused extensive discussion in the academic circles.

1) The effect of cleaner production standards on exports

Cleaner production standards come from the Cleaner Production Promotion Law of the People's Republic of China promulgated by the Chinese government in 2002. This environmental policy is applied to the whole product life cycle of enterprise production, products and services, and mainly sets corresponding standards for the whole process of enterprise production, such as production technology and equipment, waste recycling, resource and energy utilization, waste generation, product and environmental management and other links. Cleaner production standard policy directly targets products, has a more profound impact on the environmental cost and total income of enterprises, and can directly affect the adjustment of enterprises' product structure. Theoretically, driven by cost constraints and profit maximization, for multi-product enterprises, environmental regulation policies may induce enterprises to adjust their product structure, thus promoting the cleanliness of their product structure. On the other hand, under China's administrative system, the implementation of central environmental policies by local governments has become a key factor affecting the effect of environmental regulation policies (Wang and Wheeler. Shen et al., 2017).

For a long time, the academic circle has carried out a lot of research on the relationship between environmental regulation and corporate environmental behavior. Pollution sanctuary effect (Walter and Ugelow. 1979; Copeland and Taylor, 2004; Wu et al. 2017) pointed out that polluting enterprises moved from areas with strict environmental regulations to areas with loose environmental regulations, that is, environmental regulations would promote enterprises to reduce environmental costs by relocating (Copeland and

Taylor. Shen, K. et al. 2017). The Porter hypothesis (Porter and Van der Linde, 1995) points out that properly designed environmental regulation will encourage enterprises to innovate, thus reducing the production cost of enterprises' products and even generating innovation compensation. Zhou Yi et al. (2022) to the implementation of cleaner production standards as a natural experiment, based on 2000-2016 China import and export customs database enterprises, product data, the research on environmental regulation affect how much products export enterprise's product structure adjustment, the results showed that the cleaner production standard policy implementation significantly improved the structure of enterprises to export products.

2) The effect of green credit policy on exports

Under the background of the new era, green finance policy is an important boost to coordinate economic development and environmental protection and lead the new economic development mode. As an important part of green finance policy, the introduction of "green credit" has raised the threshold for corporate loans. In credit activities, compliance with environmental testing standards, pollution control effect and ecological protection are taken as important preconditions for credit approval, which can force enterprises to transform and upgrade and limit the expansion of backward production capacity. To achieve the purpose of resource flow from inefficient and polluting sectors to efficient and cleaner production sectors. Under the background of open economy, in the face of green barriers set up by developed countries on the grounds of environmental protection, achieving green development of export enterprises is also an important way to improve their export competitiveness.

At present, most of the existing research on green credit policy analyzes the design of green financial products from the perspective of the supply side. Some scholars believe that the implementation of green credit policy allows financial institutions to effectively environmental risk management and strategic decisions, green for the enterprise development to provide adequate financial support, and strengthen the brown and black enterprise financing constraints, make the allocation of resources away from polluting the backward production capacity of enterprises, is the realization of economic growth and the important measure of green development hand in hand (Ma, 2016). Ma (2021) pointed out that for export enterprises, the high iceberg cost makes them face greater financing constraints than domestic enterprises, and the implementation of green credit policy will inevitably have an important impact on the export decision-making and export dynamics of "two high enterprises." At the static level, green credit policies mainly affect the decision of export product quality and export scale by imposing financing constraints on heavily polluting export enterprises, forcing them to conduct R&D activities, improve production technology level or increase investment in clean production. At the dynamic level, green credit policy can realize the reallocation of market resources by influencing the exit decisions of heavy polluting enterprises.

3) *The effect of Environmental management system certification on exports*

Compared with the above two mandatory environmental regulation means, environmental management system certification is a voluntary environmental regulation means with different action mechanisms, emphasizing that enterprises consciously supply environmental public goods and improve environmental performance according to their own conditions (Pan et al., 2020). Compared with developed countries, although voluntary environmental regulation started relatively late in China, it has developed rapidly in recent years. At present, China's practice of ISO14001 certification, this is the world's most widely practice type voluntary environmental regulation project, one of the management for the enterprise's own environmental behavior provides the basic framework and its goals include to prevent or reduce the negative effect on the environment of enterprises, help enterprises to implement environmental laws and regulations, improve environmental performance, to give enterprise information to stakeholders, etc. In order to obtain ISO14001 certification, enterprises must comprehensively sort out and review their environment-related behaviors in production activities, and establish corresponding environmental management system accordingly. After obtaining certification, certified enterprises need to continue to follow the planning, implementation, inspection, processing of this process cycle to ensure the integrity and effectiveness of environmental management system practice.

On the one hand, environmental management system certification itself has the role of promoting the "incremental quality improvement" of the export of certified enterprises. In order to ensure the smooth running of the environmental management system and the implementation of the planning scheme, companies need to regularly monitor and evaluate the implementation situation, planning scheme according to the evaluation results timely adjustment and improvement, to achieve the overall environmental performance of continuous improvement to reduce compliance costs at the same time to build a solid foundation, the realization of ultimate export "incremental quality". For environmental management system certification, on the other hand, can not only make the export enterprises are more likely to satisfy the requirement of the host country government regulation, to reduce the blocking enterprises to export regulatory risk, also can improve the export enterprise social reputation, strengthen the competitiveness of their products in the international market, thus to increase the number of export products to expand international market share (Xu et al., 2018; Riaz and Saeed, 2020). Dragos niculescu. positioning take (2022), people tend to score matching method and the double difference method from micro level further examines the voluntary environmental regulation for manufacturing enterprises to export behavior and the influence of internal mechanism, the results showed that the environmental management system certification can not only increase export amount and quantity, also can improve the quality of enterprises to export products, This means that voluntary environmental regulation helps to achieve the "incremental quality improvement" of enterprises' export. At the same time, applying for certification helps enterprises to reduce compliance costs and improve social reputation.

III. CONCLUSION

This paper uses the literature review method to analyze the impact of government institutions in tax system and environmental regulation on firms' export behavior. By integrating and analyzing existing research, this paper clarifies relevant concepts such as pollution haven effect and Porter hypothesis, summarizes the conclusions of relevant theories and empirical studies, and defines relevant concepts in the field studied in this paper according to relevant definitions in existing literature. Finally, this paper sorts out and summarizes the loopholes and deficiencies of the existing system, and puts forward suggestions for policy and system adjustment.

From the perspective of tax system, the reduction of export tax rebate rate, value-added tax and financial subsidies can all reduce the burden of enterprises to a certain extent, support small and medium-sized enterprises to overcome operational difficulties and solve financing problems. But now China's export problem is not the pure capital problem, provide enterprises with more cash flow, to promote the value of its exports increase, to help to increase the competition ability of enterprises to export strength is very weak, therefore, in practice, a single tax system for needs to improve the support and help to promote export trade and supplement.

From the perspective of environmental regulation, cleaner production standards set corresponding standards for the whole life cycle of enterprises' products, which directly affects the source production of enterprises' products, promotes the process of cleaner product structure of enterprises, and improves the adjustment of export product structure of enterprises. Green credit policy takes corporate loans and financing as the intermediary, which can not only force enterprises to upgrade technology to meet the requirements of environmental regulation, but also improve the quality and scale of enterprises' export products and realize the optimal processing of market resources. The environmental management system guides enterprises to consciously abide by environmental regulations, and further improve the quality of export products while increasing the quantity and scale of export products. However, there is a large gap in the restraint and incentive effects of environmental regulation policies on enterprises in different industries and areas with different levels of pollution.

IV. POLICY IMPLICATIONS

In general, China has promulgated and implemented a number of relevant systems and policies to promote enterprises' export. As for how the government's fiscal policy can promote the export of enterprises and improve their export competitiveness, which is the goal of China to promote export and maintain growth, this paper mainly has the following policy suggestions.

A. Policy implications of the tax system

1) Improve the ETR system for small and medium-sized enterprises

First of all, we should speed up the legal construction of ETR, improve the level of legislation, and upgrade the policies promulgated by the Ministry of Finance and the State Administration of Taxation in the form of notices to the national law.

Secondly, it is necessary to unify the methods of VAT refund for export goods in the export tax rebate. The variety of tax rebate methods not only leads to the occurrence of unfair phenomenon, but also the root cause of the behavior of defrauding ETR, which is easy to breed corruption and rent-seeking behaviors. The exemption method combines the process of tax collection and tax refund into one, which is not only convenient for operation, but also improves the scientific nature of operation and conforms to international practice. Therefore, we should gradually unify the way of ETR and fully implement the way of tax exemption. At the same time, the implementation of the first tax refund and then sharing method, that is, VAT revenue deducted first tax refund funds, and then in proportion to the rest of the central and local sharing, so as to prevent the risk of tax arrears. We will expand the scope of export tax rebates, appropriately adjust the catalogues of processing trade and restricted commodities, and remove some labor-intensive products from the restricted catalogues.

Finally, we should implement a complete tax rebate on the amount collected and the amount refunded, and realize a neutral ETR policy, so that all enterprises, including small and medium-sized enterprises, can enter the international market at the price excluding indirect tax according to international practice. In addition, smes have limited ability to understand and utilize policies, and frequent policy adjustments are not conducive to creating a stable legal environment. Therefore, after the ETR policy is formulated, to maintain the stability and sustainability of the policy, important policy changes should be forecasted in advance, and the retroactivity of the new policy on the economic behavior of enterprises should be avoided.

2) Providing financing support to enterprises by tax policies

The decrease in exports of small and medium-sized enterprises caused by the financial crisis is no longer a lack of competitiveness caused by the price problem, but a blockage in exports caused by the decrease in external demand. The government should also cooperate with China Export and Credit Insurance Corporation, Export-Import Bank, China Development Bank and several major commercial banks to promote the introduction of trade financing policies and strengthen the financial support for small and medium-sized enterprises in export financing, export credit insurance and export capital guarantee.

First of all, we should encourage financial investment at all levels, increase support, innovate financing methods, build a credit and financial system for small and medium-sized enterprises, vigorously develop guarantee institutions and re-guarantee institutions below the provincial level, give full play

to the role of private capital, and set up mutual loan transfer funds.

Second, before the global financial crisis, Europe and the United States and other developed countries or regions is considered to be relatively good export credit market, a lot of export enterprises of some countries or regions of relatively poor export credit export maintained a relatively cautious attitude, however the crisis broke, the risk is mainly concentrated in the developed countries or regions. Therefore, the role of export credit insurance is particularly important in the current international environment.

Finally, we should enrich the ways to support the export financing of small and medium-sized enterprises. In addition to financial subsidies and discount loans, we can also learn from international experience and adopt direct loans, venture capital, and encourage and support the direct financing of small and medium-sized enterprises in the second board market. Finally, we should formulate preferential tax policies conducive to smes' export financing. In addition to allowing smes to deduct the interest expenses of borrowing from financial institutions in full before tax, the interest expenses of borrowing from non-financial institutions should also be allowed to be deducted in full before tax; Interest income from loans provided by financial institutions to smes should be exempted from business tax and enterprise income tax.

3) Optimize the export strategy of enterprises by tax policy

To promote the export of small and medium-sized enterprises, in addition to improving the ETR system and providing export financing support, we should also help small and medium-sized enterprises optimize their export strategy. At present, many export-oriented small and medium-sized enterprises are processing trade, processing of materials from suppliers, basically in the state of production, regardless of operation, the huge impact of the financial crisis on them shows that this trade mode is not conducive to fundamentally promoting the export of Chinese small and medium-sized enterprises. Therefore, the government should encourage enterprises to develop their own brands through fiscal and tax policies. Accelerating technological transformation to increase the added value of export products; Develop diversified overseas markets and promote self-produced products. In terms of fiscal policy, we should increase financial subsidies and clarify the direction of the use of funds, which are mainly used to support technological innovation and transformation of small and medium-sized enterprises, attract talents, build independent brands, export financing, and explore overseas markets. In terms of tax policy, it is necessary to cut taxes on small and medium-sized enterprises, so that more funds can remain in enterprises and meet the capital needs of enterprises to optimize their export strategy. For entrepreneurship and development stages of small and medium-sized enterprises to develop various forms of tax incentives, such as income tax, can consider to reduce the small profit-making enterprise tax rate and personal individual proprietorship enterprises and partnership enterprises, allowing employee education funds in full before tax deduction, accelerated depreciation of the technical equipment and investment tax rebates, such as loss make up for longer.

4) *Improve the tax service system of promoting enterprise export*

Further establish and improve the public service platform, promote the construction of the social service system of small and medium-sized enterprises, give full play to the positive role of government functional departments, effectively integrate social service resources, reduce the burden of enterprises, optimize the development environment of small and medium-sized enterprises. Finance at all levels invests funds to guide and support small and medium-sized enterprises to use e-commerce in order to build regional e-commerce platforms.

Encourage small and medium-sized enterprises to establish their own corporate websites, expand marketing channels, strengthen the construction of office automation systems, through high-tech means to improve the efficiency of enterprise production and operation and internal management, at the same time, for this part of the capital investment of enterprises, in the pre-tax reduction. On this basis, the government's capital, technology, information and other advantages are used to build an export information service platform for the whole society to provide timely and accurate information for various small and medium-sized enterprises, export guarantee agencies, banks and other relevant departments.

Finance at all levels shall invest funds to encourage and support small and medium-sized enterprises to participate in international expos. With the launch of regional e-commerce platforms in various regions, the role of national export platforms should also be fully brought into play. In terms of overseas market development, financial support was provided for market research activities of small and medium-sized enterprises. In addition, the central government should also strengthen the vertical linkage, promote the cooperation mechanism between provinces and departments, and promote the horizontal cooperation between the Ministry of Commerce, customs, quality inspection, inspection and quarantine and other departments, so as to create a policy environment conducive to the export of foreign trade enterprises.

B. *Policy implications for environmental regulation*

1) *Maintain the consistency of environmental regulation policies*

When formulating environmental policies, the government should maintain policy coherence. Environmental regulation means such as cleaner production standards, green credit and environmental management system certification will lead to a decline in the markups of multi-product export enterprises during the implementation period. Specifically, environmental regulation increases the scope of export products through the new effect of innovative products, which plays a dominant role. However, the expansion of export products reduces the markups of multi-product export firms through the leading cost increase effect. The possible explanation is that during the initial implementation of the system, the market share effect has not had time to exert a strong impact and fails to make up for the negative impact of the double cost increase caused by the new products.

So the government need to maintain the continuity of the policy when making environmental policy, make sure there is plenty of time to get market share effects play a positive role in making enterprises in their efforts to achieve the environmental protection goal cost at the same time, can reduce market share through effect even offset the environmental regulation of export-oriented enterprises addition rate of the negative influence, both to its own survival and development. In addition, the continuity of policies is conducive to encouraging enterprises to actively invest and innovate, adopt more advanced environmental protection technologies, or cleaner production methods and raw materials, so as to achieve the goal of energy conservation and emission reduction while enhancing their competitiveness. The positive response behavior of enterprises to invest and innovate and turn to the production of non-pollution-intensive products is more conducive to the transformation of macro economy to sustainable development in the long run.

2) *Policy objectives should take into account the competitive advantages of enterprises*

When formulating policies, the government should make full use of big data information, formulate appropriate policy objectives, and take into account the competitive advantages of enterprises while achieving environmental protection. Foreign trade has played an important role in promoting economic growth, expanding employment and improving people's living standards.

When formulating environmental policies, the government should consider the actual situation of enterprises, implement environmental regulation measures more accurately, and carry out dynamic monitoring and adjustment. In the long run, environmental regulation and enterprises to achieve the addition rate of the benign interaction, the government should make full use of big data when making policy information, develop accord with the actual situation of enterprises environmental targets, encourage enterprises to invest in innovation, while expanding the scope of the export products, production, circulation and so on each link of the decrease of energy consumption, so as to improve enterprise core competition. In addition, specific environmental indicators can be dynamically adjusted and monitored. For example, the statistical monitoring and evaluation system of carbon dioxide emissions will be gradually built and improved to effectively ensure the realization of the environmental action goal of reducing carbon dioxide emissions. We will comprehensively implement the work plan for environmental regulation, establish and improve scientific and technological, statistical and other support systems, strengthen the evaluation and assessment of the achievement of targets, and speed up the progress of key work in environmental regulation.

3) *Policy support to promote green innovation*

The government in the implementation of environmental regulation policies at the same time, should be supplemented by the corresponding innovation policy support, strengthen enterprise's incentive to invest in a positive innovation, through the formulation to investment subsidies and protection technology innovation enterprise innovation of intellectual property rights, for the enterprise to provide low-interest loans

and other policies, compensation because investment in innovation and costs, Reduce the proportion of costs caused by the implementation of environmental regulation policies such as cleaner production standards, green credit and environmental management system certification in the total cost. Through the formulation of corresponding supporting policies, enterprises should be encouraged to strengthen investment in environmental protection technology innovation, so as to realize the benign interaction between environmental regulation and enterprise investment and innovation, and maintain the sound economic development while carrying out pollution control.

At the same time, it is also necessary to take this second high-quality development as an important opportunity to increase investment in clean energy production and carbon capture technologies to induce the progress of clean environmental protection technologies. Any kind of transformation of economic development needs to be gradual, meticulously planned and constantly adjusted. According to the requirements of the implementation of relevant policies on environmental regulation, the government can support the projects that solve relevant technical problems, increase the layout of environment-friendly advanced innovative technology projects, and increase the financial support for relevant projects, so as to promote the upgrading of environment-friendly technology. In addition, the government can also directly introduce foreign advanced environmental protection technology and equipment to provide help to enterprises, assist enterprises to upgrade technology.

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