Abstract

Previous research on the export behavior predominantly relies on the assumption of single-product firm model, ignoring the important role of product structure adjustment within firms in the process of coping with environmental regulations. This paper employs the implementation of Low-Carbon City Pilot policy (LCCP) as a quasi-natural experiment, and examines how environmental regulation affects the product structure of multi-product exporters based on the micro-level data from 2007 to 2016 in China. The results show that: (1) LCCP increases the variety of products exported by firms and prompts firms to focus more on core products in their export shares. (2) Firms respond to the environmental regulation pressure sequentially through the mechanisms of internal resource reallocation effect and external green transformation effect. The former enhances firms' operational management proficiency, product conversion capacity, and market expansion capabilities, while the latter boosts the export of high premium products and strengthens advantages in export. Moreover, the dual-mechanism indicates that firms actively navigate environmental regulation through rational, gradual, and cautious adaptation strategies to enhance their long-term competitiveness. (3) Regulated firms located in port cities and those in energy-intensive industry are more likely to expand their product range and increase the skewness of exports. It confirms the critical role of informational advantages in firms' export performance and highlights the impact of the LCCP on high-pollution industries.