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THE CARBON-REDUCTION SYNERGY OF GREEN PROCUREMENT AND GOVERNMENT SUBSIDIES

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Abstract

Against the backdrop of China's increasingly stringent "dual-carbon" goals, establishing an efficient and well-coordinated green policy system is critical for incentivizing corporate carbon emission reduction. Using data on Chinese A-share listed firms from 2015 to 2023 and a two-way fixed-effects model, this paper examines whether government green procurement and government subsidies jointly reduce firms' carbon emission intensity. The results indicate, first, that individual policy instruments alone do not significantly reduce carbon emission intensity, whereas the interaction term between government green procurement and government subsidies is -2.959 and significant at the 1% level, suggesting a strong synergistic carbon-reduction effect. Second, mediation analysis suggests that policy synergy promotes corporate carbon emission reduction mainly by easing financing constraints, strengthening risk-taking capacity, and enhancing executives' green awareness. Third, public environmental attention and local economic development strengthen the effect of policy synergy, implying that effective policy synergy depends on both social oversight pressure and resource support from local economic fundamentals. Fourth, heterogeneity analysis reveals stronger effects among non-state-owned enterprises, firms with separated chief executive officer and board chair positions, firms in clean industries, and high-technology firms. Overall, this paper provides empirical evidence and decision-relevant insights for optimizing incentive-based policy combinations for carbon emission reduction and designing differentiated pathways toward corporate decarbonization.

Key words: corporate carbon emission reduction, government subsidies, green procurement, policy synergy

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