

Abstract: China's main East-West railway line (Lianyungang-Urumqi) was speeded-up in Oct. 21, 2000 as a sub-project of the national railway speed-up project (1997-2007). This speed-up project greatly improved the efficiency of long-distance domestic railway transportation from eastern and central China to Urumqi (Xinjiang), which is the gate of China-Central Asia trade. I test this exogenous speed-up project impacts on the export from China to Central Asia. By employing a detailed firm transaction-level trade database, I found both the export value and No. of shipment from China to Central Asia through railway freight increased after the speed-up, compared with exports through other freight ways. And, within the railway freight exports, the degree of speed-up effect was positively proportional with the speeded-up mileage in exporting route. Exporting firms benefit more if their railway routes from firm location to Xinjiang enjoyed longer speeded-up mileage. Results keep robust after controlling for disturbance from falling or rising of specific products exports and macro economic shock, and all of the estimations are strengthened by counterfactual estimations with data in other years. Additionally, export promoting effects are heterogeneous among products, medium value products benefit most. Since the categories of export products freighted in railway and other ways are almost different, estimated promotion effect was not caused by the substitution from non-rail exports to rail-exports but positive externalities of large scale transport infrastructure.