2. Supply trends and final demand

(1) Outline of supply trends for final demand

1) Supply trends for 2009

[Characteristics]

- Supply for final demand decreased by 7.6% from the previous year, down for the second consecutive year.
- Overall industrial supply for consumption decreased by 3.9% from the previous year, down for the second consecutive year, due to a decrease in personal consumption, although government consumption increased.
- Overall industrial supply for investment decreased by 14.6% from the previous year, down for the third consecutive year, due to decreases in private corporation facilities and private housing, although public investment increased.
- Exports decreased by 24.5% from the previous year, and imports decreased by 14.1% from the previous year, both down for the second consecutive year.
- IT-related consumption decreased by 12.3% from the previous year, down for the third consecutive year, and IT-related investments decreased by 10.0% from the previous year, down for the first time in four years.

Changes in the Indices of All Industries (Final Demand Components)

(YR2005=100, Ratios to the previous year (quarter))

<table>
<thead>
<tr>
<th></th>
<th>2007 Ratio to the previous year</th>
<th>2008 Ratio to the previous year</th>
<th>2009 Ratio to the previous year</th>
<th>I</th>
<th>II</th>
<th>III</th>
<th>IV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total of final demand sector</td>
<td>0.9</td>
<td>0.8</td>
<td>0.7</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>Mining and manufacturing (Goods)</td>
<td>0.8</td>
<td>0.8</td>
<td>0.8</td>
<td>0.8</td>
<td>0.8</td>
<td>0.8</td>
<td>0.8</td>
</tr>
<tr>
<td>Tertiary industries (Services)</td>
<td>1.0</td>
<td>1.0</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
</tr>
<tr>
<td>Consumption</td>
<td>1.0</td>
<td>1.0</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
</tr>
<tr>
<td>Personal consumption</td>
<td>1.0</td>
<td>1.0</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
</tr>
<tr>
<td>Mining and manufacturing (Tertiary)</td>
<td>1.0</td>
<td>1.0</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
</tr>
<tr>
<td>Tertiary industries (Services)</td>
<td>1.0</td>
<td>1.0</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
</tr>
<tr>
<td>Special (IT-related)</td>
<td>1.0</td>
<td>1.0</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
</tr>
<tr>
<td>Government consumption</td>
<td>1.0</td>
<td>1.0</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
</tr>
<tr>
<td>Investment</td>
<td>1.0</td>
<td>1.0</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
</tr>
<tr>
<td>Public investment</td>
<td>1.0</td>
<td>1.0</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
</tr>
<tr>
<td>Private housing</td>
<td>1.0</td>
<td>1.0</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
</tr>
<tr>
<td>Private corporation facilities</td>
<td>1.0</td>
<td>1.0</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
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</tr>
<tr>
<td>Mining and manufacturing (Goods)</td>
<td>1.0</td>
<td>1.0</td>
<td>0.9</td>
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<td>0.9</td>
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</tr>
<tr>
<td>Special (IT-related)</td>
<td>1.0</td>
<td>1.0</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
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</tr>
<tr>
<td>Exports</td>
<td>1.0</td>
<td>1.0</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
</tr>
<tr>
<td>Mining and manufacturing (Goods)</td>
<td>1.0</td>
<td>1.0</td>
<td>0.9</td>
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<td>0.9</td>
</tr>
<tr>
<td>Tertiary industries (Services)</td>
<td>1.0</td>
<td>1.0</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
</tr>
<tr>
<td>Imports</td>
<td>1.0</td>
<td>1.0</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
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</tr>
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<td>0.9</td>
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<td>0.9</td>
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<td>0.9</td>
</tr>
<tr>
<td>Tertiary industries (Services)</td>
<td>1.0</td>
<td>1.0</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
</tr>
</tbody>
</table>

Notes: 1. As the indices of all industries (final demand components) are calculated using various statistical data including preliminary figures Therefore, note that some indices of the previous quarters may have been revised.
2. Ratios to the previous year are original indices and other figures are based on seasonally adjusted indices.

Source: “The Indices of All Industry Activity (Final demand components)” (Estimated figures)
2) Trends in IT-related consumption and investment

【Characteristics】

・IT-related consumption for 2009 decreased by 12.3% from the previous year, down for the third consecutive year. Non-IT-related consumption also decreased by 5.6% from the previous year, down for the second consecutive year.

・IT-related investment for private corporation facilities decreased by 10.0% from the previous year, down for the first time in four years. Non-IT-related investment also decreased by 23.3%, down for the second consecutive year.

**Changes in IT-related Consumption**

<table>
<thead>
<tr>
<th>Year</th>
<th>Personal consumption</th>
<th>IT-related consumption</th>
<th>Non-IT-related consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>2006</td>
<td>95</td>
<td>95</td>
<td>95</td>
</tr>
<tr>
<td>2007</td>
<td>90</td>
<td>90</td>
<td>90</td>
</tr>
<tr>
<td>2008</td>
<td>85</td>
<td>85</td>
<td>85</td>
</tr>
<tr>
<td>2009</td>
<td>80</td>
<td>80</td>
<td>80</td>
</tr>
</tbody>
</table>

**Changes in IT-related Investment**

<table>
<thead>
<tr>
<th>Year</th>
<th>Private corporation facilities</th>
<th>IT-related investment</th>
<th>Non-IT-related investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>110</td>
<td>110</td>
<td>110</td>
</tr>
<tr>
<td>2006</td>
<td>105</td>
<td>105</td>
<td>105</td>
</tr>
<tr>
<td>2007</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>2008</td>
<td>95</td>
<td>95</td>
<td>95</td>
</tr>
<tr>
<td>2009</td>
<td>90</td>
<td>90</td>
<td>90</td>
</tr>
</tbody>
</table>

Notes: 1. IT-related consumption consists of that for mobile phones, car navigation systems, desktop computers, notebook computers, regional and long-distance telecommunications, ISP, mobile telecommunications, software products, and Internet-related services, all of which are supplied for personal consumption.

2. IT-related investments are investments related to communication wires and cables, power wires and optical fiber products for cables, digital and full color copying machines, key system telephone equipment, electronic switching systems, digital transmission equipment, fixed communication equipment, mobile phones, basic exchanges for mobile customer premises equipment, general purpose computers, mid-range computers, desktop computers, notebook computers, external storage, input-output units, terminal equipment, system use cash registers, projectors, industrial use television equipment, software development, and program creation (subcontracts) that are supplied to private enterprise.

Source: “The Indices of All Industry Activity (Final demand components)” (Estimated figures)
Changes in housing investment

[Analysis point 1]
~Private housing investment has been declining for a long time and its ratio of GDP is also shrinking~

[Characteristics]
- Changes in private housing investment and in GDP according to the National Economic Accounts shows that the growth of housing investment falls below the growth of GDP, and continues to contract on a year-to-year comparison.
- The ratio of private housing investment as a percentage of GDP is also shrinking: 2.3% in the October-December quarter of 2009, less than a third of its record high of 7.3% in the April-June quarter of 1980.
- According to the Building Starts Statistics, the number of new housing construction was 788,410 units in 2009, falling below 800,000 for the first time in 45 years.
- Analyzed by owner occupancy relationship, the number of building starts by owner occupier houses has shown a tendency to decrease since 1995, but lately the rate of decline is smaller. On the other hand, the number of built-for-sale houses has shown a clear tendency of decline recently.

**II-2-13 Changes in GDP and private housing investment (year-to-year comparison)**


[Analysis point 2]
~The population of the age group acquiring houses is reaching a peak, however the number of people who can get a mortgage is already shrinking~

[Characteristics]
- The age group for housing acquisition is centered around the 30s to mid-40s.
- From the standpoint of a population factor, demand for housing should be increasing now, but this is not reflected in the number of new construction starts for housing.
- As for the employment situation of the housing acquisition age group, although the number of employees is increasing, the number of full-time staff and employees is decreasing and the ratio of full-timers has a tendency to decline as well.

**II-2-14 Changes in new construction starts of dwellings by owner occupancy relationship**

Source: “Building Starts Statistics” (Ministry of Land, Infrastructure, Transport and Tourism)

**II-2-15 Changes in the ratio of house ownership by age group of main earner**

Source: “Housing and Land Survey” (Ministry of Internal Affairs and Communications)

**II-2-16 Population by age group (on October 1st, 2008) and changes in the number of building starts of house ownership group**


**II-2-17 Changes in the number of full-time staff and employees who are 25-44 years old (4-quarter moving average)**

Source: “Labour Force Survey” (Ministry of Internal Affairs and Communications)
【Analysis point 3】
~Capacity of house ownership acquisition for 30-39 years olds has decreased preceding the number of housing construction starts since the January-March quarter of 2006~

【Characteristics】
・Until the July-September quarter of 2005, the capacity of house ownership acquisition was generally in line with the number of building starts of house ownership groups. However, since that quarter, due to the decline of borrowing capacity caused by the decrease in disposable income and the rise of housing prices in the economic expansion phase, the housing ownership acquisition capacity has decreased, preceding and diverging from the number of building starts of house ownership groups.

II-2-20 Changes in capacity of house ownership acquisition (30-39 years olds) and the number of building starts of owned house groups

II-2-21 Factor breakdown of capacity of house ownership acquisition (year-to-year comparison)

Note: Calculation of capacity of house ownership acquisition is as follows:
Capacity of house ownership acquisition = (1) financeable amount / (2) housing prices

(1) Financeable amount = housing loan capacity (L) + Balance of deposit (B)
This formula presupposes that each household will get a housing loan for buying a house. Financeable amount for each household is the sum of housing loan and balance of deposit at present.

L: housing loan capacity (equal repayment of principal and interest)
L = (annual payments (A) × r × (1 + r)^(repayment period-1)) / r × (1 - (1 + r)^(-repayment period))

r: rate, long-term prime rate, repayment period=35 years
A: disposable income (based on “Family Income and Expenditure”/Worker’s Households of Two-or-more person Household, 4 quarter moving average × 12 months × 20%)
B: savings (based on “Family Income and Expenditure”/Worker’s Households of Two-or-more person Household, 4 quarter moving average)

(2) Housing cost calculated by processing the housing cost according to the results of research for January 2009 by Real Estate Information Network for East Japan with private housing investment deflator


【Analysis point 4】
~Unemployment rate and housing investment of 30-39 years olds show similar trends~

【Characteristics】
・It is natural that people’s mind-set concerning the conditions of their income and employment influences their decision about acquiring a house. A comparison between consumer confidence and the unemployment rate shows that the unemployment rate is more in line with housing investment than other factors.

・We can assume that consumers are hesitant to purchase a house because actual changes in the unemployment rate make them feel uneasy about worsening employment situations and future cuts in income.

II-2-22 Changes in consumer confidence and the number of building starts for house ownership groups

II-2-23 Changes in the unemployment rate of 30-39 years of age and the number of building starts for house ownership groups

Source: “Consumer Confidence Survey” (Cabinet office) “Building Starts Statistics” (Ministry of Land, Infrastructure, Transport and Tourism)

【Analysis point 5】

Having been influenced by the rise in housing prices, the number of building starts has stayed stagnant since 2007. The decline in the financeable amount and consumer confidence has contributed greatly to this decrease since 2009–

【Characteristics】

・The number of building starts has stayed stagnant since 2007, due to the influence of the rise in housing prices and the enforcement of a revision of the Building Standards Act. Since 2009, a decline in financeable amount and consumer confidence has contributed significantly to this decrease.

![II-2-24 factor breakdown based on the results of regression analysis](image)

Notes: 1. The number of building starts=unemployment rate of 30-39 years olds + the number of full-timers between 25 and 44 years old + financeable amount of 30-39 year age group + private housing deflator + enforcement of revised Building Standards Act dummy 1 + enforcement of revised Building Standards Act dummy 2 + intercept

2. The number of building starts=\(\sum (X_1, X_2, X_3, X_4, X_5) \beta_i + (X_1, X_2, X_3) \beta_i + (X_1, X_2, X_3) \beta_i + (X_1, X_2) \beta_i + (X_1, X_2) \beta_i + u\)

\(X_1, X_2\): unemployment rate of 30-39 years olds, \(X_3\): the number of full-timers between 25 and 44 years old, \(X_4\): financeable amount, \(X_5\): private housing deflator, \(X_6\): enforcement of revised Building Standards Act dummy 1, \(X_7\): enforcement of revised Building Standards Act dummy 2, \(X_i\): values of each variable, \(\beta_i\): parameter of each variable, \(u\): residual error

Source: "Population Estimates" (Ministry of Internal Affairs and Communications)
"Building Starts Statistics" (Ministry of Land, Infrastructure, Transport and Tourism)

・However, recently, the level of activity in land subdivision and development is high, which suggests that there is potential demand for houses. We expect that housing demand will recover with a better employment situation and a decrease in unease about the future.

![II-2-25 Changes in the activities of sales agents of houses and condominiums, and agents of land subdivision and development (2005=100, seasonally adjusted)](image)

Source: "Indices of Tertiary Industry Activity"
(2) Outline of exports and imports

Export and import trends for 2009

【Characteristics】
・Looking at the trends for exports for 2009 (on a quantity basis), in terms of the indices of all industries (final demand components), exports of goods (the mining and manufacturing industry) decreased by 26.5% from the previous year and exports of services (the tertiary industry) decreased by 19.6% from the previous year, resulting in a 24.5% decrease from the previous year for all exports.
・By region, exports of goods to Europe, the United States, East Asia, ASEAN and the Middle East all decreased.

![Changes in Exports by Region (Goods)](chart)

【Characteristics】
・Looking at the trends of imports for 2009 (on a quantity basis), in terms of the indices of all industries (final demand components), imports of goods (the mining and manufacturing industry) decreased by 14.3% from the previous year and imports of services (the tertiary industry) decreased by 13.9% imports (id.), resulting in a 14.1% decrease from the previous year for all imports.
・By region, imports of goods from the United States, Europe, the Middle East, and ASEAN decreased, but imports from East Asia increased.

![Changes in Imports by Region (Goods)](chart)

Notes: 1. The export index by region is estimated by rearranging the trade statistics into shipment index groups, and the import index by region is estimated by rearranging the trade statistics into supply index groups.
2. The names of each country or region are as follows:
   ASEAN: Singapore, Thailand, Malaysia, the Philippines, Indonesia, Vietnam, Myanmar, Laos, Brunei and Cambodia
   East Asia: Republic of Korea, Taiwan, and China (including Hong Kong)
   Middle East: Iran, Iraq, Bahrain, Saudi Arabia, Kuwait, Qatar, Oman, Israel, Jordan, Syria, Lebanon, the United Arab Emirates, Gaza and Yemen
   Sources: “The Indices of Industrial Domestic Shipments and Exports”
   “The Indices of Industrial Domestic shipments and Imports” (both estimated values)
Influences of development of overseas production on domestic production etc.

[Analysis point 1]
~ Electric machines produced overseas contribute highly to sales in the Japanese market, while transportation equipment produced overseas contribute highly to sales in the local market ~

【Characteristics】
• Manufacturing global shipment, that is, the sum of shipment from domestic production of manufacturing industry in Japan and shipment from local production of its overseas affiliates, continued an upward trend until 2007.
• The ratio of shipment from overseas affiliates in the manufacturing global shipment (overseas production ratio of manufacturing shipment) is increasing.
• The ratio of shipment toward overseas markets in the manufacturing global shipment (overseas market ratio of manufacturing shipment) is increasing as well.

II-3-9 Changes in manufacturing global shipment indices (manufacturing industry, 2005=100)

Note: See pp. 98-101 for calculation method, etc.
Source: “Manufacturing global Shipment Indices” (estimation)

【Characteristics】
• Among the shipment from overseas affiliates in the manufacturing global shipment, electric machines and transportation equipment contributed highly in the comparison with the previous quarter, since the January-March quarter of 2008.
• In the electric machines industry, production in Asia (specifically China and ASEAN4) contributed highly, and in the transportation equipment industry, production in North America contributed highly.
• As for the electric machines industry, production in China in particular, contributed highly to the Japanese market, and production in ASEAN4 contributed to the Japanese market and local market. Concerning the transportation equipment industry, production in North America contributed highly to local markets.

II-3-12 Changes in overseas shipment indices of the electric machines industry and the transportation equipment industry by regions and by sales destination (2005=100, contribution compared with the previous quarter, seasonally adjusted)

Notes: 1. China includes Hong Kong (hereafter).
   2. ASEAN4 includes Indonesia, Thailand, the Philippines, and Malaysia.
Source: “Manufacturing global Shipment Indices” (estimation)
【Analysis point 2】
～Domestic corporations stagnate in the number of employees and sales, but overseas affiliates are growing strongly～

【Characteristics】
・In the comparison between domestic corporations and overseas affiliates, in general, the number of employees decreased in domestic corporations, and increased in overseas affiliates.
・As for sales and business profits, both domestic corporations and overseas affiliates increased on the whole, but the increase in sales is more prominent with overseas affiliates.

II-3-13 Changes in indices for domestic corporations and overseas affiliates (manufacturing industry, main items, in nominal terms, 2005=100)

Notes: 1. “Corporations Survey” is based on non-consolidated accounting, not consolidated accounting.
2. Business profit = sales - cost of sales - selling and general administrative expenses.
3. “Survey on Overseas Business Activities” started to publish the operating expenses (cost of sales and selling and general administrative expenses) from the actual performance in 1995, so the graphic of business profit also starts with 1995.
Source: “Corporations Survey” (Ministry of Finance), “Survey on Overseas Business Activities”

【Characteristics】
・In the comparison of business profits and current profits between domestic corporations and overseas affiliates, the levels of business profits are rather similar, but current profits for overseas affiliates are considerably lower than that of domestic corporations.
・As for the business profits, the level of overseas affiliates are consistently higher than that of domestic corporations since 2001, when the IT bubble collapsed. Thus, overseas affiliates have produced more than half of the business profits of Japanese companies. In other words, Japanese companies are more and more dependant on overseas operations in the U. S. and Asia etc., for the source of their profits.
・As for non-operating profit and loss (=current profits - business profits), overseas affiliates shows a significant loss. Non-operating profit and loss is also a difference between non-operating income and non-operating expenditure, which suggests the size of non-operating expenditure of overseas affiliates.

II-3-15 Changes in domestic corporations and overseas affiliates (manufacturing industry, in nominal terms)

Notes: 1. Overseas affiliate ratio = overseas affiliates / (domestic corporations + overseas affiliates) x 100
2. Non-operation expenditure of overseas affiliates includes interest cost on borrowing, exchange-rate losses, founding expenses, and initial expenses.
Source: “Corporations Survey” (Ministry of Finance), “Survey on Overseas Business Activities”

— 15 —
【Analysis point 3】
～Influence of overseas production to decrease domestic production has become about 3.0 times greater (estimation)～

【Characteristics】
・The following is an estimation of the degree of influence the increase of overseas production has on Japanese domestic production.
・Factors for increasing domestic production] increase in provision of parts and raw materials for overseas production from Japan (export inducing effects)
・Factors for decreasing domestic production.] decrease of exports from Japan because of overseas affiliate sales to the local market and export to a third country (export replacing effects) and increase of reverse import of overseas production to Japan (reverse import effects)
・According to the estimate, increase of overseas production has the effect of decreasing Japanese domestic production, mainly by export replacing effects of local sales. The decreased amount (influence amount) has become about 3.0 times more between 1995 and 2007.

### II-3-18 The amount of influence overseas production has on Japanese domestic production (manufacturing industry, estimation)

![Graph showing the amount of influence overseas production has on Japanese domestic production](image)

Notes: Due to the lack of logical calculation methods utilizing statistics, it is difficult to measure export replacing effects (i.e. if overseas affiliates make no local sales or no export to a third country, how much more would be exported from Japan). Therefore, the export replacing rate here is estimated for descriptive purposes, based on a questionnaire about motivation for overseas expansion in the “Survey on Overseas Business Activities.” First, the number of answers that can be interpreted as replacing export from Japan were identified; then, the rate of those answers were multiplied by the amount of local sales and amount of export to a third country, in order to estimate the export replacing effects. (See pp. 109-110 for detail.) It is necessary to note that the export replacing rate is calculated rather simply based on the number of companies which answered a questionnaire in a certain way.

Source: “Survey on Overseas Business Activities”

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【Analysis point 4】
～Exported machinery items shifted toward high value-added products～

【Characteristics】
・Among the machinery items exported from Japan, information and communication machines have made a prominent rise in the high-added-value indices. General machinery, precision instruments, and transport equipment show a decrease in and after the April-June quarter of 2009, but in general continue an increasing tendency. Electrical machinery as a whole has shifted to an increasing tendency since the latter half of 2008.
・It is assumed that machinery items exported from Japan in general have shifted toward high value-added products recently, in order to be differentiated from overseas products.
・Comparison of the amount of machinery items exported from Japan between 2005 and 2008 shows that the amount increased for most of the items, including a small increase in transport equipment, except for a decrease in precision instruments.

### II-3-22 Changes in high-added-value indices by goods (export from Japan)

![Graph showing changes in high-added-value indices by goods](image)

### II-3-23 Comparison between high-added-value indices by goods and the amount of exports (in 2008 compared to 2005)

![Graph showing comparison between high-added-value indices by goods and the amount of exports](image)

Note: 1. High-added-value indices are calculated by finding the export unit value of Japan from foreign trade statistics (average in 2005 = 100) by export price index of the Bank of Japan (average in 2005 = 100).

Export unit values include variables such as the improvement in the quality of exported goods, but export price index is fixed without such variables.

2. Export unit values are calculated only with the items which can be converted to yen/kg, based on HS6-digit commodity trade statistics. Both export unit values and export price index are yen-based.

Although the Japanese balance of foreign direct investment is small in size, the return-rate of direct investment has significantly increased centering around Oceania and Asia.

**Characteristics**

- Recently, with the development of economic globalization, net income of foreign earnings (interest, dividends, wages, patent royalty, etc.) is increasing.
- In developed countries, Japan and the U.S. have seen a prominent increase in net income of foreign earnings.
- The U.S. and the U.K. have income from other countries as a return of direct investment and the balance of foreign direct investment on a large scale, while Japan’s income from these two categories is on a small scale.

![Graph: Difference between GNI and GDP in developed countries (in nominal terms)](image)

Note: 1. GNI (Gross National Income) = GDP + net income of foreign earnings
2. Developed countries here are G8 countries. Difference = GNI - GDP
Source: “UNSD Statistical Database” (the United Nations)

![Graph: Comparison of the balance of foreign direct investment and the return of direct investment in developed countries (in 2000 and 2007)](image)

![Graph: Comparison of earnings rate of foreign direct investment among developed countries](image)

![Graph: Japanese earnings rate: comparison by region](image)

Note: 1. Earnings rate of foreign direct investment = return of foreign direct investment / the balance of foreign direct investment x 100
2. The graph of comparison among developed countries is dollar-based, and the graph of Japanese earnings rate by region is yen-based.
3. Since some return of foreign direct investment is negative, some earnings rate is negative as well for 2000. Comparison between the negative rate and the rate in 2007 is simply calculating the difference (= the rate in 2007 - the rate in 2000).