Gross National Product (GNP)

What is Gross National Product (GNP)?

Gross national product (GNP) is an estimate of total value of all the final products and services turned out in a given period by the means of production owned by a country's residents. GNP is commonly calculated by taking the sum of [personal consumption expenditures](https://www.investopedia.com/terms/p/pce.asp), private domestic investment, government expenditure, [net exports](https://www.investopedia.com/terms/n/netexports.asp) and any income earned by residents from overseas investments, minus income earned within the domestic economy by foreign residents. Net exports represent the difference between what a country exports minus any imports of goods and services.

GNP is related to another important economic measure called [gross domestic product](https://www.investopedia.com/terms/g/gdp.asp) (GDP), which takes into account all output produced within a country's borders regardless of who owns the means of production. GNP starts with GDP, adds residents' [investment income](https://www.investopedia.com/terms/i/investmentincome.asp) from overseas investments, and subtracts foreign residents' investment income earned within a country. (For related reading, see "[Understanding GDP vs. GNP](https://www.investopedia.com/ask/answers/030415/what-functional-difference-between-gdp-and-gnp.asp)")﻿

KEY TAKEAWAYS

* GNP measures the output of a country's residents regardless of the location of the actual underlying economic activity.1﻿
* Income from overseas investments by a country's residents counts in GNP, and foreign investment within a country's borders does not. This is in contrast to GDP which measures economic output and income based on the location rather than nationality.1﻿
* GNP and GDP can have different values, and a large difference between a country's GNP and GDP can suggest a great deal of integration into the global economy.

**Gross National Product**

Understanding Gross National Product

GNP measures the total monetary value of the output produced by a country's residents. Therefore, any output produced by foreign residents within the country's borders must be excluded in calculations of GNP, while any output produced by the country's residents outside of its borders must be counted.1﻿ GNP does not include intermediary goods and services to avoid double-counting since they are already incorporated in the value of final goods and services.2﻿