

Greater China

The following table presents Greater China net sales information for 2017, 2016 and 2015 (dollars in millions):

	2017	Change	2016	Change	2015
Net sales	\$ 44,764	(8)%	\$ 48,492	(17)%	\$ 58,715
Percentage of total net sales	20%		22%		25%

Greater China net sales decreased during 2017 compared to 2016 due primarily to lower net sales of iPhone, partially offset by higher net sales of Services. The weakness in foreign currencies relative to the U.S. dollar had an unfavorable impact on Greater China net sales during 2017 compared to 2016.

Greater China net sales decreased during 2016 compared to 2015 due primarily to lower net sales of iPhone and the effect of weakness in foreign currencies relative to the U.S. dollar.

Japan

The following table presents Japan net sales information for 2017, 2016 and 2015 (dollars in millions):

	2017	Change	2016	Change	2015
Net sales	\$ 17,733	5%	\$ 16,928	8%	\$ 15,706
Percentage of total net sales	8%		8%		7%

The year-over-year increase in Japan net sales in 2017 and 2016 was due primarily to higher net sales of Services and the strength in the Japanese yen relative to the U.S. dollar.

Rest of Asia Pacific

The following table presents Rest of Asia Pacific net sales information for 2017, 2016 and 2015 (dollars in millions):

	2017	Change	2016	Change	2015
Net sales	\$ 15,199	11%	\$ 13,654	(10)%	\$ 15,093
Percentage of total net sales	7%		6%		6%

Rest of Asia Pacific net sales increased during 2017 compared to 2016 due primarily to higher net sales of iPhone, Services and Mac. The strength in foreign currencies relative to the U.S. dollar had a favorable impact on Rest of Asia Pacific net sales during 2017 compared to 2016.

Rest of Asia Pacific net sales decreased during 2016 compared to 2015 due primarily to lower net sales of iPhone and the effect of weakness in foreign currencies relative to the U.S. dollar.

Gross Margin

Gross margin for 2017, 2016 and 2015 was as follows (dollars in millions):

	2017	2016	2015
Net sales	\$ 229,234	\$ 215,639	\$ 233,715
Cost of sales	141,048	131,376	140,089
Gross margin	\$ 88,186	\$ 84,263	\$ 93,626
Gross margin percentage	38.5%	39.1%	40.1%

Gross margin percentage decreased in 2017 compared to 2016 due primarily to higher product costs, partially offset by a favorable shift in mix to services. Year-over-year gross margin increased due primarily to a shift in mix to services and an overall increase in product volumes. The weakness in foreign currencies relative to the U.S. dollar had an unfavorable impact on gross margin percentage and gross margin during 2017 compared to 2016.

Gross margin percentage decreased in 2016 compared to 2015 due primarily to the effect of weakness in most foreign currencies relative to the U.S. dollar and, to a lesser extent, unfavorable leverage on fixed costs from lower net sales, partially offset by a favorable shift in mix to services.