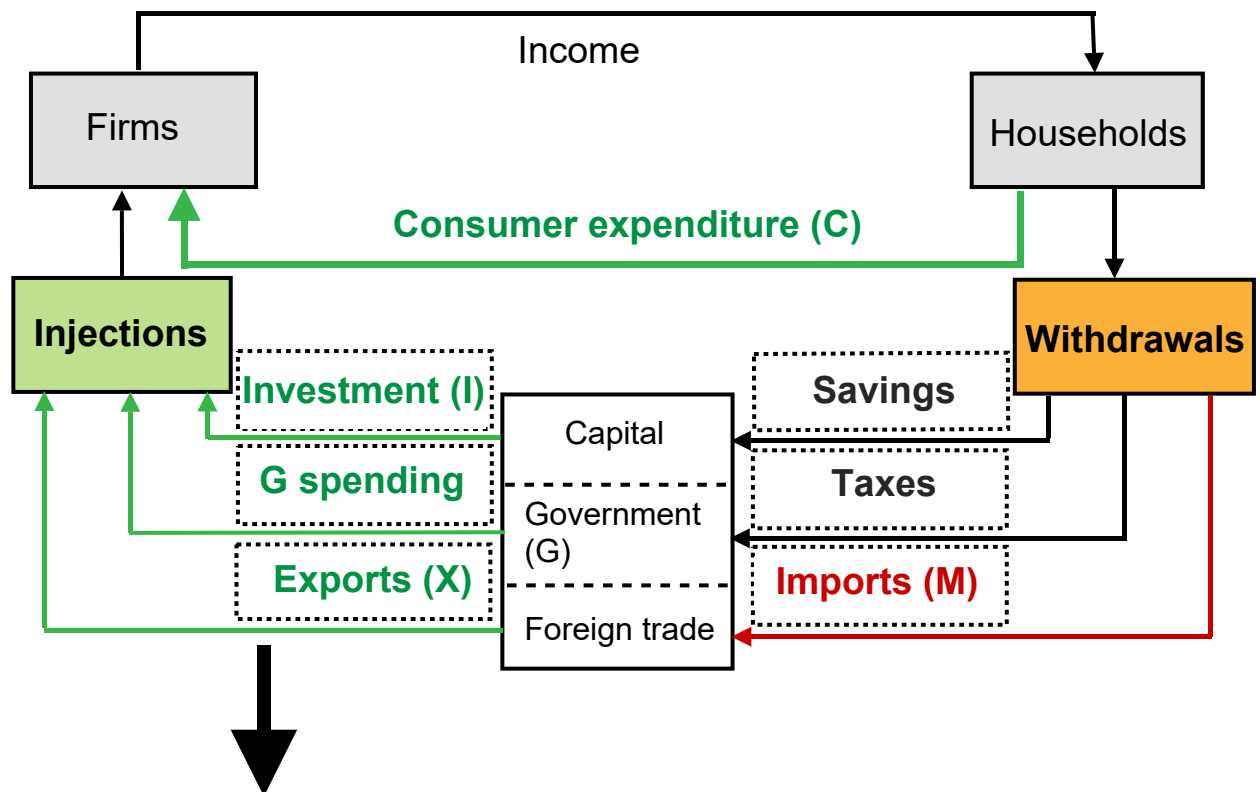


# Circular flow and gross domestic product



- Gross domestic product =  $C + I + G + NX$
- $NX = \text{Net exports} = X - M^*$

\* **Imports** must be subtracted because all other components of GDP may contain imported items. These have been produced abroad, and not within the country. The imported items may be 'consumed' in the country, but they are not part of GDP because they are produced in another country.