



## Which G8's economy is smaller than China?

By CK Wong 2006.06.20

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### Introduction

Who are the G8? They are Canada, France, Germany, Italy, Japan, the Russian Federation, the United Kingdom, and the United States of America. These countries are highly developed and considered as the power houses of economy that influence the world. It was started as the G6 and continued to evolve. The group started their annual meeting in 1973 to address the world economy panic situation. Canada and the Russian are not the founding countries. This is an invited club. Although the membership is determined by GDP but it is not the only criteria.

### Why China is not a member yet?

According to the World Economic Forum 2006, China is the fourth largest economy after U.S., Japan and Germany. In fact whether it is in the top five or not is immaterial. China is the manufacturer of the world. Its export of deflation balanced the inflation around the world. Its demand on energy, raw materials and imports drives the world economy. One quarter of cell phone in the world is sold in China. Ericsson, Motorola, and Nokia's annual report are hinged by the China market.

China is also the second biggest creditor of United States after Japan. If it sells a small portion of its US\$800B T-bills, the US\$ will collapse.

This year, the G8 state heads will meet at St. Petersburg in July. Chinese President Hu Jintao will dialogue in the meeting. This has a flavor of the western movie. The hero and his horse challenge the gang. If the G8 wants to gain the cooperation of China and work with China to balance the current account, China should be a equal member.

Russian has been a member now. Why China still not? China has established significant tie with the EU countries and the Russian. Would it be Japan and American holding the last defense? China has been more than an equal trading partner to these countries. It is time to take it more seriously.

### Resources

[1] Hu to attend dialogue with G8, Xinhau News Agency, 20060620, [http://www.chinadaily.com.cn/china/2006-06/21/content\\_621940.htm](http://www.chinadaily.com.cn/china/2006-06/21/content_621940.htm).