

## *The Irreplaceable Outpost? Whither Hong Kong in China's Financial Future\**

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### *Abstract*

Can China turn away from using Hong Kong as its main international financial center (IFC)? This article offers a framework with an international political economy (IPE) perspective that draws on pioneering IPE research into China's growing global financial presence and monetary influence, through which an assessment is made of Hong Kong's future as a financial center in relation to the Chinese mainland. Although the social unrest in the city from the mid-2010s onward has prompted Beijing to look for alternative financial hubs in the region, Hong Kong's contributions have been hard to replace, and that will likely remain the case for the foreseeable future. The analysis concludes by outlining two potential future scenarios for Hong Kong.

As China has experienced phenomenal growth over the last three decades, the number of questions surrounding Hong Kong's continuing relevance to China has increased. The city's role in supporting China's decades-long integration into the global economic and financial system has come under particular scrutiny. When Hong Kong was reunified with China in 1997, it accounted for nearly 13 percent of China's national GDP. By 2019, Hong Kong contributed only 2.6 percent of China's overall

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