

Title: Chinese Investments in U.S. Shale Gas: Technology Development, Strategic Risk and National Policy

Speaker: Prof. Usha C. V. Haley, Wichita State University

Area: Strategy

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Abstract:

The shale-gas sector extracts, refines and distributes natural gas from between layers of bedrock — now an important source of natural gas and energy in the United States. While China is estimated to have large shale-gas deposits of its own, it lacks the technological resources to exploit them efficiently. As such, China has made significant investments in the U.S. shale-gas sector. However, with geopolitical tensions between the U.S. and China rising, and the need to reduce the environmental impacts of shale-gas exploitation, the risks of Chinese investment require new appraisal.

Professor Haley and her colleagues explored the impacts of Chinese investment in U.S. shale gas through interviews with shale industry managers, site visits, and by analyzing patents, federal regulation, and industry statistics. They compared pre-Chinese and post-Chinese investment periods from 2000 to 2019 across upstream, midstream, and downstream sectors.

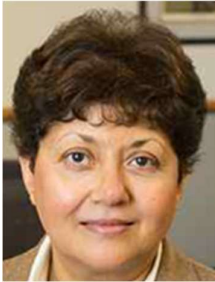
Their findings reveal that Chinese investors typically prioritize immediate shale gas production using established technology. After Chinese investment, innovation shifted away from new, environmentally-friendly means of production toward older technologies that cause environmental pollution. This has disrupted green technology development crucial for national security, trade, and employment, while contributing to the U.S. losing its lead in environmentally-friendly production. Meanwhile, China has become a leading innovator in green technologies, posing a significant challenge for U.S. competitiveness, energy security, and technology leadership.

The research further demonstrates that Chinese investments have negatively impacted technological development overall and reduced patenting of environmentally-friendly innovations by American companies — particularly among small- and medium-sized enterprises, where innovation has plummeted. Such investments have also altered development in favor of specific technologies overwhelmingly suited to China's geological terrain.

Although new regulations have been designed to curb greenhouse gas emissions associated with shale gas extraction, the team found that such emissions have not decreased significantly, as patents for green technologies have been underused following Chinese investment. Regulations have not targeted or reduced Chinese investment in U.S. shale gas.

Foreign direct investment can have many benefits, such as facilitating knowledge transfer, spurring domestic innovation, and rectifying market failures. However, investments from less technologically advanced, state-capitalist economies such as China may require caution, targeted regulation, and close monitoring. As the U.S. and China navigate evolving geopolitical tensions, understanding the implications of foreign investment in critical sectors such as shale gas is paramount for safeguarding national interests and technological leadership, while promoting sustainable development.

Speaker Profile:



Usha Haley is W. Frank Barton Distinguished Chair in International Business & Kansas Faculty of Distinction, and tenured, full Professor of Management at Wichita State University. She is elected Chair of the World Trade Council of Wichita. Prof. Haley has taught graduate students at Harvard University, Purdue University, and in executive-development programs in 10 countries.

Prof. Haley's research focuses on international strategy, Asian and emerging markets, business-government relations, innovation, technology development, sanctions, subsidies, and the broader impacts of business-school research.

Professor has 366 publications and presentations in the highly ranked venues to her credit. 30 academic articles in the *Journal of International Business Studies*, *Human Relations*, *Journal of Management Studies*, *Harvard Business Review et al* and 8 books to her credit. Her authored books include *Subsidies to Chinese Industry* (headlined twice in *The Economist*, reviewed in *Strategy+Business*); *Multinational Corporations in Political Environments* (reviewed in the *Wall Street Journal* and *Academy of Management Review*); *Chinese Tao of Business* (reviewed in the *Wall Street Journal*); *New Asian Emperors* (reviewed in the *Economist*); and *Impact and the Management Researcher* (reviewed in *AMLE*, *AACSB Insights*, *Chronicle of Higher Education*, and *Poets & Quants*).

Professor is awarded with 'AOM's Practice Impact Award' for scholarly impact, 'Truly Outstanding Leadership and Service', the Academy of International Business's 'Top International Business Scholar', the *Economist's* 'Thought Leader' the list is endless.

Please find below the link that provide her complete academia work:

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