

Open Source: How Middle Powers Can Build Influence in the Age of AI

Annex B: Thought Experiment

OPEN SOURCE 2030: WHAT A SUCCESSFUL MIDDLE-POWER STRATEGY LOOKS LIKE

It is 2030. The frontier AI race has not stopped, but it has matured. Progress on general-purpose models continues incrementally in California and Shenzhen, but the real energy has shifted downstream toward specialised applications, agentic systems that chain tasks together and the “middle layer” that translates large models into specific tasks.

The Shift: From Model-Building to Value Capture

Take Country X, a middle power that two years ago faced a familiar dilemma. It could not outspend the frontier laboratories. It could not manufacture cutting-edge chips. But it had something else: world-class national data sets in health care and climate science, and a thriving research base.

By 2030, Country X had launched its National Open Research Programme to build open data sets and tools on top of open models. The programme made its centralised health-care, financial and climate data sets openly accessible to researchers globally under robust governance frameworks. This attracted over 400 international researchers and 15 multidisciplinary teams, who used the data to fine-tune open-source models such as Qwen and Mistral, generating breakthroughs in precision medicine, protein-drug interaction prediction and climate adaptation modelling.

The Results: Two World-Leading Companies

The real success came from what was built on top.

A fintech startup emerged from this ecosystem, founded by researchers who had worked with Country X's open-banking transaction data sets. The system interprets financial rules across jurisdictions in real time while running on-premises for banks. Valued at \$9 billion after Series C, it now operates in 18 countries and employs over 1,000 people domestically.

The second breakout came from nuclear fusion. A spinout company used Country X's open plasma physics simulation data to train specialised models. This hybrid AI-hardware system reduced fusion reaction instability in experimental reactors. The company secured \$680 million in Series B funding.

The Ecosystem Effect

The wider impact has been transformative. Over 240 startups now build on tools, models and data sets released through the National Open Research Programme. Country X has also attracted approximately \$20 billion in AI-related investment since 2025, including from three frontier laboratories that have established significant R&D offices there, employing over 2,000 people combined. The draw is not cheap labour or tax breaks, but proximity to unique data sets, a regulatory environment that enables rapid experimentation, and a deep bench of researchers who understand both open-source model development and domain-specific deployment.

The government has been transformed. Procurement reform in 2026 prioritised modular, open systems – avoiding vendor lock-in and increasing government optionality, and in turn helping to scale new domestic AI-application startups. Country X's tax authority now uses fine-tuned open models for correspondence processing, cutting response times by 70 per cent. Its health-care system deploys AI diagnostic assistants trained on domestic patient data – delivering better clinical outcomes than off-the-shelf tools ever could. Costs have been cut and switching between models made far easier.

Soft Power Influence: Shaping Standards

Country X contributes to seven major international open-source AI projects, giving it genuine influence when standards for agentic interoperability and model evaluation are negotiated.

The Lesson

By 2030, Country X has not “won” the frontier AI race. But it has carved out a genuine comparative advantage in health-care AI, fusion simulation and regulatory technology. It has become a top-five destination for AI investment globally. Critically, it has also built

sovereign capability: a domestic talent base that understands the full stack, from transformer architectures to deployment pipelines to hardware co-design.

Country X did not build a model, it built an ecosystem.