# The Weightless Turn: Transferring New Zealand's Strategic Transformation Processes to Gulf States.

*How a small commodity economy became a technology exporter, and the grounds the GCC can follow. A research framework and pilot proposal.*

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## The question

A small farming country at the bottom of the world lost its only guaranteed buyer inside one decade. Britain turned toward Europe and joined the Common Market in 1973, and the open door for New Zealand wool, meat and butter began to close. More than eighty percent of the country's exports had once gone to that single market. One economist called the whole economy "processed grass." Forty years on, that same country sells more software, satellites and medical devices abroad than it sells wool. Technology is now its third-largest export earner.

The Gulf faces a problem with the same shape, from a very different starting point. One commodity still carries the economy, and the long-term demand for that commodity is no longer certain. The difference is money. New Zealand changed because it had no choice. The Gulf is changing while it still holds deep reserves and time. That difference sounds like an advantage. This brief argues it is also the main risk.

The task here is narrow. Not to praise New Zealand, and not to retell Vision 2030. The question is which part of the New Zealand transformation is a mechanism that travels, which part does not, and how the Gulf can test the travelling part with a real pilot rather than another strategy document.

## What New Zealand actually did

The story is usually told as a happy ending. The mechanism underneath is harder, and more useful.

It opened with a shock. When the British market narrowed, a country built on selling grass to one buyer had to find new buyers and new products or accept a falling standard of living. Wool made the point early. In late 1966 the price fell by about forty percent as synthetic fibre took its place, and wool dropped from the number-one export to under two percent of export value. The pressure was real, and it was not optional.

The reforms of the 1980s did the unglamorous work. The government pulled away the protections that had kept weak firms alive, including subsidies, import licences and tariffs. It was painful, and it is still argued over. What it did was expose New Zealand firms to world prices and force capital and people to move toward things that could actually survive abroad.

Then the harder move, the one most countries miss. New Zealand could not win on scale, and it could not win on distance. It is small, and it is far from everywhere. So it stopped competing on volume and started competing on the value of each unit it shipped. Less milk, more specialised dairy nutrition. Ordinary grapes became Marlborough Sauvignon Blanc, a wine category the world now knows by name. The country wrapped all of this inside one national signature, "100% Pure New Zealand," clean and trusted, which a small unknown firm could borrow to be taken seriously in a foreign market.

The last step is the one the Gulf should study most. Distance punishes heavy goods. So New Zealand pushed toward exports where weight and distance almost stop mattering: software, aerospace, medical technology, screen production. Xero sells accounting software from Wellington to the world. Rocket Lab launches satellites. Fisher & Paykel Healthcare ships breathing devices into hospitals everywhere. By the 2025 financial year the country's top technology exporters earned NZ$15.3 billion abroad, the third-largest export category after dairy and tourism, and the one category recent United States tariffs could not touch, because software crosses a border without passing through a customs gate.

None of this came from national character. Behind it sat a connected system. New Zealand Trade and Enterprise opened doors abroad, Callaghan Innovation funded research, the Icehouse and its angel investors put early money and early discipline into young firms, and universities pushed ideas toward commercial use. Skilled migrants and a large overseas diaspora became living bridges into foreign demand and foreign talent.

The honest part matters too. This is not a finished victory. Many technology firms now grow their headcount offshore faster than at home, so the jobs do not all stay, and dairy still pays a very large share of the bills. The lesson is a direction of travel, not a template to copy line by line.

## The model: an endowment-to-export ladder

Abstract the New Zealand path into a structure other resource-heavy economies can read against their own position. Picture a ladder of four rungs, carried by a spine that lifts a firm up every rung.

**EXHIBIT 1** The Endowment-to-Export Ladder

| 1 · Pressure | 2 · Reallocation | 3 · Premiumisation | 4 · Weightless export |
|---|---|---|---|
| A shock removes the guaranteed market. Change becomes survival, not preference. | Protection is withdrawn. Capital and talent move to what survives global competition. | The economy climbs the value chain inside its own endowment, behind a national brand. | Growth leaves the physical endowment behind. The country exports |

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| | | | technology and know-how. |

### Carried by the spine

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| Competitive ownership — real firms, real owners, real customers. | Institutional scaffolding — market access, R&D, early capital, commercialisation. | Brand of origin — a national identity small firms can borrow. | Bridges — migration and diaspora into foreign markets and skills. |

*The rungs are what happened. The spine is why it held. And competitive ownership is the rung the Gulf most easily skips: exportable capability was built under competitive pressure, not bought. A firm that has to win foreign customers on its own learns things a funded national champion never has to learn.*

### Where the Gulf maps, and where it does not

Read the Gulf against the ladder and two things show at once. It has climbed further and faster than New Zealand ever did, and it has not yet proven the spine.

The pressure exists, but it is slow and easy to deny. Oil still funds most of government spending, the budget breaks even only near eighty to ninety dollars a barrel, and the International Energy Agency expects world oil demand to flatten toward the end of this decade. The forcing event is coming. It is just not loud yet. New Zealand was pushed. The Gulf has to push itself, which is a far harder thing to ask of a system that is not yet hurting.

Reallocation and premiumisation are already well underway, and the numbers are real. In Saudi Arabia the non-oil economy reached about fifty-five percent of real output in 2025, up from roughly forty-seven percent in 2016, with the private sector near fifty-one percent and non-oil exports at a record one hundred sixty-six billion dollars. Tourism passed one hundred twenty-two million visitors, a sector built almost from zero. The build is genuine.

The most important finding is that the Gulf is not standing at the bottom of the ladder waiting to begin. The weightless step has already started. Masdar, the Abu Dhabi clean-energy company, now runs around sixty-five gigawatts of renewable capacity across more than forty countries and put fifteen billion dollars into projects abroad in a single year. That is a Gulf institution exporting the capability of a sector it leads, into the rest of the world. It is the New Zealand move, at Gulf scale. The United Arab Emirates is now building an export-oriented hydrogen strategy on the same logic. The ladder is not a theory here. It is already being climbed.

Then the part that does not map, which is where the real work sits. The Gulf is rich, and that changes the mechanism. New Zealand built capability because the state stepped back and competition did the teaching. The Gulf risk runs the other way: abundant state capital can stand in for capability instead of creating it. A country can

buy assets, hire expert foreigners and import technology, and still own no exportable capability of its own. The most careful readers of Vision 2030 keep returning to the same worry, that diversification must produce genuine economic complexity and not state-directed activity that fades the moment public spending slows.

Ownership is the sharpest version of this. Much of the new activity sits with sovereign funds. It is counted as private, but it does not face competition the way a New Zealand firm does. The one spine element that mattered most is the one this model most easily weakens. And there is a tell already in the data: output is diversifying faster than exports. The Gulf is making more things for its own market. It is not yet selling enough knowledge and technology to foreign buyers. Going global is precisely the rung still unfinished.

Two more differences matter. The workforce rests largely on expatriate labour under nationalisation targets, unlike New Zealand's domestic base and selective migration. And the brand of origin differs in content: not "pure and natural," but credibility in the energy transition, world-class logistics and aviation, Islamic finance, and the pilgrimage economy. The move is the same. The material is its own.

## A pilot that tests capability, not capital

A pilot is only useful if it tests the thing in doubt. For the Gulf the thing in doubt is not whether capital can be deployed. It is whether exportable capability can be built. So the pilot has to manufacture the one ingredient that wealth quietly removes, which is competitive pressure.

Choose one sector where the Gulf holds both a genuine edge and a real constraint. Clean energy and energy-transition technology fits. The endowment is there: capital, sun, deep energy experience, and clear political will. The export channel is already proven, because Masdar has shown the world will buy what the Gulf builds in this field. What is missing is the discipline that turns deployment into capability, and the pilot supplies it by writing New Zealand conditions into the design.

Capital and contracts are awarded by open competitive tender, including to firms that are not state-owned, instead of being handed to one champion. Founders and private investors hold real equity and real downside, so what survives is capability and not subsidy. Support carries a sunset. State backing falls on a fixed schedule, and each firm must earn a rising share of its revenue from foreign private buyers or lose that backing. Around the cluster sits borrowed scaffolding: an Icehouse-style accelerator, a research-and-development grant line, and talent bridges that turn expatriate expertise into permanent local capability. And the whole cluster stands under one brand of origin, the trusted clean-energy partner for the energy-transitioning economies of the Global South, the markets Masdar already serves.

The measure decides everything, so it has to be the right one. Not dollars invested. Investment is an input, and inputs are easy when a country is rich. The measure is the share of cluster revenue earned from foreign private buyers with no domestic state subsidy behind it. That single ratio separates capital that was deployed from

capability that was built. Track it next to the number of firms that reach export self-sufficiency, the volume of intellectual property licensed abroad, and the number of nationals working in genuinely tradable roles. Run the pilot for thirty-six months against one claim: capability forged under competitive pressure will out-export capability bought with capital. If the claim holds, the model scales to other sectors. If it fails, the Gulf learns early, and cheaply, that money was never the missing piece.

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New Zealand had no choice, and that turned out to be its advantage. The Gulf has every choice, and that is its risk. The purpose of this pilot is to remove one choice on purpose, for thirty-six months, inside one sector: the choice not to compete. Everything else the Gulf already has.

## SOURCES & NOTES

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