# Integrating trade and aid

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The financial press are often fickle in their enthusiasm, no more so than over the case of emerging markets. Having heaped praise on them for more than a decade, a slightly chillier tone has crept in during the last year. Whether it is proclaiming a great deceleration (the title of a recent Economist cover), or panicked articles about capital outflows and currency depreciation as the Fed considers tapering its asset-purchase programme, the breathless enthusiasm for the BRICs and N11 economies has been overtaken by rekindled interest in the US and Europe.

It's a useful reminder of the strengths of developed economies. Western economies boast many virtues – rule of law, world-class university research, plural societies, open markets for foreign investors, absence of corruption – that many emerging markets often lack. Yet this is precisely why these emerging economies are such fertile territory for our exports. In food, energy and biomedicine, these economies and the wider N11 are eager for the developed technologies of the West. They are due to go through in the next few decades the agricultural and industrial revolution it took us three hundred years to complete. In agriculture, for example, the world population is set to double by 2050, meaning we will need to produce twice as much food with significantly less land, water and energy. Far from giving up on emerging markets, the opportunity to use our science, technology and innovation to help feed, fuel and heal the emerging world in the three fastest growing life science markets represents an enormous revenue opportunity.

Establishing ties with these economies is why our aid and trade missions need to be strategically integrated. Trade is by far the best form of aid. Kenya, for instance, has transformed itself in recent years, building a free market and the foundations of a liberal democracy. By exporting our medical, agricultural and energy knowledge to them we can help accelerate this journey while rebalancing our own economy away from excess reliance on consumption and public spending. Aid doesn't have to be a fiscal transfer from one state to another, but rather a long-term investment in both.

As recent events in India and Kenya have shown, emerging markets can be a challenging and risky places to do business. But the death of emerging markets has been greatly exaggerated. They remain our greatest hope of achieving an export-led recovery, and unlocking a new cycle of growth to trade our way out of debt.