

# Global economy ‘paying price of war’, warns OECD

## Energy, inflation crises risk pushing big economies into recession

AGENCIES

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Global economic growth is slowing more than was forecast a few months ago in the wake of Russia’s invasion of Ukraine, as energy and inflation crises risk snowballing into recessions in major economies, the OECD said on Monday.

While global growth this year was still expected at 3.0 per cent, it is now projected to slow to 2.2 per cent in 2023, revised down from a forecast in June of 2.8 per cent, the Organisation for Economic Cooperation and Development said.

In a bleak report titled *Playing the price of war*, the Paris-based organisation noted that the conflict aggravated inflationary pressure when the cost of living was already rising quickly.

Covid outbreaks are still having an impact on the global economy while growth has also



been affected by rising interest rates as central banks scramble to cool red-hot prices, the OECD said.

“A number of indicators have taken a turn for the worse, and the global growth outlook has darkened,” the Organisation for Economic Cooperation and Development said in the report.

Global output next year is now projected to be \$2.8 trillion lower than what the OECD forecast before Russia attacked Ukraine — a loss of income

worldwide equivalent in size to the French economy.

“The global economy has lost momentum in the wake of Russia’s unprovoked, unjustifiable and illegal war of aggression against Ukraine. GDP growth has stalled in many economies and economic indicators point to an extended slowdown,” OECD Secretary-General Mathias Cormann said in a statement.

The OECD projected euro zone economic growth would slow from 3.1 per cent this year

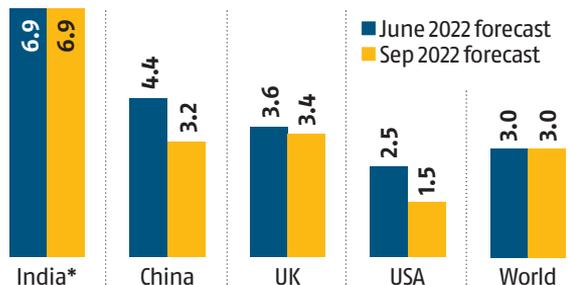
to only 0.3 per cent in 2023, which implies the 19-nation shared currency bloc would spend at least part of the year in a recession.

The OECD was particularly gloomy about Germany’s Russian-gas dependent economy, forecasting it would contract 0.7 per cent next year, slashed from a June estimate for 1.7 per cent growth.

The OECD warned that further disruptions to energy supplies would hit growth and boost inflation.

### GROWTH PROJECTIONS

In %



\*For India, 2022 = FY 2022/23

Source: OECD