

OECD predicts \$2.8trn hit to global economy next year with UK flatlining entirely

The global economy will suffer a \$2.8trn (£2.6trn) hit next year in the wake of Russia's war in Ukraine, according to an international policy forum that is predicting zero growth for the UK.

The Organisation for Economic Cooperation and Development (OECD) said its projection for lost output worldwide was based on a comparison between its pre-invasion forecast and its latest projections.

The report said economic growth worldwide was slowing more than expected as energy prices spike and the resulting [inflation](#) crisis takes its toll on demand.

While global growth this year was still expected at 3%, it is now projected to slow to 2.2% in 2023.

That was down from a forecast in June of 2.8% – with Europe accounting for much of the decline.

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

The report warned that further disruption to energy provision in the EU would push many countries into recession.

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The OECD said it expected the UK to grow by 3.4% in 2022 – above the international average – as a whole but that achieving growth in gross domestic product (GDP) next year would be difficult.

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It called on those governments that were increasing support packages to help households and businesses cope with high inflation, to target those most in need and keep such programmes under review so as not to place undue pressure on borrowing.

It issued the forecast at a time of market turmoil that saw the [pound hit a record low](#) against the dollar early on Monday.

The slump in confidence, which began on Friday after the publication of the government's growth plan, was also widely reflected on the bond markets with investors demanding rates of return for government borrowing not seen since the financial crisis of 2008.

OECD secretary-general Mathias Cormann said of the outlook: "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."

The report also predicted a downturn for the United States as the Federal Reserve raises its core interest rate range to get a grip on inflation.