

TUAC comments on the OECD Interim Economic Outlook

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The September 2026 [OECD Interim Economic Outlook](#) portrays a global economy that has weathered successive shocks better than anticipated in the June forecast but warns of downside risks that could stem from additional supply shocks in the energy market, weakening demand, and delayed materialisation of returns on AI investments.

The OECD estimates show that global GDP growth has moderated but remains resilient. It is projected at 2.9 per cent in 2026, revised upwards from 2.8 per cent, before reaching 3.0 per cent in 2027, revised down from 3.1 per cent. Large oil inventories, alternative energy supplies and government interventions have contained some of the economic fallout from the Middle East conflict, while exceptionally strong AI-related investment is supporting production, investment and trade.

Headline inflation in G20 countries began to rise again in August and is projected at 4.1 per cent in 2026 and 3.6 per cent in 2027, representing upward revisions of 0.1pp and 0.5pp, respectively, compared with previous estimates. Even excluding Türkiye and Argentina from the estimate, given their particularly high inflation rates, inflation is still projected to be 3.0 per cent in 2026 and 2.9 per cent in 2027.

The OECD recognises the uncertainty surrounding the Outlook, particularly regarding possible geopolitical developments and the duration of the crisis, and acknowledges that stronger price pressures, weaker real-income growth and higher interest rates are also weighing on broader economic activity. Climate shocks are also expected to weigh on the economy in the coming months, with the OECD citing a 95 per cent probability of a very strong El Niño event in October–December.

Against this backdrop, the OECD's recommendations focus on preserving macroeconomic stability and strengthening resilience to future supply shocks through structural reforms, alongside diversification of energy supply and greater energy efficiency. Central banks are urged to keep inflation expectations anchored, governments are asked to pursue stronger efforts to ensure public-finance sustainability, and energy-support measures should be temporary and well targeted at those most in need, while preserving incentives to reduce energy consumption and incorporating clear expiry mechanisms.

For TUAC, the depiction of the economy as “resilient” obscures important distributional concerns, as an economy repeatedly put under strain cannot be considered resilient when that resilience is not shared by workers.

Global output has held up, but the composition of growth is increasingly narrow, and its benefits are far from evenly distributed. Global investment, industrial production and trade are increasingly concentrated in AI-related activities and semiconductor supply chains, raising concerns about macroeconomic concentration risks. The OECD itself acknowledges that AI is both a potential source of productivity gains, if adoption broadens, and a major downside risk should the extremely high earnings expectations not be met.

This is not evidence of broad-based economic resilience. A capital-intensive investment boom concentrated in a limited number of technology sectors can support GDP and trade without translating proportionately into jobs, wages or stronger household demand. Indeed, a recent ITUC–Oxfam analysis estimates that workers' real pay rose by an average of only 0.5 per cent in 2025, compared with an 11 per cent real increase in CEO compensation among the corporations analysed.

The test of economic resilience cannot simply be whether GDP continues to grow. Indicators of the quality of growth must also assess whether productivity gains translate into higher real wages, secure and quality employment, and stronger living standards.

This concern becomes even more important with the renewed energy shock, following the resurgence of tensions around the Strait of Hormuz. The OECD explicitly recognises that higher energy and food prices will erode household purchasing power. More strikingly, the Outlook notes that a significant reduction in demand has itself helped energy markets adjust to the Middle East shock. This is also supported by data from the International Energy Agency: the IEA reports that global oil inventories have already fallen by 507 million barrels since February, while refining capacity, particularly for diesel and other middle distillates, is under exceptional pressure. It explicitly warns of further “demand destruction” if supply conditions do not improve. In addition, the cushion provided by inventories is being depleted: In Europe, natural gas stocks as a share of total capacity sit at the lowest level for this time of year in over 15 years, and the Strategic Petroleum Reserve in the United States has fallen to its lowest level since 1982.

For TUAC, what appears in an energy-market model as an adjustment through weaker demand represents, for workers, a loss of purchasing power and living standards. If households have to spend more on fuel, heating, transport and food, assuming they can still afford these basic needs at all, they have less to spend elsewhere; if companies face higher costs and weaker demand, unemployment can increase and the economy can weaken further. The ILO identifies the same transmission mechanism, and estimates that, under an oil-price shock scenario with prices remaining 50 per cent above the

January–February average, global real labour income could be 1.1 per cent lower in 2026, while hours worked could decline by the equivalent of 14 million full-time jobs.

In such a scenario, while the OECD cautiously recommends that central banks continue to assess economic conditions with a view to anchoring inflation expectations and evaluating possible rate adjustments, higher interest rates could weaken growth further and dampen incentives for the investments needed to address the root causes of the energy crisis.

In addition, the OECD identifies extreme weather among the risks to the global economy. Yet TUAC considers that the implications of climate change need to be integrated much more systematically into the OECD's core macroeconomic assessment. Extreme weather is no longer simply a temporary shock around an otherwise stable economic baseline. It increasingly affects food and energy prices, infrastructure, labour productivity, workplaces, public finances and global supply chains. At the same time, the Hormuz crisis demonstrates the enormous economic vulnerability created by dependence on geographically concentrated fossil-fuel supplies.

The policy lesson should therefore be more ambitious than diversifying suppliers and improving resilience to individual supply disruptions. Reducing fossil-fuel dependence is itself an economic-security and price-stability strategy.

TUAC therefore calls for investment in renewable electricity, grids and storage, energy efficiency, electrification, climate adaptation and resilient public infrastructure to be treated as a central macroeconomic priority. Such investment can simultaneously reduce exposure to volatile fossil-fuel prices, increase energy security, reduce climate risks and create employment. It must be accompanied by strong Just Transition policies, developed through social dialogue, that guarantee quality jobs, training, income security and worker participation in industrial transformation.

Ultimately, a resilient economy should not simply withstand successive crises, but also protect workers' living standards while investing to reduce the vulnerabilities that make each new shock so costly.