Trump's Tariffs Trigger Global Economic Woes: OECD Warns of Slowing Growth

The Organisation for Economic Co-operation and Development (OECD) has projected a significant slowdown in the US economy, citing rising tariffs imposed under former President Donald Trump's renewed trade policies. According to the OECD's latest Economic Outlook 2025, US GDP growth is expected to decelerate to 1.6% in 2025, a sharp drop from 2.8% in 2024, and further decline to 1.5% in 2026. The surge in US tariff rates — now averaging 15.4%, the highest since 1938 — is at the heart of this projected slowdown. These include sweeping 10% tariffs on most imports and additional duties on steel, aluminium, and automotive products, which Trump recently vowed to double.

The OECD cautioned that the burden of these tariffs will likely fall on American consumers and businesses, driving domestic prices upward and stoking inflationary pressures. About 10% of the US consumer basket consists of imported goods, excluding food and energy, meaning tariff hikes could significantly affect household expenses.

The slowdown isn't confined to the US. The OECD forecasts global growth to dip to 2.9% in both 2025 and 2026, down from 3.3% in 2024. China's growth is also expected to decline to 4.3% by 2026. However, India remains a bright spot, with its economy projected to grow steadily at 6.3% in 2025 and 6.4% in 2026.

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