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Geopolitics, Aid Retraction, and the Fallout on Global Health: Lessons from the USAID Closure and Tariff Regime under the President Donald John Trump Administration

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Introduction

Under the administration of President Donald J. Trump of the United States, the withdrawal of international development aid and the application of trade restrictions marked a turning point in global health diplomacy and development funding.(1,2) Especially in low- and middle-income countries (LMICs), global health programs are significantly disrupted by the abrupt closing or downsizing of United States Agency for International Development (USAID) funding, either through direct executive interventions or major budgetary contractions. (2,3) We discuss here the consequences of such political decisions on global health outcomes, particularly in relation to the achievement of the Sustainable Development Goals (SDGs).

The retraction of USAID and its ramifications

Throughout its history, USAID has been one of the largest bilateral donors in the health sector, contributing to a variety of initiatives, including maternal and child health, infectious disease control, health system strengthening, and emergency response programs.(4) Abrupt cessation or suspension of grants, cooperative agreements, and technical contracts, as observed during the Trump administration, disrupted service delivery mechanisms and halted ongoing interventions.(5) In Nepal, USAID-funded health projects have targeted family planning, maternal, newborn, and child health, as well as global health security.(5-7) Many of them are now discontinued due to the impact of the Trump administration's decisions. Out of the USD 319 million withdrawn from Nepal, 81.4 million was allocated to the health and nutrition sector, including monitoring, evaluation, and research costs.(7)

The effects of this retrenchment were evident at multiple levels, ranging from primary care clinics facing drug shortages to national programs unable to achieve immunization and surveillance objectives. The reversal of gains in maternal health, HIV control, and child vaccination coverage serves as empirical testament to this rupture.(2,5,6) The health sector of low- and middle-income countries (LMICs), including Nepal, is facing a substantial challenge due to the recent U.S. decision to reduce development assistance.(5-7) This decision poses a risk of funding deficits in critical programs, including nutrition, supply chain management, and health system strengthening at the provincial and local levels.

Tariffs, trade wars, and health market distortions

The fragility of health markets in developing nations was further exacerbated by the imposition of tariffs under a unilateral trade-first policy, which occurred concurrently with the contraction of aid.(7-9) Tariffs imposed on medical supplies, pharmaceutical ingredients, and diagnostic equipment, particularly those sourced from China or international manufacturers, have led to price volatility for health commodities and delayed procurement.(8,9) During the COVID-19 pandemic, supply chain interruptions became increasingly noticeable, highlighting the risks of overdependence on international aid and trade routes for essential healthcare

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facilities.(10,11) Countries such as Nepal, already constrained by limited fiscal space and foreign exchange reserves, were disproportionately affected.

Structural dependency and political realignment

The USAID cessation also redefined regional geopolitics and donor landscapes. Recipient nations, facing a vacuum in bilateral assistance, were compelled to pivot towards alternative donors such as China, India, and regional development banks.(12,13) While this diversification may introduce new funding streams, it also brings new dependencies, conditionalities, and political entanglements. The post-USAID environment has underscored the integral connection between global health and the political economy, requiring a reevaluation of how countries conceptualize sovereignty in health planning and financing.(2,5)

Lessons learned: Resilience and the call for action

The abrupt nature of USAID's retraction offers vital lessons for national and global stakeholders. Initially, it underscores the threats of external aid dependency in essential public health functions.(2,6) Secondly, it highlights the necessity of establishing health financing mechanisms that are sustainably resourced and locally owned.(14,15) Third, it emphasizes the need for adaptive governance, where national systems are equipped to withstand donor volatility and geopolitical shifts without jeopardizing public health outcomes.(12-15)

In response, countries like Nepal need to focus on integrating risk-based financing frameworks and seeking domestic resource mobilization strategies, including health insurance reforms and public-private partnerships.(7,14) International organizations and academic institutions must now prioritize capacity-building, technological transfer, and policy innovation that centers on autonomy and equity.(16) With major donors also redirecting their priorities toward broader development issues, such as climate change, Nepal must urgently mobilize and increase its domestic resources and integrate health with other pertinent issues to sustain its health initiatives.(16,17)

Conclusion

The closure of USAID programs and the tariff-induced disruption of health markets under the Trump administration raise a serious concern about the vulnerabilities of global health architectures that heavily rely on foreign aid. Nevertheless, this adversity presents a catalytic opportunity to redefine global health cooperation, a redefinition that is founded on localized governance, equity, and resilience. The imperative is clear: global health must no longer be a hostage to geopolitics, but rather an arena of sustained, sovereign, and people-centred action, as the world continues to navigate post-pandemic recovery. It demands cost-effective, locally owned, and innovative approaches that can be utilized by the local government to promote healthy and prosperous communities.

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