

Suggested Steps Taiwan Could Take to Address Digital-Related Restrictions

Taiwan Barriers to U.S. Digital Service Suppliers

Over the past several years, Taiwan has passed or proposed several key measures that severely threaten the ability of U.S. digital service suppliers to access its market, including: ***de facto* data localization requirements** for the financial and healthcare sectors, lack of safe harbor provisions for online intermediaries in sectoral regulations, burdensome verification and disclosure requirements for digital advertising in the **Fraud Crime Harm Prevention Act**, and proposals to enact a **news media bargaining law** and **require AI companies to pay for access to training data** (all referenced below).

The net effect of these measures is to put U.S. digital services suppliers at a competitive disadvantage in Taiwan's market: restricting U.S. cloud service providers from being able to access the financial and health sectors, forcing online intermediaries to censor third-party content, and potentially adopting unbalanced requirements that limit AI firms ability to train innovative models. Even where not directly or immediately restricting access, the burdens and risks associated with these measures will severely diminish access opportunities in a market that accounted for \$5 billion in U.S. digitally-delivered services exports in 2024.¹

As the U.S. engages with Taiwan to seek the removal of trade impediments, several targeted changes could materially improve market access for U.S. suppliers by issuing clarifying guidance, adopting reforms through implementing regulation, and committing not to enact further barriers to U.S. digital services suppliers.

Tangible Commitments from Taiwan to Ease Digital Trade Barriers

Addressing existing barriers:

- Withdraw *de facto* data localization requirements for the healthcare and financial sectors by simplifying the requirements for obtaining approval for overseas outsourcing and removing regulatory guidance that indicates preference for data localization. In addition, finalize proposed amendments to **Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation**² to simplify the process for obtaining permission to provide services for financial institutions.
- Establish clear safe harbor provisions for online intermediaries and platforms subject to sectoral laws on online safety such as the **Tobacco Hazards Prevention Act**³ (THPA), refrain from imposing general monitoring obligations on online intermediaries, and clearly distinguish commercial content from user-generated content in the THPA.

¹ <https://apps.bea.gov/iTable/?reqid=62&step=6&isuri=1&tablelist=359&product=4>.

² FSC announces the amendment of Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation (Aug. 21, 2023), https://www.fsc.gov.tw/en/home.jsp?id=54&parentpath=0,2&mcustomize=multimessage_view.jsp&dataid=202308180003&dtable=News.

³ <https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcodes=L0070021>.

- Issue further implementing guidelines or revisions to the **Fraud Crime Harm Prevention Act⁴ (FCHA)** that seek to empower businesses to fight against fraud and scam, e.g., by removing or simplifying overly complicated verification and disclosure requirements, and having regulatory authorities use the digital channels made available by online platforms for content removal notices and dispense with archaic hard-copy paper notices. In addition, ensure that the FCHA applies in a non-discriminatory manner to all businesses, local and foreign.

Addressing proposed barriers:

- Commit to refrain from adopting **rules that mandate online service providers fund news publishers for the ability to display links and snippets of news content.**⁵
- Commit to a fair and balanced application of **copyright law⁶** towards AI, including through the adoption of a blanket exemption covering non-commercial and commercial uses of copyrighted materials for computational data analysis and processing without a license.

Additional References

See CCIA comments on Taiwan in its [submission for USTR's 2025 National Trade Estimate report](#).

⁴ Cabinet approves four draft bills to bolster anti-fraud capabilities, EXECUTIVE YUAN (May 9, 2024), <https://english.ey.gov.tw/Page/61BF20C3E89B856/075117fd-6122-4f0e-bb38-a658306d6c59>.

⁵ <https://www.taipeitimes.com/News/taiwan/archives/2023/05/23/2003800275>.

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<https://www.mlex.com/mlex/artificial-intelligence/articles/2335872/taiwan-considering-framework-managing-ai-firms-pay-for-copyrighted-data>.