

Bali Government's Efforts to Reduce Illegal Transactions in the Tourism Business.

Tjokorda Istri Diah Widyantari Pradnya Dewi

Faculty of Law, Universitas Udayana, Bali

ABSTRACT: As one of the famous tourist destinations, Bali faces problems with foreign tourists. The rife problem facing Bali lately is that more and more foreign tourists are conducting illegal business transactions in Bali. This research was conducted using empirical juridical research methods using a case approach based on empirical facts in communities there are many violations and illegal business transactions carried out by foreign tourists in Bali. This study aims to find out what concrete steps can be taken by the government, especially the Provincial Government of Bali to reduce illegal business transactions carried out by tourists and while still prioritizing the involvement of local communities and also tourism businessmen, so that the benefits of tourism can be realized for the welfare of society and sustainable tourism.

KEYWORDS: foreign tourism, tourism business, illegal business transaction

1. BACKGROUNDS

Currently, in globally popular tourist destinations, it is common to welcome tourists from different parts of the world, including different regions of the country. Tourists can, therefore, be classified as domestic visitors, those who travel within their country's borders, and international visitors, those who travel outside their country's borders based on World Tourism Organization.¹

Bali Island is still a tourism prima donna for both domestic and foreign tourists. Foreign tourists, many of them do not just travel to Bali, but stay in Bali for a long time and even run various types of businesses, one of which is as a tour guide. The Indonesian Tour Guide Association (HPI) Bali has discovered a new mode of Foreign Citizens who become illegal tour guides who sell their services through websites or online portals.²

According to the Chairman of the Regional Leadership Council (DPD) of HPI Bali, I Nyoman Nuarta, the perpetrators from Russia and Japan used a similar method, namely by opening a website like a travel agent and using the password to access it using the password from their respective countries.³ The findings came from the investigation of HPI Bali members, where they had tried to access the portal but could not because they had to use the country's telephone number code. They found at least five portals suspected of being from travel agents in China, Russia, and countries in the European region.

The Bali Government is not only troubled by the behavior of foreign citizens who have often been disturbing for the past few months. Now, they are also irritated by foreign tourists who conduct illegal business activities and use crypto as a means of transaction while on vacation on the Island of the Gods. Based on Law of the Republic of Indonesia Number 7 of 2011 concerning Currency, the use of currencies other than the rupiah and other means of payment in payment transactions is subject to sanctions.⁴ Other official supporting documents are required if they want to use crypto. If not accompanied by these official documents, the transaction will be considered illegal.

Foreign tourists who visit Bali not only do illegal business transactions, but there are still many types of violations that they often do while they are in Bali. Many problems faced by Bali tourism are related to violations committed by foreign tourists. This is a

¹ Manuela Guerreiro, et.al., Broadening tourism experience and destination image: A cross-cultural approach between international and domestic tourists, *European Journal of Tourism Research*, Volume 01/03/2025, p.3.

² WNA Jadi Pemandu Wisata Ilegal Gunakan, Jajakan Jasa Lewat Website, <https://news.republika.co.id/berita/ru4vcu366/wna-jadi-pemandu-wisata-ilegal-gunakan-jajakan-jasa-lewat-website> , accessed on 14 December 2024

³ Praktik WNA Jadi Tour Guide Ilegal di Bali Dibongkar, Triknya Sungguh Culas, <https://seputarcibubur.pikiran-rakyat.com/ekonomi-bisnis/pr-1786626578/praktik-wna-jadi-tour-guide-ilegal-di-bali-dibongkar-triknya-sungguh-culas> , accessed on 14 December 2024

⁴ Memburu Wisatawan yang Bertransaksi Pakai Kripto di Pulau Dewata, <https://www.detik.com/bali/berita/d-6744077/memburu-wisatawan-yang-bertransaksi-pakai-kripto-di-pulau-dewata> , accessed on 19 December 2024

Bali Government's Efforts to Reduce Illegal Transactions in the Tourism Business.

challenge for the government, tourism business actors and the local community itself because what is done by naughty foreign tourists gradually causes many losses for Bali itself.

From the background that has been explained, the problems that will be studied in this paper are: How are tourism business transactions regulated in national and international law? What real efforts can the Bali government make to reduce the occurrence of illegal tourism business transactions that are very detrimental?

This article was written with the aim, to find out how the regulations and policies both nationally and internationally regarding tourism business transactions and can help in efforts to reduce violations in tourism business transactions and anticipate the increasing number of illegal business transactions carried out by foreigners in Indonesia in general and in Bali in particular and this study uses a normative legal research, a type of legal research that focuses on identifying, analyzing, and evaluating what the law ought to be, rather than just what the law is.

2. DISCUSSION

A. National and International Tourism Business Regulations

The multidimensional nature of the tourism sector, combined with the dynamics of investment capital sources, presents a complex picture for understanding and measuring tourism investment. At the same time, changing consumer behaviors and expectations, technological advances, and the urgent need for greater sustainability are challenging current business models and presenting new opportunities for investors interested in the tourism sector. United Nation World Tourism Organization (UNWTO) is developing a series of investment guidelines to help better understand and generate sustainable investment in the tourism ecosystem. The guidelines are divided into three series to understand, enable and mobilize tourism investment. They will also help develop new insights for policy-making to address current barriers, new opportunities and foster sustainable investment in the tourism sector.⁵ Tourism, a beneficial activity for host countries and communities⁶

1. Local populations should be associated with tourism activities and share equitably in the economic, social and cultural benefits they generate, and particularly in the creation of direct and indirect jobs resulting from them;

2. Tourism policies should be applied in such a way as to help to raise the standard of living of the populations of the regions visited and meet their needs; the planning and architectural approach to and operation of tourism resorts and accommodation should aim to integrate them, to the extent possible, in the local economic and social fabric; where skills are equal, priority should be given to local manpower;

3. Special attention should be paid to the specific problems of coastal areas and island territories and to vulnerable rural or mountain regions, for which tourism often represents a rare opportunity for development in the face of the decline of traditional economic activities;

4. Tourism professionals, particularly investors, governed by the regulations laid down by the public authorities, should carry out studies of the impact of their development projects on the environment and natural surroundings; they should also deliver, with the greatest transparency and objectivity, information on their future programmes and their foreseeable repercussions and foster dialogue on their contents with the populations concerned;

The provision that tourism activities must be activities that can provide benefits especially for local residents. Local residents must be associated with tourism activities and share fairly and obtain benefits both economically and culturally, especially in the creation of direct and indirect employment resulting from tourism-related activities. Tourism policies must be implemented in such a way as to help improve the standard of living of the population of the area visited in this case the tourist destination area. The planning and architectural approach and operation of tourist resorts and accommodations must aim to integrate them, as far as possible, into the economic and social structure. There is equality of labor and also more priority is given to local labor.

Special attention should be paid to the specific problems of coastal, areas and vulnerable rural or mountainous areas, where tourism is often a rare opportunity for development in the face of the decline of traditional economic activities. It is necessary that tourism professionals, in particular investors, subject to regulations established by the competent authorities, should carry out studies on the impact of their development projects on the environment and the surrounding nature; they should also communicate, in a transparent and objective manner, in particular information on future programs and their impacts on tourism.

The code of ethics in global tourism is still soft law. Soft Law refers to a set of non-binding legal instruments, which are voluntarily taken into account by the state, with the hope that these obligations, which are made as soft law instruments, will become hard law in the future. The Vienna Convention on the Law of Treaties does not regulate soft law, because soft law is considered as not real law, and because it does not definitively represent a state's position on a problem. Soft law does not produce state practice or opinio

⁵ <https://www.unwto.org/investment/unwto-investment-guidelines-SA1>, accessed on 24 December 2024

⁶ Global Code Ethics For Tourism, Art. 8 https://webunwto.s3.eu-west-1.amazonaws.com/imported_images/37802/gcetbrochureglobalcodeen.pdf, accessed on 24 December 2024

Bali Government's Efforts to Reduce Illegal Transactions in the Tourism Business.

juris. Countries experiment with taking into account the existence of soft law, without expecting to incur any responsibility for the obligations contained therein, even though they enjoy the full support of institutions or bodies that promote soft law.⁷

Regarding the sources of international law regulated in Article 38 of the Statute of the International Court of Justice, it states that international agreements are one of the sources of international law, making it also the basis for distinguishing soft law and hard law as one of the sources of international law.

The provisions in Article 21 letter a of the 1969 Vienna Convention explain international agreements as follows:

"treaty" means an international agreement concluded between States in written form and governed by international law, whether embodied in a single instrument or in two or more related instruments and whatever its particular designation.

The provisions of Article 21 letter b of the 1969 Vienna Convention state that a country is only bound and subject to an agreement if it has ratified, accepted, ratified, or accessed. Therefore, international agreements can only be binding, soft law is a new development in international law.

Based on Indonesian national law, Law Number 1 of 2009 concerning Tourism, provision of Article 1, Tourism is a variety of tourism activities and supported by various facilities and services provided by the community, entrepreneurs, the Government, and the Regional Government. Tourism is all activities related to tourism and is multidimensional and multidisciplinary in nature which emerges as a manifestation of the needs of each person and country and the interaction between tourists and the local community, fellow tourists, the Government, Regional Government, and entrepreneurs. Activities related to tourism will involve many parties, considering the nature of tourism.

Business transactions in tourism activities will be related to tourism businesses. According to the Law, Tourism Businesses are all businesses that include Tourism Transportation Services Businesses, Tourism Travel Services Businesses and Tour Guide Businesses. What is meant by Tourism Transportation Services Businesses are businesses that provide transportation for tourism needs and activities. Encompass a wide range of exchanges and agreements that facilitate travel and related services. These transactions typically involve the transfer of goods, services, or funds between various stakeholders such as tourists, travel agencies, airlines, hotels, tour operators, and local service providers. Common types include booking accommodations, purchasing airline tickets, guided tours, transportation services, and travel insurance. Payment methods can be cash, credit/debit cards, or digital wallets. Effective management of these transactions is vital for ensuring customer satisfaction, operational efficiency, and financial stability within the tourism industry. Additionally, transparency and proper documentation are essential for legal and regulatory compliance.

The law also regulates the tourism industry, namely a collection of interrelated tourism businesses in order to produce goods and/or services to fulfill the needs of tourists in organizing tourism. In the last two decades, the growth of the world tourism industry has accelerated rapidly. The tourism industry, which includes the transportation, hotel, restaurant, recreation, and other tourism services sectors, has made a very large contribution to the world economy, including its employment opportunities.⁸

B. Bali Government's Efforts to Reduce Illegal Business Transactions

There are several factors that are obstacles and challenges for Indonesia in developing its tourism, both currently and in the future, including the state's security conditions and environmental comfort, because tourists, both domestic and foreign, need security. Therefore, cooperation between the Government and all components of the nation in creating security is very much needed if tourism sector activities are to develop rapidly. The inadequacy of information systems is also a challenge that requires serious attention in tourism management. Because this information system is very important in conveying the conditions of the regions in Indonesia, providing information about tourist attractions, the readiness of facilities and infrastructure at tourist attractions, and promoting the beauty of Indonesia to other countries. Lack of human resource competence, the development of tourism is not evenly distributed due to a lack of promotion and information about certain tourist destinations and several other things that are obstacles and challenges for the sustainability of tourism.⁹

The existing human resources, especially around tourist attractions, are not very supportive, for example in terms of foreign language skills, many are still lacking in English in particular, let alone other foreign languages. Human resources are also still lacking in terms of ethics and hospitality. For example, when welcoming tourists, both domestic and foreign tourists. In addition, there is still a lack of certified tour guides. The lack of certified tourist guides is caused by the lack of awareness of tourism object managers

⁷ Abass, Ademola, *Complete International Law: Text, Cases, and Materials* (2nd edn), (Oxford: Oxford University Press, 2014 dalam Junaiding, *Soft Law Sebagai Sumber Hukum Kontrak Dalam Perdagangan Internasional*, *Dharmasisya*, Jurnal Program Magister Hukum Fakultas Hukum Universitas Indonesia Volume 1 Nomor 3 (September 2021), accessed on 26 December 2024

⁸ Gelgel, I Putu, 2021, *Hukum Kepariwisata dan Kearifan Lokal*, UNHI Press, Denpasar, hlm.17

⁹ Anak Agung Adi Lestari Ni Putu Noni Suharyanti, *Kebijakan Pemerintah Indonesia Dalam Pengembangan Pariwisata*, *Jurnal Hukum Saraswati* VOL. 2 NO. 2 (2020), hlm. 170-171

Bali Government's Efforts to Reduce Illegal Transactions in the Tourism Business.

regarding the importance of certified tourist guides and is caused by the lack of Professional Certification Institutions (LSP) in the tourism sector.¹⁰

The political strategy of Bali tourism development in general can be stated in the slogan: "Tourism For Bali, Not Bali For Tourism". This means that tourism must be able to provide optimal benefits for the Balinese people, and not the other way around, Bali becoming a victim of tourism itself. It seems that this political principle is still implemented by policy makers and stakeholders of Bali tourism business actors. All parties continue to make various efforts to maintain Bali as a leading tourism destination in Indonesia, to keep Bali as a safe, comfortable and peaceful paradise island. Bali must remain safe and comfortable so that tourism life continues to grow. The Balinese community and tourism business players do not want chaos in Bali like the two barbaric terrorist attacks at the WTC (World Tourism Center) Kuta in 2002 and again in 2005. These terrorist attacks have devastated Balinese tourism. Several countries have issued travel warnings for their citizens not to visit Indonesia, especially Bali, because it is considered unsafe.¹¹

Bali has experienced many trials in its tourism world, where tourism is the main source of income for the Balinese people in general. The government does not want the naughty actions of foreign tourists who visit Bali to also destroy the image of Balinese tourism in the future, and it will be difficult for Bali to achieve sustainable tourism. The government has made various efforts to reduce violations and illegal business transactions carried out by foreign tourists. The regulatory enforcement by increasing monitoring and penalties for illegal operators. They also conduct regular inspections of tour operators and service providers. Public awareness campaigns promote responsible tourism practices. Additionally, collaborations with law enforcement agencies help identify and shut down illegal tour businesses. The government encourages registered and licensed tour operators, improving the legal framework to protect visitors and preserve Bali's cultural and natural resources.

The Bali Provincial Government through the Governor of Bali has issued a Circular Letter of the Governor of Bali Number 4 of 2023 concerning New Orders for Foreign Tourists While in Bali which applies throughout Bali. Based on the Circular, foreign tourists visiting Bali are not only required to respect all the rules in Bali, there are provisions that require them to be accompanied by a licensed tour guide who understands local customs and wisdom while traveling. There are also provisions regarding the obligation of foreign tourists to make transactions using the rupiah currency. Involved in illegal activities such as (flora and fauna, cultural artifacts, sacred objects) buying and selling illegal goods including illegal drugs.¹²

Recognising the importance of tourism, governments are taking innovative steps to promote inclusive, competitive and long-term tourism growth. An integrated whole-of-government approach to tourism is considered a critical component of a successful government structure in many nations.¹³ The Governor of Bali at that time hoped that with the issuance of the Circular, tourism service business actors and all components of Balinese society would work together and earnestly to maintain the good name and image of Balinese tourism in order to realize culture-based, quality and dignified tourism.

Foreign tourists visiting Bali must comply with the provisions contained in the Circular, because if a violation occurs, sanctions will be imposed in accordance with the violation committed by the foreign tourist referring to the provisions of the law that were violated in accordance with the basis for the issuance of this Governor's Circular. Many national laws and regulations are used as the basis for consideration in the formation of these provisions considering that tourism is a complex system consisting of various activities that are interrelated with each other. However, the relationship between one and another does not necessarily support each other, but can be contradictory according to each perspective in viewing tourism.¹⁴

3. CONCLUSION AND REKOMENDATION

Based on the results of the discussion it can be concluded, provisions regarding business transactions in the tourism business have been regulated both nationally and internationally. Nationally, it is regulated in the Tourism Law and its implementing regulations and regional regulations, while internationally it is regulated in the Global Code of Ethics for Tourism issued by the UNWTO. These provisions not only regulate tourism business actors but also regulate how tourists should behave while traveling, so as not to harm their tourist destinations. The Bali Provincial Government has also made various efforts to reduce the mischief committed by foreign

¹⁰ Nugroho Sumarjiyanto BM, Beberapa Masalah Dalam Pengembangan Pariwisata Di Indonesia, Vol 7 2020, <https://ejournal.bsi.ac.id/ejurnal/index.php/jp/article/view/8810>, accessed on 30 December 2024

¹¹ I Gusti Agung Alit Suryawati, Strategi Pengembangan Pariwisata Bali Berkelanjutan Menghadapi Pasar Bebas Asean (AFTA), Vol 2 No 6 (2018): *Jurnal Mitra Manajemen* Edisi November, hlm. 682.

¹² Full provisions in the Circular of the Governor of Bali Number 4 of 2023 concerning New Orders for Foreign Tourists While in Bali

¹³ I Gusti Ngurah Parikesit Widiatedja, FDI in Tourism and the Feasibility of Incorporating the UN Guiding Principles on Business and Human Rights in Indonesia, *Yuridika*: Volume 37 No 2, May 2022, p. 434.

¹⁴ Arief Rianto Kurniawan & Yuliana Primawardani, Dampak Bisnis Pariwisata Terhadap Masyarakat Lokal: Studi Dampak Bisnis Pariwisata Terhadap Hak Asasi Manusia, *Jurnal Legislasi Indonesia* ,2021, <file:///C:/Users/User%20pc/Downloads/748-2742-1-PB.pdf>, accessed on 28 December 2024

Bali Government's Efforts to Reduce Illegal Transactions in the Tourism Business.

tourists, including conducting illegal business transactions, one of which is by issuing a Circular Letter from the Governor of Bali concerning Obligations and Prohibitions for Foreign Tourists.

Recommendations could be given, the Bali Provincial Government wants to be more synergistic with various parties related to tourism, especially in addition to tourism actors but also increasing the role of local communities as expected by issuing a Governor's Circular. Local communities should be more aware not to be exploited by foreign tourists who have bad intentions. In addition, increasing the role of immigration and customs at Bali airport.

ACKNOWLEDGEMENT

Tjokorda Istri Diah Widyantari Pradnya Dewi, The author is a lecturer at the Faculty of Law, Udayana University, based in Bali. Apart from teaching, the author is also active in several research and publications.

REFERENCES

- 1) Manuela Guerreiro, et.al., Broadening tourism experience and destination image: A cross-cultural approach between international and domestic tourists, *European Journal of Tourism Research*, Volume 01/03/2025, p.3.
- 2) I Gusti Ngurah Parikesit Widiatedja, FDI in Tourism and the Feasibility of Incorporating the UN Guiding Principles on Business and Human Rights in Indonesia, *Yuridika*: Volume 37 No 2, May 2022, p. 434.
- 3) Junaiding, Soft Law Sebagai Sumber Hukum Kontrak Dalam Perdagangan Internasional, *Dharmasiswa*, Jurnal Program Magister Hukum Fakultas Hukum Universitas Indonesia Volume 1 Nomor 3 (September 2021)
- 4) Arief Rianto Kurniawan & Yuliana Primawardani, Dampak Bisnis Pariwisata Terhadap Masyarakat Lokal: Studi Dampak Bisnis Pariwisata Terhadap Hak Asasi Manusia, *Jurnal Legislasi Indonesia*, 2021, file:///C:/Users/User%20pc/Downloads/748-2742-1-PB.pdf,
- 5) Anak Agung Adi Lestari & Ni Putu Noni Suharyanti, Kebijakan Pemerintah Indonesia Dalam Pengembangan Pariwisata, *Jurnal Hukum Saraswati*, VOL. 2 NO. 2 (2020), hlm. 170-171,
- 6) Nugroho Sumarjiyanto BM, Beberapa Masalah Dalam Pengembangan Pariwisata Di Indonesia, Vol 7 2020, <https://ejournal.bsi.ac.id/ejurnal/index.php/jp/article/view/8810>,
- 7) I Gusti Agung Alit Suryawati, Strategi Pengembangan Pariwisata Bali Berkelanjutan Menghadapi Pasar Bebas Asean (AFTA), Vol 2 No 6 (2018): *Jurnal Mitra Manajemen*, Edisi November, p. 682,
- 8) Gelgel, I Putu, 2021, *Hukum Kepariwisata dan Kearifan Lokal*, UNHI Press, Denpasar.
- 9) Law No. 10 Year 2009 Concerning Tourism
- 10) Vienna Convention 1969 on the Law of Treaty
- 11) UNWTO Global Code Ethics For Tourism
- 12) Circular Letter Governor of Bali No 4 Year 2023 Concerning Obligations and Prohibitions for Foreign Tourism
- 13) WNA Jadi Pemandu Wisata Ilegal Gunakan, Jajakan Jasa Lewat Website, <https://news.republika.co.id/berita/ru4vcu366/wna-jadi-pemandu-wisata-ilegal-gunakan-jajakan-jasa-lewat-website>,
- 14) Praktik WNA Jadi Tour Guide Ilegal di Bali Dibongkar, Triknya Sungguh Culas, <https://seputarcibubur.pikiran-rakyat.com/ekonomi-bisnis/pr-1786626578/praktik-wna-jadi-tour-guide-ilegal-di-bali-dibongkar-triknya-sungguh-culas>,
- 15) Memburu Wisatawan yang Bertransaksi Pakai Kripto di Pulau Dewata, <https://www.detik.com/bali/berita/d-6744077/memburu-wisatawan-yang-bertransaksi-pakai-kripto-di-pulau-dewata>,



There is an Open Access article, distributed under the term of the Creative Commons Attribution – Non Commercial 4.0 International (CC BY-NC 4.0) (<https://creativecommons.org/licenses/by-nc/4.0/>), which permits remixing, adapting and building upon the work for non-commercial use, provided the original work is properly cited.