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The Legal Consequences of Tourism Development Moratorium Policies in Bali: Balancing Investment, Environmental Protection, and Community Rights

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Abstract

Tourism development moratoriums represent an increasingly important policy instrument for destinations experiencing environmental pressure, infrastructure constraints, and rapid commercialization. In Bali, restrictions on new tourism development raise complex questions concerning the balance between investment interests, environmental sustainability, and the rights of local communities. This article examines the legal and distributive consequences of tourism development moratorium policies in Bali. Using normative juridical and policy analysis, the study evaluates the legal basis, institutional authority, implementation mechanisms, and social consequences of tourism development restrictions. The research argues that a moratorium should not be understood merely as an investment-control mechanism but as a potential instrument of environmental and social justice. Its legitimacy depends on transparent criteria, consistent enforcement, protection against selective exemptions, and meaningful participation by affected communities. The article proposes a justice-based framework for tourism moratorium policies incorporating environmental carrying capacity, community interests, regulatory transparency, and equitable treatment of investors and residents. Particular attention is given to whether restrictions effectively reduce tourism-related pressure or merely redirect investment toward less regulated areas. The study concludes that carefully designed moratorium policies can support sustainable tourism governance when they are implemented as part of a broader destination management strategy rather than as temporary administrative restrictions.

[*Moratorium pengembangan pariwisata merupakan instrumen kebijakan yang semakin penting bagi destinasi yang mengalami tekanan lingkungan, kendala infrastruktur, dan komersialisasi yang pesat. Di Bali, pembatasan pengembangan pariwisata baru menimbulkan pertanyaan kompleks mengenai keseimbangan antara kepentingan investasi, keberlanjutan lingkungan, dan hak-hak masyarakat setempat. Artikel ini mengkaji konsekuensi hukum dan distribusi dari kebijakan moratorium pengembangan* *pariwisata di Bali. Dengan menggunakan analisis yuridik dan kebijakan normatif, studi ini mengevaluasi dasar hukum, otoritas kelembagaan, mekanisme implementasi, dan konsekuensi sosial dari pembatasan pengembangan pariwisata. Penelitian ini berpendapat bahwa moratorium tidak boleh dipahami hanya sebagai mekanisme pengendalian investasi, tetapi sebagai instrumen potensial keadilan lingkungan dan sosial. Legitimasi moratorium bergantung pada kriteria yang transparan, penegakan yang konsisten, perlindungan terhadap pengecualian selektif, dan partisipasi yang bermakna dari masyarakat yang terdampak. Artikel ini mengusulkan kerangka kerja berbasis keadilan untuk kebijakan moratorium pariwisata yang menggabungkan daya dukung lingkungan, kepentingan masyarakat, transparansi regulasi, dan perlakuan yang adil terhadap investor dan penduduk. Perhatian khusus diberikan pada apakah pembatasan tersebut secara efektif mengurangi tekanan terkait pariwisata atau hanya mengalihkan investasi ke area yang kurang diatur. Studi ini menyimpulkan bahwa kebijakan moratorium yang dirancang dengan cermat dapat mendukung tata kelola pariwisata berkelanjutan ketika diimplementasikan sebagai bagian dari strategi manajemen destinasi yang lebih luas, bukan sebagai pembatasan administratif sementara.*]

Keywords: Tourism moratorium, Bali, tourism policy, environmental justice, investment regulation

Introduction

Tourism has become structurally embedded in Bali's economy, employment system, spatial organization, and public infrastructure. Yet the economic importance of tourism has increasingly been accompanied by concerns about land conversion, water pressure, congestion, environmental degradation, cultural transformation, and unequal distribution of tourism benefits. Warren and Wardana (2018) described Bali's tourism and real-estate expansion as generating interconnected environmental and social pressures, including water shortages, agricultural land conversion, pollution, and displacement. More recent studies similarly demonstrate that tourism investment can transform residential functions and local spatial structures, particularly in highly developed destinations such as Ubud (Juniawati 2022). These conditions create a regulatory dilemma. Continuing unrestricted development may deepen cumulative impacts, whereas a blanket moratorium may interfere with legitimate investment interests and potentially shift development pressure to less regulated areas. The legal significance of a moratorium therefore depends upon whether it is designed as a temporary corrective mechanism within a coherent destination-governance system or as an ad hoc administrative prohibition.

The literature on overtourism provides an important basis for understanding why governments may consider development restrictions. Overtourism is not merely a numerical problem concerning excessive visitor arrivals; it is also a governance problem involving the relationship between tourism intensity, ecological capacity, infrastructure, housing, public space, and residents' quality of life. Milano, Cheer, and Novelli (2019) conceptualize overtourism as a manifestation of wider socio-political tensions surrounding tourism growth, while Fletcher et al. (2019) connect overtourism with the structural imperative of continuous tourism expansion. Blanco-Romero, Bl6zquez-Salom, and Fletcher (2023) further caution that policies presented as “quality tourism” may reproduce inequality if they merely replace mass tourism with higher-spending forms of elite tourism. These studies suggest that controlling development cannot be evaluated solely according to whether it reduces visitor numbers or preserves investment confidence. The central question is whether regulatory intervention changes the underlying distribution of environmental benefits, economic opportunities, and social costs.

Bali-specific scholarship provides evidence that development pressures are closely connected to land and spatial transformation. Wardana (2020) demonstrates that market-oriented approaches to conserving Bali's agrarian landscape may unintentionally intensify land commodification and marginalize farmers. Segara (2019) similarly observes that limited land availability and rising property values encourage conversion of agricultural land into residential and tourism uses. Research using spatial data has documented substantial changes in land use and land cover associated with tourism growth in the Sarbagita region, particularly around Denpasar, Badung, Gianyar, and Tabanan (Fukushi et al. 2020). Environmental consequences are also measurable: land-use conversion in Denpasar has been associated with declining gross primary production and reduced vegetation capacity (Pravitasari et al. 2018). These studies indicate that tourism development decisions have cumulative spatial consequences and that individual project approvals may fail to capture the aggregate effects generated by many separate developments.

Previous research has also addressed the relationship between tourism investment and community participation. Dolezal and Novelli (2022) demonstrate that community-based tourism in Bali can create opportunities for empowerment, but power relations remain central to determining who actually controls tourism benefits. Parmita, Pujaastawa, and Suwena (2022) similarly show that community participation is important in tourism-village development because local communities are the holders of resources and knowledge upon which tourism activities depend. Research concerning traditional villages further demonstrates that customary institutions may have an important role in managing land used for tourism investment (Anom, Julianti, and Putri 2022). The implication is significant for moratorium policy. If development restrictions are adopted without community participation, they may merely replace one form of top-down governance with another. Conversely, if communities participate in defining carrying-capacity thresholds, spatial priorities, and benefit-sharing mechanisms, the moratorium may become an instrument of democratic environmental governance rather than simply an investment-control device.

The legal literature and policy framework present an additional research gap. Indonesia already possesses extensive instruments for controlling tourism development, including environmental assessment, spatial planning, business licensing, protected agricultural land, tourism planning, and local-government regulation. Law No. 32 of 2009 on Environmental Protection and Management recognizes public participation in environmental governance, including the right to provide opinions, objections, complaints, and information. Law No. 26 of 2007 on Spatial Planning establishes planning, utilization, control, supervision, public participation, and sanctions as components of spatial governance. Law No. 10 of 2009 on Tourism, as subsequently amended, requires tourism development to protect environmental quality and cultural interests while promoting community welfare. The coexistence of these instruments raises a crucial question: when existing controls are insufficient, under what legal conditions may a government legitimately suspend additional tourism development?

This article addresses that question by examining the legal consequences of tourism development moratorium policies in Bali. It argues that a moratorium should be understood as a form of preventive regulatory intervention rather than an exceptional policy existing outside ordinary administrative law. Its legitimacy depends on legal authority, evidence of risk, proportionality, non-discrimination, temporal limitation, transparency, and reviewability. The article contributes to the literature by connecting tourism moratoriums with environmental justice, investment governance, spatial planning, and community rights. It proposes that Bali should use moratoriums selectively where cumulative pressure has reached identifiable thresholds, while simultaneously redirecting investment toward regeneration, environmental restoration, community-based tourism, and higher-value development that does not depend upon continuous expansion of the physical tourism footprint.

Literature Review and Theoretical Frameworks

The first theoretical foundation of this study is tourism justice. Tourism justice shifts analytical attention from aggregate economic growth toward the distribution of benefits, burdens, recognition, and decision-making power. Rastegar (2020) argues that governments have a critical role in constructing tourism systems that address justice, while Jamal and Higham (2021) emphasize social justice, equity, rights, recognition, sustainability, and participation as interconnected dimensions of tourism governance. This perspective is particularly relevant when a destination considers limiting tourism investment. A moratorium can protect environmental and community interests, but it can also create distributive effects among investors, workers, landowners, residents, and regions. A just moratorium therefore cannot be evaluated solely by whether it achieves environmental objectives. It must also consider who is restricted, who benefits from the restriction, who bears its economic costs, and whether affected communities have meaningful opportunities to influence the policy.

The second framework is environmental justice, particularly its distributive and procedural dimensions. Environmental justice concerns the allocation of environmental benefits and burdens as well as participation in environmental decision-making. In tourism destinations, ecological degradation may be spatially concentrated while tourism profits are distributed elsewhere. A resort developer may capture substantial economic returns, whereas residents may experience water scarcity, traffic, waste, coastal degradation, or loss of agricultural land. Kurniawan (2024) argues that environmental justice should be integrated into Indonesian tourism policy because natural heritage constitutes the foundation of tourism itself. Kirani (2025) similarly identifies displacement and environmental degradation as important consequences of resort development affecting Indonesian coastal communities. A moratorium can therefore be justified where continued development would disproportionately transfer environmental costs to communities that have limited influence over investment decisions.

The third framework is carrying-capacity governance. Carrying capacity should not be interpreted as a fixed numerical threshold applicable to every destination. It includes physical, ecological, social, cultural, infrastructural, and institutional dimensions. Studies of Bali have demonstrated that particular destinations already experience environmental pressures associated with tourism intensity. Putri, Karang, and Puspitha (2020), for example, demonstrate the relevance of carrying-capacity analysis in managing tourism at Pandawa Beach. Residents' perceptions can also function as indicators of social carrying capacity, because tourism pressure may become unacceptable before measurable ecological collapse occurs (Muler Gonzбlez, Coromina, and Galн 2018). A moratorium can therefore operate as a precautionary instrument when available evidence indicates that the marginal costs of additional development are likely to exceed the destination's capacity to absorb them.

The fourth framework is destination governance and adaptive regulation. Tourism destinations operate as complex systems involving governments, investors, communities, customary institutions, workers, visitors, and environmental systems. Gispert and Clavй (2020) identify participation, coherence, responsibility, openness, and effectiveness as important dimensions of destination governance. Baggio, Sainaghi, and Maurer (2021) similarly emphasize adaptive capacity and complex-system thinking in destination development. A moratorium within such a system should not be understood as a final policy outcome. It should create regulatory space for authorities to reassess land-use patterns, infrastructure, carrying capacity, investment quality, and community interests. This implies that a moratorium must be linked to measurable review criteria and a transition strategy rather than simply suspending development indefinitely.

The fifth framework concerns investment regulation and legitimate expectations. Investment protection does not mean that investors possess an unlimited entitlement to obtain approvals or continue operating regardless of changing environmental and spatial conditions. Modern regulatory systems recognize that governments retain authority to regulate activities in the public interest. At the same time, abrupt and discriminatory restrictions can undermine legal certainty and legitimate expectations, particularly where investors have already obtained valid permits or made substantial expenditures in reliance on existing regulations. The legal challenge is therefore to distinguish between an expectation of regulatory stability and an absolute right to regulatory immutability. A legitimate moratorium should operate prospectively where possible, provide clear criteria, protect vested legal rights where legally required, and avoid arbitrary exemptions.

Taken together, these frameworks support a rights-compatible and evidence-based moratorium model. The model has four connected dimensions: environmental necessity, distributive justice, procedural legitimacy, and investment proportionality. Environmental necessity requires evidence that development pressure threatens ecological or spatial sustainability. Distributive justice requires consideration of how restrictions and benefits are distributed. Procedural legitimacy requires participation, transparency, and reasoned decision-making. Investment proportionality requires that restrictions be appropriately tailored to the identified problem and subject to review. This framework allows a moratorium to function as a temporary regulatory instrument within sustainable destination governance rather than as an isolated political decision.

Methods

This study employs a normative juridical research method combined with policy and institutional analysis. The normative analysis examines Indonesian legal instruments governing tourism development, investment, environmental protection, spatial planning, licensing, agricultural land protection, regional government authority, and community participation. The principal legal materials include the 1945 Constitution, Law No. 25 of 2007 on Investment, Law No. 26 of 2007 on Spatial Planning, Law No. 32 of 2009 on Environmental Protection and Management, Law No. 10 of 2009 on Tourism as amended, Law No. 6 of 2023 concerning the enactment of the Job Creation Government Regulation in Lieu of Law into statute, and relevant implementing regulations. Particular attention is given to the risk-based licensing system and its relationship with environmental and spatial controls. PP No. 28 of 2025 replaced PP No. 5 of 2021 and establishes the current framework for risk-based business licensing, making it relevant to the assessment of the legal relationship between investment facilitation and regulatory restrictions.

The study also analyzes Bali's regional legal framework, particularly the Bali Provincial Spatial Plan 2023–2043 established through Regional Regulation No. 2 of 2023. The regulation recognizes that rapid development can place pressure on environmental, social, and cultural quality and emphasizes sustainable spatial management. The analysis considers the relationship between regional spatial planning and the authority to restrict new tourism development. It also examines Bali's long-term development orientation, including the policy objective of controlling tourism development and maintaining environmental, human, and cultural sustainability. Such regional instruments are important because a moratorium must operate within the hierarchy of national and regional regulatory authority rather than exist as an administratively isolated measure.

Secondary materials consist of peer-reviewed journal articles published no later than 2025. The literature was selected for relevance to Bali tourism, overtourism, tourism governance, environmental justice, land conversion, carrying capacity, community participation, tourism investment, and destination sustainability. Empirical studies from other jurisdictions are used comparatively to identify mechanisms of tourism pressure, but the study does not assume that evidence from Barcelona, Amsterdam, or other destinations can be directly transplanted into Bali. Instead, international literature is used to construct analytical concepts that are then tested against Bali-specific legal and empirical scholarship.

The analysis is conducted through a doctrinal and thematic approach. First, legal provisions are interpreted according to their regulatory purpose and institutional relationship. Second, empirical literature is examined to identify recurring consequences of unrestricted tourism expansion. Third, the legal consequences of a moratorium are assessed from the perspectives of environmental protection, investment certainty, community rights, and administrative proportionality. Finally, the study develops a regulatory framework for determining when a moratorium may be legally and institutionally justified. The method is not designed to quantify the precise economic loss caused by a moratorium; rather, it evaluates the legal conditions under which restrictions can legitimately reconcile competing public and private interests.

Results and Discussion

1. The Legal Basis and Character of a Tourism Development Moratorium

The first finding is that a tourism moratorium in Bali should not be treated as an autonomous legal category. Its validity depends upon the legal authority from which the restriction derives and the regulatory objective it pursues. Indonesian law already provides multiple bases for controlling development. Spatial-planning law authorizes governments to plan, utilize, control, supervise, and enforce spatial use, while environmental law establishes preventive and participatory mechanisms for activities that may affect environmental quality. Tourism law likewise places development within a framework of sustainability, environmental protection, cultural protection, and community welfare. Consequently, a moratorium can be legally defensible when it functions as an instrument for implementing these existing regulatory objectives rather than as an arbitrary suspension of investment.

Bali's current spatial framework strengthens this argument. Regional Regulation No. 2 of 2023 on the Provincial Spatial Plan 2023–2043 explicitly identifies the limited and non-renewable character of territorial space and recognizes that rapid development may pressure environmental, social, and cultural quality. The significance of this provision is that the regional planning framework already recognizes development intensity as a legitimate object of governmental control. A moratorium based on spatial capacity can therefore be understood as part of spatial governance where additional development would conflict with established planning objectives. The crucial requirement is that the restriction must be connected to the spatial plan, implementing regulations, and demonstrable planning objectives rather than imposed merely through political preference.

The distinction between a moratorium and an informal administrative freeze is therefore important. A legally defensible moratorium should identify the affected activities, geographical area, duration, legal authority, applicable exceptions, review mechanism, and substantive criteria for lifting the restriction. It should also clarify whether the policy applies to new applications only or affects existing permits and ongoing projects. Investors that have already obtained valid approvals occupy a different legal position from applicants who have not yet received authorization. Treating both categories identically may create unnecessary legal disputes. The principle of legality requires that government action remain within its statutory authority and that affected parties be able to understand the consequences of the policy.

The risk-based licensing system adds another dimension. PP No. 28 of 2025 establishes risk-based business licensing as the principal mechanism for determining the type and intensity of licensing and supervision according to the risks associated with business activities. A moratorium should therefore not be conceptualized as contradicting risk-based licensing. Instead, where cumulative spatial or environmental risks exceed the capacity of ordinary project-level licensing to address them, a temporary area-based restriction may function as an additional layer of governance. The legal justification would be strongest where project-by-project approvals are unable to account adequately for cumulative impacts across a destination.

2. Environmental Carrying Capacity and the Precautionary Function of Moratoriums

The second finding is that the strongest justification for a tourism moratorium arises when cumulative development threatens ecological carrying capacity. Bali's tourism economy is dependent upon finite environmental resources, including water, agricultural land, coastal ecosystems, and landscape quality. Warren and Wardana (2018) demonstrate that tourism and real-estate expansion have produced interconnected pressures on water resources, agricultural land, pollution, and social relations. Research on land-use change in Denpasar similarly found that expansion of built-up areas associated with tourism contributed to substantial declines in vegetation productivity (Pravitasari et al. 2018). These findings demonstrate why individual environmental permits may be insufficient. A project can satisfy project-specific requirements while the cumulative development of hundreds of projects produces a destination-level problem.

Land conversion provides a particularly important example. Wardana (2020) demonstrates that Bali's agrarian crisis cannot be understood merely as a matter of individual landowner choice because market incentives and tourism-oriented development structures shape decisions to convert agricultural land. Juniawati (2022) found that tourism investment in Ubud transformed settlement functions at spatial, economic, and social levels. Yudha and Utama (2020) likewise examined agricultural land conversion in Gianyar and identified tourism accommodation and commercial development as important sources of pressure. A moratorium can therefore serve a preventive function by temporarily stopping additional development while government reassesses whether existing spatial plans adequately protect agricultural and community functions.

Carrying capacity should nevertheless be assessed through multiple indicators rather than a single tourist-arrival threshold. Physical carrying capacity may concern road networks, waste facilities, water supply, or available land. Ecological capacity may concern groundwater, agricultural land, coastal ecosystems, and biodiversity. Social capacity may concern residents' tolerance, displacement, cultural disruption, and access to public space. Putri, Karang, and Puspitha (2020) show the relevance of destination-specific carrying-capacity assessment in coastal tourism, while Muler Gonzбlez, Coromina, and Galн (2018) demonstrate that residents' perceptions can provide an indicator of social carrying capacity. This supports a multidimensional approach in which a moratorium may be triggered when several indicators simultaneously signal that continued expansion is inconsistent with sustainable destination management.

The precautionary principle further strengthens the case for temporary intervention under conditions of uncertainty. Environmental regulation does not always require government to wait until irreversible harm has occurred. Where credible evidence indicates that additional development may cause serious or difficult-to-reverse damage, temporary restrictions can provide time to improve information and reassess policy. Such a principle is particularly appropriate for Bali because ecological systems, cultural landscapes, and agricultural land cannot always be restored once converted. The purpose of a moratorium is therefore not necessarily to prove that every future project would be harmful; it is to prevent additional irreversible commitments while government determines whether development remains within acceptable ecological and social limits.

The environmental rationale, however, does not justify indefinite suspension. A moratorium that continues without periodic review can become a de facto permanent prohibition without the procedural safeguards ordinarily associated with such a serious restriction. The government should establish review periods and measurable criteria for continuation or termination. These could include groundwater availability, agricultural land retention, infrastructure capacity, waste-management performance, tourism accommodation density, environmental quality, and resident welfare. Once the indicators return to acceptable levels, restrictions should be modified or lifted. If conditions deteriorate, stronger controls may be justified. This transforms the moratorium from an emergency political instrument into an adaptive regulatory mechanism.

3. Investment Certainty, Equality, and the Legal Consequences for Investors

The third finding concerns the tension between moratorium policies and investment protection. Investment law seeks to create a predictable environment in which investors can assess risks and allocate capital. Sudden restrictions can affect project feasibility, financing, land values, contractual obligations, and investor expectations. The problem becomes particularly acute when investors have already secured approvals or acquired land in reliance on an established regulatory framework. A moratorium that disregards these distinctions may generate claims of unequal treatment or administrative arbitrariness. Yet investment certainty cannot logically mean that government is permanently bound to approve development regardless of changing environmental conditions. The state retains regulatory authority to protect public interests, particularly where environmental and community rights are involved.

The appropriate legal distinction is between vested rights and prospective expectations. An investor with a final and valid permit possesses stronger legal protection than an applicant whose project remains under review. A moratorium should generally apply prospectively to new approvals, while existing permits should be assessed under the applicable legal rules governing modification, suspension, revocation, and environmental compliance. Where a project has materially violated environmental or spatial requirements, the government may possess stronger grounds for enforcement independent of the moratorium. Conversely, where a project is fully compliant and legally vested, arbitrary cancellation would create a different legal issue from the temporary refusal to accept new applications.

Equal treatment is equally important. A moratorium loses legitimacy if exemptions are granted selectively to politically influential investors or particular categories of capital without objective justification. Selective exemptions can undermine both environmental objectives and public confidence. This concern is particularly relevant in Bali because recent scholarship identifies tensions between foreign investment, local economic participation, cultural integrity, and resource control. Maharani and Priadarsini (2025) argue that foreign investment can contribute to economic growth while simultaneously generating concerns about local wisdom, resource exploitation, and socio-economic inequality. Asih, Ratnawati, and Wirawan (2021) likewise emphasize the need for investment policy that integrates foreign investment with traditional village-based tourism and local interests.

A legitimate moratorium should therefore establish transparent exemption criteria. Essential public infrastructure, projects that directly support environmental restoration, or development already substantially completed might require different treatment from new commercial hotels or villas. However, every exemption should be tied to publicly stated criteria and documented through a reasoned administrative decision. This is important not only for equality but also for environmental effectiveness. If high-impact projects can circumvent the restriction through discretionary exceptions, investment may simply move toward the most politically connected actors rather than toward environmentally sustainable activities.

The economic consequence of a moratorium should also be evaluated beyond short-term investment volume. Suryarwan and Santiago (2025) argue that Bali's hotel and villa development moratorium can create uncertainty and potentially reduce tourism investment while simultaneously responding to overtourism, land conversion, congestion, and environmental degradation. Their analysis also suggests that restrictions may redirect investment toward peripheral areas. This finding reveals an important limitation of geographically narrow moratoriums. If development is merely displaced to adjacent regions without integrated spatial planning, the policy may reduce pressure in one location while creating new environmental and social problems elsewhere. A moratorium must therefore be accompanied by regional coordination and monitoring.

The preferred approach is consequently not “investment versus moratorium” but investment reorientation. During a development pause, government can prioritize investment that improves existing tourism assets, restores degraded ecosystems, upgrades infrastructure, strengthens waste and water systems, and increases local economic participation without substantially expanding the physical tourism footprint. Such a strategy corresponds with the idea of moving from quantity-based tourism growth toward higher-quality development. Palguna et al. (2023) argue that Bali's tourism master planning requires stronger attention to quality and sustainability, while Wardana et al. (2020) demonstrate that effective tourism policy must address spatial regulation and land conversion. A moratorium becomes more defensible when it is accompanied by an investment pipeline focused on regeneration rather than expansion.

4. Community Rights, Participation, and Distributive Justice

The fourth finding is that community rights should form a substantive component of moratorium design rather than a procedural afterthought. Tourism development affects communities through land prices, employment structures, access to resources, environmental quality, infrastructure use, cultural change, and public-space transformation. Dolezal and Novelli (2022) demonstrate that community empowerment in Bali tourism depends upon the distribution of power among stakeholders. Parmita, Pujaastawa, and Suwena (2022) similarly show that community participation is central to tourism-village development. These findings indicate that a tourism moratorium should be evaluated partly according to whether it increases local capacity to influence future development rather than merely shifting decision-making from investors to government officials.

Indonesian environmental law provides an important normative basis for such participation. Article 70 of Law No. 32 of 2009 recognizes the public's equal and broad opportunity to participate in environmental protection through social oversight, opinions, objections, complaints, and information. Spatial-planning law also recognizes community participation, including the participation of customary communities, in spatial governance. These provisions mean that a moratorium affecting tourism development should ideally be supported by transparent consultation concerning the geographic scope of restrictions, carrying-capacity indicators, local economic effects, and future development priorities. Participation is especially important where restrictions affect landowners or communities that expected to benefit from tourism investment.

The distributive dimension is equally significant. A moratorium may protect environmental resources that benefit residents collectively, but it can also impose economic costs on workers, small businesses, landowners, and communities dependent on tourism income. This means that environmental justice cannot be reduced to stopping development. It requires consideration of transition costs. If tourism investment is restricted, government should facilitate alternative livelihood opportunities, support community-based tourism, improve agricultural value chains, and strengthen local enterprises. Otherwise, the policy may protect environmental assets while transferring economic burdens to households with the least ability to absorb them.

Community-based tourism offers one possible mechanism for aligning development control with local economic participation. Dolezal and Novelli (2022) demonstrate that community participation can strengthen empowerment when communities exercise meaningful influence over tourism development. Research in Tampaksiring similarly emphasizes participation as a mechanism through which local communities can obtain greater benefits from tourism development (Parmita, Pujaastawa, and Suwena 2022). A moratorium could therefore prioritize small-scale, community-controlled tourism projects that use existing buildings and resources without creating substantial additional ecological pressure. This would make the policy more nuanced than a simple distinction between "development" and "no development."

Traditional villages and customary institutions also require recognition. Research concerning Kerobokan shows that customary villages can exercise important roles in the utilization of customary land for tourism investment (Anom, Julianti, and Putri 2022). Tourism governance that excludes these institutions risks treating land as a purely market-based commodity and overlooking social obligations embedded within customary territorial systems. The recognition of customary institutions should not, however, create a parallel system of unreviewable authority. Their participation should operate within a transparent legal framework that protects both customary interests and individual rights.

Finally, community participation should continue after the moratorium is adopted. Communities should be involved in monitoring compliance, evaluating whether environmental conditions improve, reviewing the distribution of tourism benefits, and determining whether restrictions should be continued. This corresponds with the broader literature on destination governance, which emphasizes stakeholder coordination, transparency, and adaptive institutional arrangements (Gispert and Clavй 2020; Roxas, Rivera, and Gutierrez 2020). A moratorium becomes more legitimate when communities can observe how the policy works and participate in decisions about its continuation or modification.

Conclusion

Tourism development moratoriums in Bali can be legally and normatively justified when they function as temporary, evidence-based instruments for preventing cumulative environmental and social harm. The existing Indonesian legal framework already provides substantial foundations for such intervention through environmental protection, spatial planning, tourism sustainability, public participation, and risk-based licensing. Bali's Regional Regulation No. 2 of 2023 further recognizes the pressure that rapid development can impose on environmental, social, and cultural conditions. Nevertheless, a moratorium cannot be legitimate merely because tourism development has become politically controversial. It must be supported by clear legal authority, objective evidence of environmental or spatial pressure, defined geographical and temporal boundaries, transparent criteria, equal application, and mechanisms for review. The strongest legal rationale arises when project-level licensing cannot adequately address cumulative destination-level impacts.

The principal legal consequence of a moratorium is therefore not simply a reduction in investment approvals but a reconfiguration of the relationship between development rights and public-interest regulation. Investors with vested legal rights require different treatment from applicants seeking new approvals, while selective exemptions must be avoided to preserve equality and regulatory credibility. At the same time, communities should not bear disproportionate economic costs simply because development is restricted. Moratorium policy should be accompanied by community-based economic opportunities, environmental restoration, infrastructure improvement, and investment reorientation toward existing assets rather than continuous physical expansion. This approach converts the moratorium from a restrictive policy into a transition mechanism for sustainable destination governance. Ultimately, Bali does not require an indefinite suspension of tourism investment. It requires a regulatory system capable of determining where, when, how much, and what kind of tourism investment remains compatible with ecological limits, spatial plans, community rights, and long-term public welfare. A conditional moratorium based on carrying capacity, environmental risk, spatial conformity, distributive justice, and periodic review provides a more legally defensible model than either unrestricted development or permanent prohibition. Such an approach would also align tourism governance with the broader objective of protecting Bali's environmental and cultural foundations while preserving investment opportunities that generate genuine and fairly distributed public value.

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