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Connecting Japan and Indonesia through resources, logistics, and construction.

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Greetings

Dear Reader,

I'm Yoichi Harimaya, and I run PT. Japan Bridge Asia here in Indonesia. This letter goes out to people whose business cards I've collected along the way, and to colleagues I've had the pleasure of working with. I send it at my own discretion, so I hope you'll forgive the intrusion.

My work sits between Japan and Indonesia, in resources, logistics, and construction. *Nanmei* is the great southern sea from Zhuangzi — the one the giant bird Peng sets out to cross. I started this letter to send back what I see on the ground here, along with the larger currents running underneath it.

The past two issues were about this country's **strengths**. This one starts with a **weakness**. Over the summer the rupiah hit an all-time low, and the governor of the central bank walked away with two years still on his term. From there to the idea I've been watching most closely — a **Bali International Financial Center**.

One housekeeping note: starting with this issue, I'll be writing every two weeks. Things move quickly here, and I'd rather keep pace with them.

Yoichi Harimaya

PT. JAPAN BRIDGE ASIA

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THE QUESTION

Why build a financial center in a country whose currency is shaking?

The Summer the Rupiah Hit Bottom

What happened in Indonesia this summer was not an economic slowdown. It was a crisis of confidence in institutions.

The rupiah slid all year and touched a record low against the dollar in June. Then, on July 27, central bank governor Perry Warjiyo resigned with two years left on a term that ran to 2028. The official explanation was that he had left voluntarily, for personal reasons.

What rattled the market was less the resignation itself than everything sitting behind it. In January, a deputy governor had stepped down a year early, and his replacement was Thomas Djiwandono — a former deputy finance minister, and a nephew of President Prabowo. Parliament then passed amendments adding "supporting growth and employment" to the central bank's mandate and giving legislators the power to issue binding recommendations to it. **The independence of the central bank itself was the question**, and the market read it that way.

2 years	51%	5.6%
Left on the departing governor's term	Presidential approval — lowest since taking office	Real GDP growth, Q1 2026

On August 10, the president formally named Destry Damayanti — the senior deputy who had been serving as acting governor — to the post, and the rupiah climbed back to a two-month high. For the moment, the market has settled.

It is worth keeping the numbers in view. Real GDP grew 5.6 percent in the first quarter of 2026, and the World Bank, the IMF, and the ADB all put the full year at roughly 5 percent. The underlying economy is in decent shape.

*What is shaking is not the economy.
It is confidence in the rules.*

What Dubai Was Actually Selling

So how does a country go about buying confidence in its own institutions?

The Dubai International Financial Centre is instructive here. Founded in 2004, it is now the largest financial center in the Middle East. It usually gets described as "the zero-tax zone," but spend any time working inside it and you realize the tax is only one part of the product.

Three things make DIFC what it is.

A jurisdiction of its own

Its legal system is built on English common law and sits entirely apart from the federal law of the host country.

A regulator of its own

The DFSA and its counterparts supervise finance independently of the mainland authorities.

Tax certainty, on a long horizon

Zero corporate and personal income tax, guaranteed by statute for fifty years.

Everyone's eye goes to the zero. But the words doing the real work are **"for fifty years, by statute."** Governments change, currencies fall, and the rules inside this particular square mile do not move. That promise is what companies and capital are actually paying for.

Which is to say DIFC is not selling cheap tax. It is selling predictability — a decidedly unglamorous product. And the irony is that predictability commands its highest price precisely in the countries where the rules at home have started to shake.

The product is not cheap tax.

It is a promise that the rules will not move.

Kazakhstan Did It in Five Years

"Sure, but Dubai is an oil state." Fair enough. Here is a closer parallel.

Between 2014 and 2016, Brent crude fell from over \$100 a barrel to under \$30 — a drop of roughly 75 percent. Kazakhstan's oil revenue fell by about seventy percent in dollar terms. Getting off the resource treadmill stopped being a long-term ambition and turned urgent. Crisis was the engine of reform, which is the same logic Bali faces in trying to get off a tourism economy standing on one leg.

Among the reforms President Nazarbayev set out in his "100 Concrete Steps" was the Astana International Financial Centre.

May 2015	Presidential Decree No. 24 fixes the territory
December 2015	Constitutional Statute 438-V passes parliament and is signed
March 2017	Constitutional amendment recognizes the special jurisdiction
2017	Presidential Decree No. 141 authorizes some fifty AIFC Acts
July 2018	AIFC opens for business

Five years from idea to opening. The remarkable part is how Kazakhstan got around what you might call **the single-state problem** — whether one country can hold a second body of law inside it — in three moves: amend the constitution, pass a constitutional statute, stand up independent institutions.

And here is the part that matters most. They did not build from scratch. The AIFC Acts were drafted in English against DIFC's statutes, and DIFC Courts advised directly on standing up the court and the arbitration center. Every judge came off the English bench — senior judges and KCs. Kazakhstan imported its credibility along with the people who carried it.

~5 years From concept to opening	-75% Fall in crude oil, 2014–2016	\$1.69_{bn+} Investment attracted in eight years
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So What About Bali?

The obstacles come straight out of the Kazakh experience.

OBSTACLE	HOW AIFC HANDLED IT	THE QUESTION FOR BALI
The single-state problem	Written into the constitution	An enabling clause in Indonesia's constitution — by far the hardest part
Quality of the law	Drafted in English against DIFC's statutes	The AIFC Acts themselves are now there to draw on
Credibility of the courts	A former UK Supreme Court justice as chief justice	Recruiting international jurists is the key
Tax certainty	Guaranteed by law through the end of 2065	Fifty years or more, written into statute
Political ownership	The president chaired the council himself	Nothing moves without presidential and ministerial backing

The first row is the hard one. Writing a special jurisdiction into the Indonesian constitution is heavy lifting, politically and technically, and it is not a matter of a few years. I will be straight about it: **this is a decade-scale project.**

That said, Bali has advantages nowhere else does. It sits at the center of ASEAN's largest market, roughly equidistant from Japan, China, Australia, and the Middle East, and — this counts for more than people tend to think — it is a place international talent actually wants to live. Financial centers run on people. On that count alone, Bali beats Astana.

And arriving late is not a disadvantage. DIFC opened in 2004, AIFC in 2018; each generation borrowed from the one before it and got there faster and cheaper for doing so. Bali would be borrowing from both.

Arriving late is an advantage.
Bali gets to borrow twice.

When a currency starts to shake, a country has two options. Intervene in the market, or build a place that does not shake.

The first treats the symptom. The second is a question of structure. A Bali International Financial Center would mean amending the constitution, and it would take the better part of a decade. I keep following it anyway, because **Kazakhstan showed the whole thing can be done in five years.**

Japan Bridge Asia will keep watching this from the ground, and I will report back in these pages as it develops.

More in two weeks, carried on the southern wind.



Yoichi Harimaya

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Based in Indonesia and working hands-on in resources, logistics, and construction, with M&A advisory and market-entry support for Japanese companies. Deeply rooted locally, he brings the relationships and on-the-ground judgment that connect Japan and Indonesia.

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