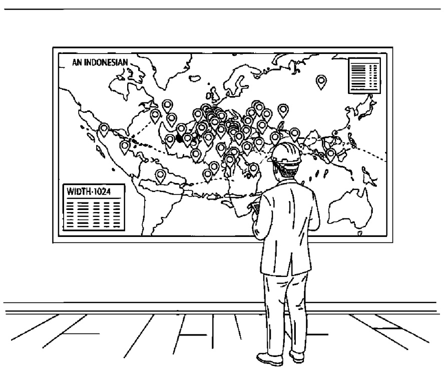
NICHE-SEARCH

WORKSHEET 5 OF 9

Geographic Concentration Risk Re-Baselining

Run when sourcing regions shift, new vendors are onboarded, or a geopolitical event occurs in a country linked to your supply chain. Not a routine check — but essential when the map changes.



Complementary worksheet for
Supply Chain Risk Mitigation
by Ibrahim Anwar

SECTION 1

What This Is For

Two vendors with different names, different invoices, different contacts, and different prices can be one failure point if both depend on the same tier-2 source or the same shipping route. The Indonesia plastics industry in 2026 demonstrated this at scale: producers with two vendors discovered they had one vulnerability because both depended on Middle Eastern naphtha through the Strait of Hormuz. This worksheet is designed to find that hidden concentration before a geopolitical event forces you to find it under pressure.

This is not a weekly or monthly exercise. It is triggered by change: a new vendor is added, sourcing regions shift in the news, a geopolitical event occurs in a country your supply chain touches, or it has been more than 12 months since you last asked your primary vendors where they source. The data requirement is minimal: one direct question to each vendor about their upstream source, cross-referenced across vendors to find overlaps.

SECTION 2

Benefits

What you get when you actually run this worksheet on a real situation:

- Identifies cases where tier-1 diversification provides no real protection because both vendors share the same tier-2 country, region, or shipping chokepoint.
- Surfaces the specific shipping route dependencies that are invisible from tier-1 vendor names alone — particularly Strait of Hormuz, Strait of Malacca, and Suez Canal exposure.
- Produces the tier-2 map required for IPO prospectus risk disclosure under OJK No. 29/POJK.04/2016 and for institutional investor due diligence questions.
- Enables genuinely route-diversified sourcing decisions rather than vendor-name diversification that offers no geographic resilience.
- Creates the standing record that lets you answer 'does this geopolitical event affect us?' within minutes, not hours of investigation.

SECTION 3

Framework To Use

— Hidden Concentration Detection Grid

For each component, map tier-1 vendor to tier-2 source country and shipping route. Rows sharing the same country or route are one failure point regardless of how many vendor names appear in column 1.

SECTION 4

How To Use

Follow these steps in order. Each one builds on the previous.

1. List all components for which you have two or more tier-1 vendors, or for which you have one tier-1 vendor with a high Quadrant share.
2. For each vendor: ask directly — 'Where do you source this material from?' Record the country or region of origin. If the vendor declines to answer, note that refusal as information: you depend on a vendor not transparent about their own supply chain.
3. For each tier-2 source answer: check the shipping route that raw material most likely takes to reach Indonesia. For Middle Eastern sources, assume Strait of Hormuz as the primary route. For East Asian sources, Strait of Malacca. For European sources, Suez Canal.
4. Cross-reference: for each component, are any two of your tier-1 vendors drawing from the same country? The same shipping route? Mark each row's Hidden Concentration Risk as Low, Medium, or High using the detection grid.
5. For any row marked High: document whether a non-overlapping alternative exists. A genuine geographic alternative must use a different tier-2 source country AND a different primary shipping route.
6. Use BPS trade statistics (publicly available) to verify vendor-provided tier-2 information for your most critical components. Cross-verify against industry publications for commodities where import sources are documented nationally.
7. Document the trigger for this re-baselining (new vendor added, geopolitical event, scheduled annual review). Record the date. This creates the audit trail showing proactive monitoring, not reactive discovery.

SECTION 5

Example Use

A plastics converter adds a second resin vendor in March after reading about supply disruptions. In June, news breaks of escalating tensions affecting the Strait of Hormuz. The operator runs a geographic re-baselining to determine whether the new vendor actually reduces their exposure.

The operator has two PET resin vendors: Vendor A (primary, 65% of volume) and Vendor B (newly added, 35% of volume).

Question asked to both vendors: where does this resin originate?
Vendor A answer: manufactured in Guangdong, China.
Vendor B answer: initially says "imported," then clarifies the material is naphtha-based from a Korean manufacturer whose feedstock comes from the Gulf region.

The operator checks: Korean petrochemical naphtha feedstock is 65% sourced from Middle Eastern producers, predominantly transported via the Strait of Hormuz (public industry data).

Assessment: Vendor A (China) ships via Strait of Malacca. Vendor B (Korea, Middle East feedstock) has Strait of Hormuz exposure in its feedstock supply. The shipping routes differ. But Vendor B's tier-2 exposure to the current Hormuz tension is real and direct.

The hidden concentration is at tier-2: the Middle East feedstock disruption that is currently in the news will affect Vendor B's resin costs and availability even though their name, country of invoice origin (Korea), and shipping route (Malacca) appear safe from a tier-1 perspective.

The re-baselining produced one row marked High for Vendor B for the Hormuz tier-2 exposure. The operator contacts a domestic resin alternative that sources from a Thai manufacturer with feedstock from domestic palm oil derivatives — a genuinely non-overlapping source.

SECTION 6

The Worksheet

Tear this out, copy it onto a fresh sheet, or fill it in directly.

Geographic Concentration Risk Re-Baselining

Run when sourcing regions shift, new vendors are onboarded, or a geopolitical event occurs in a country linked to your supply chain. Not a routine check — but essential when the map changes.

COMPONENT	TIER-1 VENDOR	TIER-2 SOURCE COUNTRY/REGION	SHIPPING ROUTE (CHOKEPOINT IF ANY)	OVERLAPS WITH ANOTHER VENDOR? (Y/N)	HIDDEN CONCENTRATION RISK LEVEL (LOW/MED/HIGH)

Reflection Prompts

After filling in the worksheet on the previous page, work through these.

1. Identify all rows sharing the same Tier-2 source country or the same shipping route chokepoint (Strait of Hormuz, Strait of Malacca, Suez Canal). Circle them. Those vendors — regardless of how many different names appear at tier-1 — are one failure point. Your tier-1 diversification for those items is weaker than the vendor count suggests.

2. For any row marked High: does a non-overlapping alternative exist? Write the name or 'None identified.' If None: this is the starting point for the next diversification cycle. A verified alternative that does not share the same geographic bottleneck is the actual mitigation — not an additional vendor who imports through the same route.

SECTION 7

Tips and Traps

TIPS

- Geographic diversification needs to be checked at two levels separately: country of production and shipping route. A vendor sourcing from a different country but using the same chokepoint has only half the diversification that appears on paper.
- BPS publishes annual import data by commodity and country of origin at no cost. For major commodities, this provides cross-verification of vendor-provided tier-2 information without requiring a paid research service.
- When a vendor says 'I'm not sure where it comes from,' treat it as equivalent to a refusal. That vendor's tier-2 source is unverified. Assign High concentration risk to their component until information is obtained.
- Re-run this worksheet whenever a geopolitical event touches any country in the supply map. A 30-minute session using completed past data is faster than a full re-baselining and answers the 'does this affect us?' question quickly.

TRAPS

- Treating country-of-invoice as country-of-origin. A vendor invoicing from Singapore may be re-exporting material that originated in a high-risk region. The relevant question is where the material was produced, not where the invoice was issued.
- Assuming that a new vendor added to the list has been geographically verified. Adding a vendor is not the same as verifying their tier-2 source. Each new addition triggers a one-question check before they can be counted as genuine geographic diversification.
- Overlooking shipping route overlap when source countries differ. Vendors from UAE and Saudi Arabia use the same Hormuz route. Vendors from different East Asian countries may both route through Malacca. Route is the relevant variable, not country alone.
- Running this worksheet once and treating it as permanent. Vendor sourcing changes. A vendor who sourced from Thailand in 2023 may have shifted to a cheaper Middle Eastern supplier by 2025. Annual re-baselining is the minimum that keeps the map accurate.

SECTION 8

Appendixes

Appendix A — Major Shipping Route Chokepoints and Affected Supply Categories

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Strait of Hormuz (Persian Gulf exit):
  Passes through: approximately 20–21% of global oil trade per day
  Affected inputs: naphtha (plastics), petrochemicals, LPG, crude oil
  Countries primarily affected: Saudi Arabia, UAE, Kuwait, Qatar, Iran

Strait of Malacca (between Malaysia and Indonesia):
  Passes through: approximately 25% of global maritime trade
  Affected inputs: electronics, industrial components, textiles, machinery
  Countries primarily affected: China, Japan, South Korea, Taiwan, Southeast Asia

Suez Canal (Red Sea to Mediterranean):
  Passes through: approximately 12% of global maritime trade
  Affected inputs: European manufactured goods, North African commodities
  Countries primarily affected: European suppliers, North Africa, India (partial)

Bab el-Mandeb (Red Sea southern entrance):
  Frequently affected alongside Suez Canal disruptions.
  Relevant for same category as Suez.
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Appendix B — Tier-2 Questions to Ask Vendors

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Primary questions (for every critical component vendor):
  1. "Where do you source this material from? Country or region of origin?"
  2. "Do you have more than one upstream supplier for this material?"
  3. "What shipping route does it typically take to reach you?"
  4. "If your primary source were disrupted, how long would it take you to switch?"

Follow-up if vendor declines to answer question 1:
  "We're doing a risk review of our supply chain. We're not looking to
  disqualify any vendor — we just need to understand concentration risk
  for our own planning. Can you at least confirm whether the origin is
  within Southeast Asia, East Asia, or the Middle East?"

If vendor still declines: document the refusal. Assign High tier-2 risk.
A vendor unable or unwilling to answer this question cannot be counted as
genuine geographic diversification from an investor due-diligence perspective.
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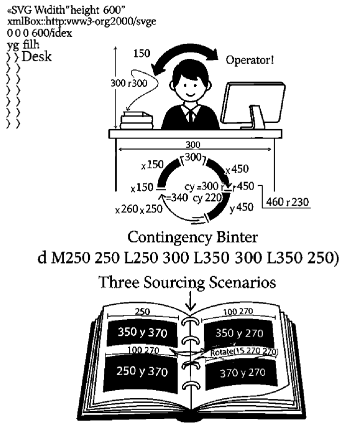

WHERE THIS WORKSHEET COMES FROM

Supply Chain Risk Mitigation

Disruptions Cannot Always Be Prevented, But Their Impact Can Be Limited

by Ibrahim Anwar

This worksheet is one of nine in the *Supply Chain Risk Mitigation* companion worksheet pack. The full pack is grouped into three categories: high-volume worksheets you can run weekly, niche-search worksheets for rare but high-value situations, and specific-case worksheets that walk you through a single concrete scenario.

Every framework, decision filter, and figure used in these worksheets is drawn from the chapters of the source book. The book sets the diagnosis, the worksheets give you the form to act on it.

Available on Google Play Books

`play.google.com/store/books`

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