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by **PGN**



PLN

Konferensi Auditor Internal **GOVERNANCE 5.0** Redefining Board Oversight and Internal Audit in a Digital-First Era



PANEL DISCUSSION 1

Navigating Strategic Risk in a Fragmented Geopolitical Landscape

From Predictable Globalization to Managed Multipolarity

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Konferensi Auditor Internal 2026 | Governance 5.0

The Alana Yogyakarta Hotel & Convention Center • 8 July 2026



OPENING QUESTION

Shift in Global Order?



The US has reigned for 80 years as a hegemon since the end of World War II.



Power Cycle Theory suggests a hegemon can only last roughly 100 years.



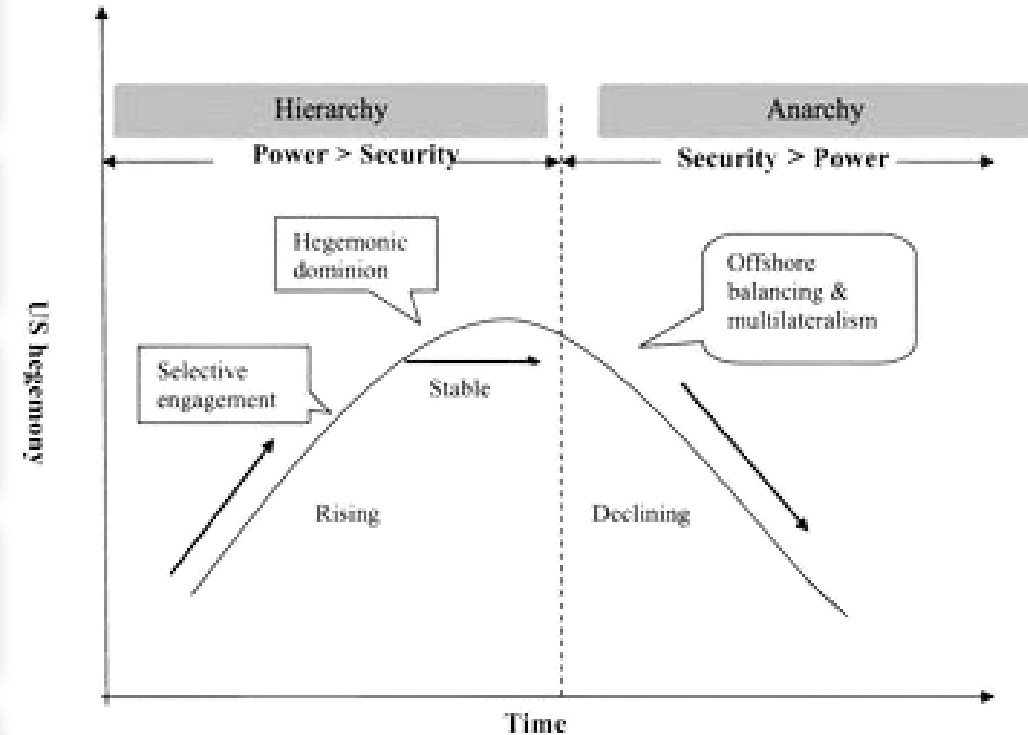
With stagnant economic growth of 1–2% per year, other powers can close the power-parity gap.



When the hegemon is in the power decline, a new, revisionist(s) state will arise



The Iran war potentially expedites this process.



The Impact of War on the Western Alliance



US Behaviour Observed Prior to the Iran War

- Anti-ally behaviour / retrenchment policy
- Offshore balancing
- Vigilante behaviour
- Distrust in the international system



NATO's Shifting Position Toward the US

- Often excluding the US in “us vs. them” narratives
- Independent action in handling the impact of war in West Asia
- Strong condemnation by several NATO states (Spain and Italy)



The war doesn't change the alliance; it just highlights the shift that already occurred within it.

STRATEGIC COST

The US's Imperial Overstretch



The Cost of War

The US publicly announced ~US\$29B spent on the war, but the total is estimated to reach ~US\$100B.



Decreasing Weaponry Stockpile

Per CSIS USA, the US has used ~50% of its total missile stockpile in the Iran war (quoted by The New York Times).



Shifting Focus from Other Regions

Allies elsewhere are questioning US commitment: THAAD pulled from South Korea, Patriot systems pulled from Poland.



Who is benefiting from this?

MULTIPOLARITY

A New Polar on the Rise?



China and Russia have leveraged their positions on Taiwan and Ukraine as bargaining chips.



A vacuum of US power is emerging in other critical regions: the Indo-Pacific and Europe.



Small power parity, competing values, but still interdependence; a scenario predicted for 2030–2035, contingent on a stable trajectory.

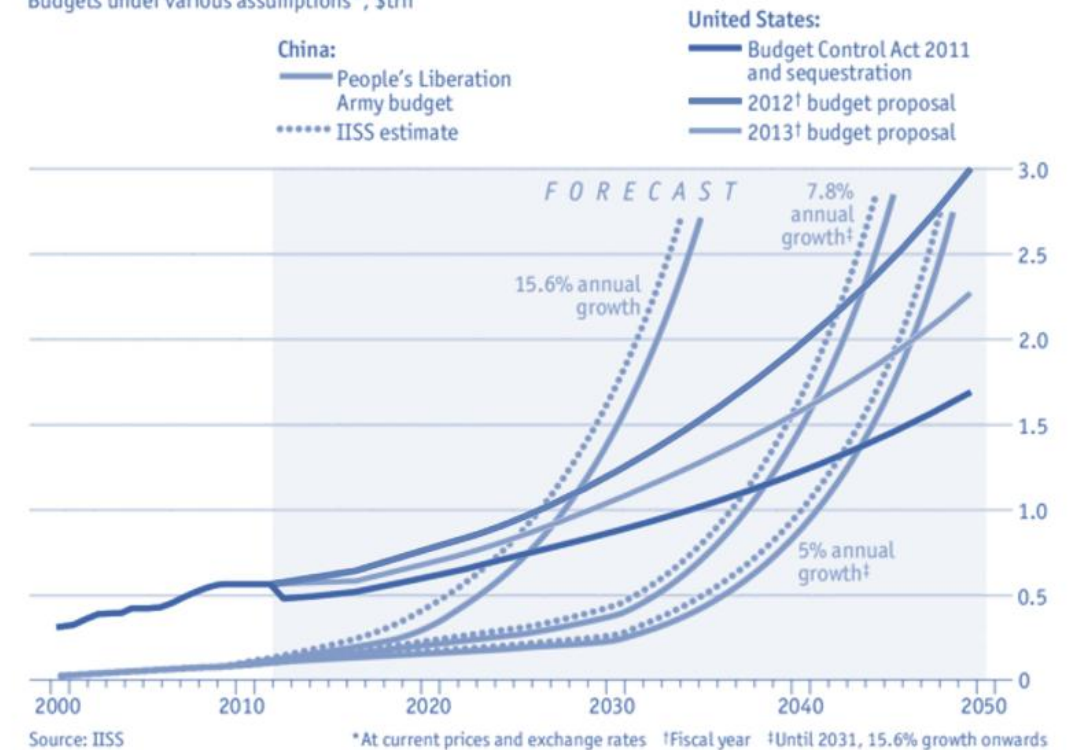


China produces around 50% of global fertilizer; Russia has gained a waiver for its energy exports.



Defence spending

Budgets under various assumptions*, \$trn



The Big Picture

A Regime Change, Not a Cycle



\$35T

Global trade hit a record ~US\$35 trillion in 2025 — but growth is slowing as the rules fragment.



18,000+

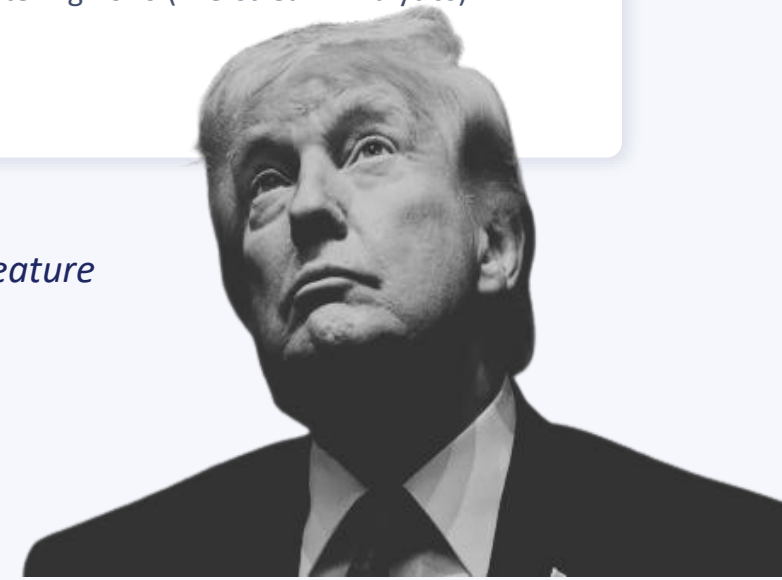
New discriminatory trade measures introduced worldwide since 2020 (UNCTAD).



#1

Geopolitical fragmentation ranks as the single highest-threat supply chain risk entering 2026 (Everstream Analytics).

This isn't “wait for it to blow over.” Tariffs, export controls, and industrial policy are now a standing feature of how major economies compete; not a temporary shock.



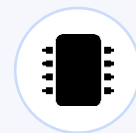
Four Engines of Fragmentation

None of these is new in isolation. What's new is that they're compounding at once.



Trade Weaponization

Tariffs, export controls, and sanctions used as strategic tools, not just economic ones (current US tariffs: 20–32% on China, 18% on India, 19% on Indonesia).



Tech & Resource Blocs

Competing coalitions forming around semiconductors, AI, and critical minerals (rare earths, cobalt) pulling countries into camps.



Multipolar Order

BRICS+ expansion and the growing weight of the Global South mean more standard-setters, not one.



Digital Sovereignty

Data governance and AI accountability frameworks diverging by blocs: EU, US, and China each writing different rulebooks.

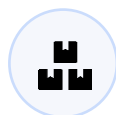
Translating Geopolitics into Risk

The vocabulary your risk register already speaks



Trade / Tariff Risk

Margin compression, customs exposure, sudden cost shocks.



Supply Chain Concentration Risk

Single-source dependencies (ex: chips, rare earths, critical Application Programming Interfaces).



Regulatory / Cross-Jurisdiction Risk

Conflicting compliance regimes across the markets you operate in.



Reputational / Political Risk

Being seen as “on a side” your organization never chose.



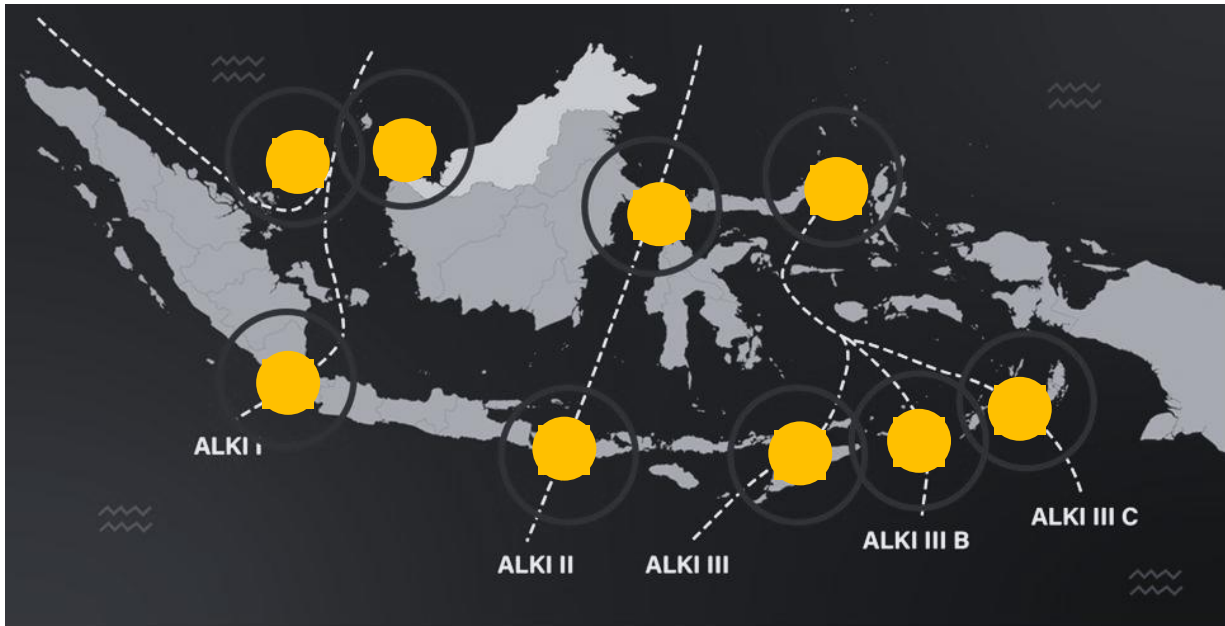
Capital / Financing Risk

Access to alternative financing (e.g. NDB) versus Western-led institutions.

SCENARIO PLANNING

We Are No Longer Operating Business-as-Usual

We are exposed to geopolitical, maritime, and hybrid security risks. The key is resilience, not just efficiency; and we have to prepare for a range of scenarios.



- Will a Hormuz-type situation occur at Indonesia's chokepoints as China–US power parity is met?
- Do we have the capacity to handle it diplomatically, or even militarily?
- Can we maintain our free-and-active foreign policy principle and uphold strategic autonomy?

SCENARIO A

Limited Disruption

Intermittent shipping delays; manageable price volatility.

SCENARIO B

Sustained Maritime Disruption

Red Sea / Hormuz instability; major rerouting drives a cost surge.

SCENARIO C

Regional Escalation

Infrastructure targeted; export capacity partially shut down; scarcity of resources.

Supply Chains Are Reconfiguring in Real Time

“

“What if the Suez closes? What if Taiwan faces a blockade? What if tariffs hit 50%?”

Scenario exercises leading firms now run as a standing agenda item — not an annual tabletop exercise.

Supplier
diversification

Nearshoring /
“China+1”

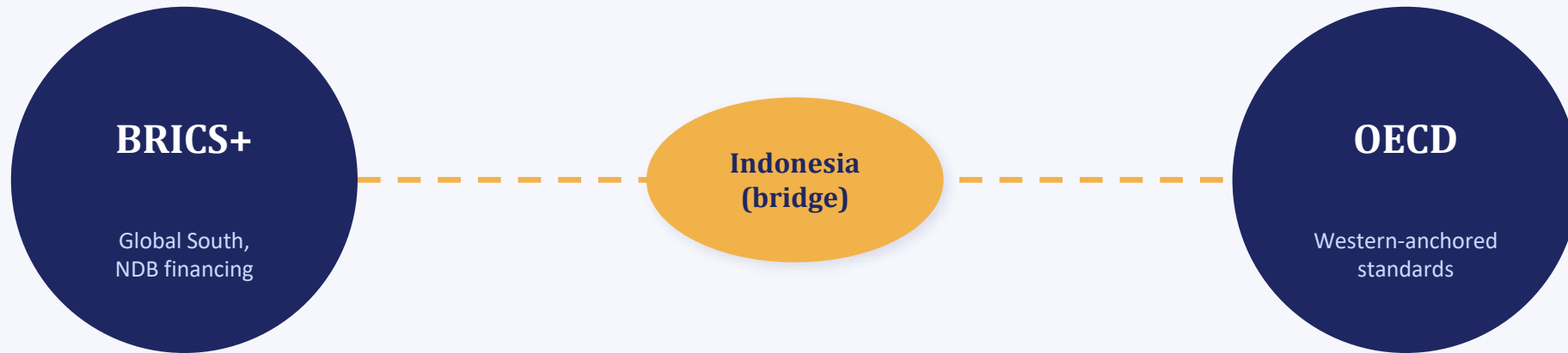
Strategic
stockpiling

Multi-hub
production



The trade-off, named honestly: resilience costs money. Businesses are prioritizing resilience over short-term efficiency — that's a strategic choice boards must own, not a side effect.

Indonesia's Position: Hedging, Not Choosing Sides



Genuinely dual-track: BRICS membership (since Jan 2025) pursued alongside closer OECD ties (accession process) not an either/or choice.



Framed as “geopolitical hedging” under the long-standing *bebas aktif* (independent and active) doctrine.



Upside: diversified export markets (CPO, coal, rubber, gas), NDB financing for infrastructure and energy transition.



Tension: China holds ~two-thirds of combined BRICS GDP — real dependency risk behind the diversification narrative.

Why This Is a Governance Issue

Not just a strategy-offsite topic — a standing item on your risk register



The Board

- Oversight of strategic foresight, not just operational risk sign-off.
- Geopolitical risk as a standing risk-committee agenda item.
- Owns the resilience-vs-efficiency trade-off as a strategic choice.



Internal Audit

- Assurance over whether geopolitical scenario planning actually exists, is tested, and is acted on.
- Ask: does the risk register have a named geopolitical risk owner?
- Ask: are there early-warning indicators, or only lagging financial ones? (early warning indicators through reading in between the lines. Ex: trade policy shifts, shipping reroutes, concentration ratios)

A Practical Toolkit

Five moves that turn awareness into resilience

1

Geopolitical intelligence function

Even a lightweight one: someone whose job is to watch triggers.

2

Scenario planning, tested quarterly

Not once-a-year tabletop theater.

3

Concentration mapping

Single country / supplier / route dependencies visualized and board-reviewed.

4

Board-level oversight cadence

Geopolitics as a standing risk-committee item.

5

Cross-functional response protocol

Legal, finance, ops, and comms pre-aligned before a shock — not during one.

The Reframe

“

The fragmented order isn't only a threat surface. For an organization with good governance, it's also a map of where your competitors aren't positioned yet.

Resilience as competitive advantage, not just risk mitigation.





Thank You

Geopolitical risk has graduated from the dinner-table conversation to the audit committee's agenda: the organizations ahead of that shift will be the ones still standing when the next shock lands.