

Future Thinking S1 E5: Sanctions compliance: tracking the untrackable

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<v SPEAKER_2>Welcome to Future Thinking, an Alongside podcast mini-series from NorthStandard, one of the world's leading marine insurers.

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<v SPEAKER_2>I'm Mike Salthouse.

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<v SPEAKER_2>In this episode, I'm joined by Brendan Moore, CEO of SynMax, a Houston-based satellite analytics and intelligence company, which uses its latest technology to track vessels that turn off their AIS or Automatic Identification System.

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<v SPEAKER_2>This is normally done to break sanctions restrictions imposed on countries like North Korea, Russia or Iran.

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<v SPEAKER_2>Welcome, Brendan.

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<v SPEAKER_2>Perhaps you could start by telling us a little bit about the weaknesses in the technology that's currently used to break sanctions and how the SynMax product attempts to address those.

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<v SPEAKER_1>Of course.

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<v SPEAKER_1>Thank you for having me on here.

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<v SPEAKER_1>Essentially, in my old world, you'd have different types of intelligence and evidence, and some of it can be used in court and others you can't.

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<v SPEAKER_1>Now, what that brings us to in the maritime industry is where predictions have told a company that this is probably what a vessel is doing.

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<v SPEAKER_1>This vessel is very likely to be doing X.

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<v SPEAKER_1>But can you take the action needed?

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<v SPEAKER_1>Can a government sanction based on that?

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<v SPEAKER_1>Can you take away the insurance for that vessel, really putting that company and the insurance company into a terrible position if you're found to be wrong?

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<v SPEAKER_1>It almost doesn't matter how the level of certainty, until you get to about 100%, it's kind of irrelevant.

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<v SPEAKER_1>And that's where we come in.

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<v SPEAKER_1>So even where you get that single tip and cue, where you get given an image, it's told, this is the vessel doing something bad.

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<v SPEAKER_1>Is that vessel definitely an image of your vessel?

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<v SPEAKER_1>So if you're ingesting the imagery and running analytics over it, every day of the year, constantly, you are tracking that vessel nonstop using imagery and every vessel across millions of square kilometers.

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<v SPEAKER_1>You don't just give that single tip and cue image, you're going back, well, yes, this is the image of your vessel here.

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<v SPEAKER_1>And here it is two days before in the port that we know it was, the unit was, and three days before in the area it was, and four days, and five days, and six days.

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<v SPEAKER_1>So you're giving 50, 60 images, really telling the story of what happened with that vessel.

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<v SPEAKER_1>When did it start spoofing or when did it go dark?

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<v SPEAKER_1>When did it do the bad thing?

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<v SPEAKER_1>And why did it do it?

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<v SPEAKER_1>And that's the kind of evidential narrative that's needed.

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<v SPEAKER_2>In your experience then, how have you seen in the time that you've been involved with the maritime sanctions breaking practices?

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<v SPEAKER_2>How has sanctions deceptive practices evolved?

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<v SPEAKER_2>What are the sort of things that you're starting to see now in terms which ship owners should look out for?

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<v SPEAKER_1>No, absolutely.

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<v SPEAKER_1>We've seen both AIS and radio frequency manipulation and going dark.

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<v SPEAKER_1>It really started, it's been fascinating.

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<v SPEAKER_1>In the space of just over two years, day one for SynMax, it was very much going dark is the big problem.

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<v SPEAKER_1>Vessels are going darker all over the place.

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<v SPEAKER_1>What are they doing?

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<v SPEAKER_1>Now, very quickly, bad owners essentially realized that going dark is like sending off a firework to those looking at AIS.

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<v SPEAKER_1>It's, yes, we don't know where you are at this minute.

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<v SPEAKER_1>We can predict it, but we do know you're doing something bad.

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<v SPEAKER_1>So that very quickly moved on to spoofing.

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<v SPEAKER_1>Initial spoofing, and some spoofers still to this day are quite rudimentary.

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<v SPEAKER_1>So a 300-meter vessel that doesn't leave a 30-meter box for two weeks or goes in a perfect circle for a month.

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<v SPEAKER_1>When you're looking at AIS, yes, if you have an alert set up to tell you if they're going dark, it doesn't trigger that alert, but a decent analyst or some decent algorithms can find it out pretty well.

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<v SPEAKER_1>What we're seeing is the evolution going from there.

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<v SPEAKER_1>So at the moment, we're seeing a massive uptake in what we call state-level spoofing, where the vessel will be light for quite a long way, then it will spoof, but the path goes off beautifully from its real path.

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<v SPEAKER_1>They both go in different, very realistic directions, and then they come back and it perfectly joins up again.

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<v SPEAKER_1>And that is very, very difficult to tell if you're looking at AIS.

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<v SPEAKER_1>On some of them, I would say, impossible.

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<v SPEAKER_1>We are seeing a massive uplift in that.

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<v SPEAKER_1>We have seen a few rudimentary attempts to avoid us, essentially, with repainting the vessel, but repainting a 300-metre vessel takes a long time.

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<v SPEAKER_1>So for us, we just watch it being repainted, and that just provided some comedy to us, really.

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<v SPEAKER_2>I started having to pay attention to this sort of thing back in 2010, 2011.

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<v SPEAKER_2>It is fascinating how the world has evolved over that period of time.

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<v SPEAKER_2>And I'd just be interested where you think, from your perspective, the balance is now between the sanctions breaker and the people trying to be aware of who's breaking sanctions and sort of stay clear of them.

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<v SPEAKER_2>Where do you think that balance has got?

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<v SPEAKER_2>Has the initiative fly with the super clever sanctions breakers?

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<v SPEAKER_2>And obviously, they've got some big states behind them now.

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<v SPEAKER_2>These are sophisticated people behind that.

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<v SPEAKER_2>Or people in your industry, do you feel you're sort of starting to get on top of it?

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<v SPEAKER_1>So the problem is that those who are most impacted are breaking sanctions are also the best at doing so.

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<v SPEAKER_1>We see the tactics and strategies being passed on and essentially they're taking advantage of the facts of that actionable intelligence, that evidence that's needed.

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<v SPEAKER_1>If a sophisticated government agency decided, let's watch that vessel, they would be able to see that.

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<v SPEAKER_1>But that would very likely be with a capability that they couldn't then publicize.

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<v SPEAKER_1>So it's one thing having that awareness that, oh, vessel X and vessel Y and vessel Z are breaking sanctions.

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<v SPEAKER_1>It's altogether another one to put that into the public domain.

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<v SPEAKER_1>I think they are definitely ahead of the commercial world in terms of being able to get away with it.

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<v SPEAKER_1>There's definitely an awareness that it's happening on a large scale.

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<v SPEAKER_1>I think the actual scale is far larger than anyone else realizes, to be very frank.

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<v SPEAKER_1>But what they are very good at is skirt that line of, you think you know we're doing something, but you can't prove it.

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<v SPEAKER_1>And that's where we are at the moment.

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<v SPEAKER_2>To what extent do you think that the authorities in the UK, in the US, within the EU, how much more do they actually know about what is going on than might be available to commercial entities such as ship owner or an insurance company?

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<v SPEAKER_1>I think that question comes down to tactical and strategic.

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<v SPEAKER_1>So tactically, about an individual vessel they're interested in, they could very likely know whatever they want if they tasked an asset.

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<v SPEAKER_1>The commercial sector has got very, very good at tracking light vessels and vessels that have a little bit of tradecraft.

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<v SPEAKER_1>Navies and governments are very, very good at tracking other navies and other government vessels on a very narrow scale.

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<v SPEAKER_1>The problem nowadays is that these gray fleets have grown.

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<v SPEAKER_1>And it's not just sanctions breaking, illegal fishing, research vessels that are doing things to undersea infrastructure.

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<v SPEAKER_1>All of these user cases are taking up huge resources and need a broad strategic view.

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<v SPEAKER_1>When what navies and governments have been asking for for a few decades is higher resolution, closer, closer, give me constant tracking of that of one vessel, two vessels, ten vessels.

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<v SPEAKER_1>But suddenly it's spread out to thousands.

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<v SPEAKER_1>And that's where the kind of breadth comes into it really, where you've got to have both the evidential output that the governments normally get with the breadth that the commercial side normally gets.

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<v SPEAKER_1>And that's the kind of space we're inhabiting at the moment.

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<v SPEAKER_2>Yeah, that's interesting.

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<v SPEAKER_2>So do you actually think then it's reasonable from what you just said for states to expect commercial enterprises to do their sort of sanctions enforcement for them, if you see what I mean?

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<v SPEAKER_2>You know, they have some very clever assets which can track specific things, but they can't stop sanctions breaking just relying on those extremely expensive specialized assets.

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<v SPEAKER_2>They rely on good practice within industry.

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<v SPEAKER_2>Now, is it reasonable to expect somebody who's doing their best really to sort of pick up all the sort of sanctions breaking that's going on?

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<v SPEAKER_1>It's a very good question.

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<v SPEAKER_1>It feels to me that governments, owners, insurers, et cetera, should be getting together as a group with the capability providers and looking at what are the best capabilities to solve this problem.

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<v SPEAKER_1>What is out there?

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<v SPEAKER_1>And based on that, that should be the legal expectation.

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<v SPEAKER_1>And that level should always be rising because it is an arms race on both sides.

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<v SPEAKER_1>That level should be rising and it should be what is feasible for, I'm under no doubt that it's about what the commercial side can pay, mixed with what the government expectations are, mixed with what is out there at the moment.

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<v SPEAKER_1>And that kind of blends needs to be agreed by law.

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<v SPEAKER_2>Looking ahead then for the year ahead, do you see any sort of technological or product developments that are going to be coming through this year ahead, which ship owners, insurers, banks and so on should be paying attention to?

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<v SPEAKER_1>As SynMax CEO, I'm going to be saying Thea, which is our capability that's in just a million square kilometers.

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<v SPEAKER_1>But it's really every intelligence problem, and this is an intelligence problem, the solution is almost always intelligence fusion.

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<v SPEAKER_1>It's never about taking one single narrow capability and getting every ounce from it.

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<v SPEAKER_1>It's about blending them together, so you're getting all the aspects as one offering.

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<v SPEAKER_2>Let's talk about red flags, because much is written about so-called red flags, and I always feel sometimes it's not really necessarily understood what people actually mean by red flag.

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<v SPEAKER_2>Are there any particular that you'd highlight to ship owners that you're seeing out there as something that really, if you spot it using your technology or something's competitors, or you just become aware of it yourself, that should really cause you to sort of sit back and say, this doesn't look good?

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<v SPEAKER_1>That's another good question.

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<v SPEAKER_1>Being honest, we're seeing that the best are only getting better.

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<v SPEAKER_1>I know that's a depressing statement.

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<v SPEAKER_1>Essentially, the movement of commodity under sanction as well is becoming a shell game.

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<v SPEAKER_1>So it's not just that a vessel goes dark or spooch and goes to somewhere it shouldn't and comes back.

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<v SPEAKER_1>It's that a vessel spooch goes somewhere it shouldn't, then passes off to another vessel, and that vessel passes off to another vessel.

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<v SPEAKER_1>And then the third vessel in the row is picking up a commodity that that owner, whoever's doing that, very likely has no idea.

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<v SPEAKER_1>And unless you're using something that looks across all thousands of vessels at the same time and gathers that evidential material on all of them, it's almost impossible to say no to that commodity, because the vessel before you definitely didn't go to that country.

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<v SPEAKER_1>The vessel before that didn't even go to that country.

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<v SPEAKER_1>And so I completely agree with you.

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<v SPEAKER_1>It's unfeasible using most of the capabilities out there to know where the beginning was.

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<v SPEAKER_1>And I think that's where government, the commercial sector, and providers do have to work together on what is financially viable and how can we stop that happening.

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<v SPEAKER_1>Because what we can't have is those breaking sanctions essentially just making it uneconomic to catch them.

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<v SPEAKER_2>You obviously used to work for a government agency, a very distinguished career there, but do you actually see that there is that awareness within government that it's unreasonable just to sort of lay it all off into industry and expect them to come up with a solution?

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<v SPEAKER_2>Do you see governments sort of starting to sort of have that awareness?

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<v SPEAKER_1>So seven of my 18 years in government was in cyber crime.

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<v SPEAKER_1>And I see where we are now almost as the beginning of, not right, I wasn't involved right at the beginning, but at the start of the path that cyber crime went along.

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<v SPEAKER_1>So at first, companies were, you have to look after yourselves.

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<v SPEAKER_1>And I think we're past that now in the maritime environment.

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<v SPEAKER_1>The governments, the treasury and sanctions officials are definitely looking to how can we better coordinate?

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<v SPEAKER_1>I agree with yourself, we're not at the right place yet, but they're definitely looking to get there.

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<v SPEAKER_1>It's not a bullish attempt to pass the buck completely over to the commercial sector, in my opinion.

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<v SPEAKER_1>But it feels like a much less mature environment than we were in cyber crime, where essentially the commercial sector and government agencies, such as the NCSC in the UK and various others across Five Eyes and NATO, all come together in a much more coherent way.

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<v SPEAKER_2>Brendan, that's been absolutely fascinating.

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<v SPEAKER_2>Thank you very, very much.

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<v SPEAKER_2>Well, that's it for this episode of Future Thinking.

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<v SPEAKER_2>Remember to listen to the other episodes in the Future Thinking series, where we talk all things maritime, from ship security in the Red Sea to what another Trump presidency might mean for the world.

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<v SPEAKER_2>You'll find the Alongside podcast and these Future Thinking episodes on the NorthStandard website at northstandard.com or wherever you get your podcasts.

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<v SPEAKER_2>You can also click follow to ensure you don't miss an episode.

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<v SPEAKER_2>That's it from me, Mike Salthouse.