CONTRACT BREAKPOINT ANALYSIS (CBA)

Technical Briefing

Structural Fragility in High-Exposure Salmon Trade Contracts

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Pre-signature structural determination

Executive Axiom

Once a contract is signed, structure is fixed.

This briefing exists to identify where contract structures fail **before** execution begins and losses become irreversible.

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1. Executive Summary (For Owners & Directors)

Most contract disputes in the salmon trade do not originate from bad faith or illegal conduct. They originate from **structural incompatibility** between contractual assumptions and physical port reality.

Contracts drafted in legal or commercial environments routinely ignore:

- biological latency,

- thermal inertia,

- inspection sequencing,

- laboratory certification timelines,

- port congestion dynamics,

- counterparty operational asymmetries.

When these factors collide with rigid contractual deadlines and tolerances, the result is not a dispute that can be "managed," insured, or negotiated away — it is a **structural failure** locked in at signature.

Contract Breakpoint Analysis (CBA) exists exclusively to identify those failure points **before** the contract becomes immutable.

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2. The Structural Gap: Legal Validity vs. Operational Survival

A contract can be:

- legally valid,

- commercially agreed,

- fully insured,

and still be **operationally unrecoverable**.

This gap emerges because contracts are abstractions, while trade execution is physical.

Ports do not operate on legal calendars.
Biology does not wait for notice windows.
Laboratories do not compress certification cycles to meet commercial deadlines.

CBA does not question legality.
CBA evaluates **structural survivability under real operating conditions**.

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3. Five Critical Structural Breakpoints

(Extracted from the CBA Failure Modes Framework)

3.1 Drained Weight Arbitrage

Absence of a standardized de-glazing protocol before final weighing allows systematic margin erosion.

- Ice glaze becomes billable weight.

- Losses remain legally invisible.

- Margin impact: **3–5 % per shipment**.

This is not fraud.
It is structural tolerance misalignment.

3.2 Laboratory Notification Void

Typical quality notification windows: **24–72 hours**.
Certified pathogen or residue testing: **4–7 business days**.

Result:

- Claims expire before evidence exists.

- Food safety risk is structurally unclaimable.

- Liability silently transfers to the buyer.

The contract fails **at inception**.

3.3 Thermal Inertia Conflict

Contracts rely on container air-temperature logs.
Biological degradation follows **core biomass temperature**.

Without a thermal inertia determination clause:

- air logs become legally dominant,

- biological reality becomes legally irrelevant.

Disputes become unwinnable regardless of facts.

3.4 Demurrage & Custody Vacuum

During quality disputes:

- storage costs accumulate,

- container detention accrues,

- custody responsibility is often undefined.

Silence in the contract equals **buyer exposure by default**.

3.5 Jurisdictional Incompatibility

Arbitration forums are frequently:

- geographically distant,

- procedurally complex,

- economically irrational relative to claim size.

The right to claim exists only on paper.

4. What Contract Breakpoint Analysis Is

- A **pre-signature structural determination**.

- A technical assessment of survivability thresholds.

- A declaration of where structure collapses under execution reality.

CBA operates strictly on:

- the contract as written,

- known operational constraints,

- historical execution failure patterns.

5. What Contract Breakpoint Analysis Is Not

CBA **does not**:

- negotiate terms,

- optimize pricing,

- draft clauses,

- execute operations,

- decide whether a contract is signed.

CBA introduces **full structural visibility** before commitment.

Decision authority remains exclusively with the signatory.

6. When CBA Is Required

CBA becomes non-optional when:

- contract value exceeds material loss tolerance,

- perishability is a factor,

- laboratory validation is required,

- logistics cross multiple jurisdictions,

- insurance exclusions are material,

- counterparties operate asymmetrically,

- execution occurs under time compression.

In these conditions, post-signature controls are ineffective by design.

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7. Closing Statement

Contracts do not fail at execution.
They fail at **signature**, when structure becomes irreversible.

CBA exists to confront that moment with technical clarity.

Once a contract is signed, structure is fixed.

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