

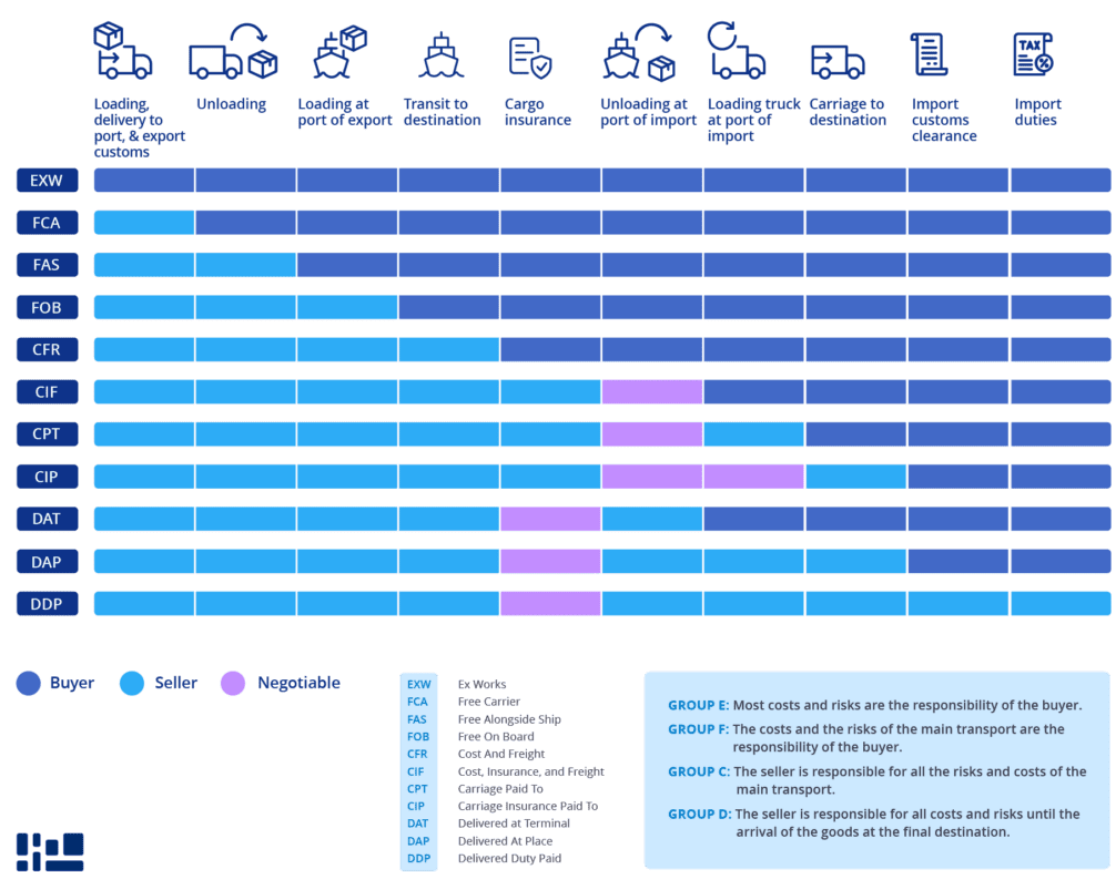
Incoterms define the responsibilities of the buyer and the supplier in maritime transport. Ex Works (EXW) is one of these terms.

Let's explore what the Ex Works Incoterm is and what it means for shippers.

What is Ex Works and What Does It Mean in Shipping Terms?

EXW (Ex Works) shipping represents an agreement in which the buyer assumes responsibility for the entire logistics process, starting from the supplier's warehouse and ending at the final destination of the cargo. In this scenario, the seller's obligations are minimal and are limited to making the goods available at their premises or another location mutually agreed upon in the contract. The buyer arranges transportation and covers all costs, risks, and complexities associated with moving the goods, including export customs clearance and import duties.

If you are importing or exporting goods and choose Ex Works, you will be responsible for moving your goods from start to finish, meaning you will work with a freight forwarder who will handle the transportation of your goods from start to finish. Your supplier will not be involved at all in the movement of your goods.



EXW Price: How to Calculate Ex Works Cost

If you choose Ex Works for shipping your products, you will be responsible for all freight costs, including:

- Transportation from the supplier's warehouse to the origin port
- Loading and unloading
- Moving your goods in the selected mode
- Export and import customs duties
- Terminal charges
- Transportation from the destination port to your warehouse

You can use our freight rate calculator to estimate the freight cost when shipping with the EXW Incoterm. Simply choose container, box, or pallet shipping, enter the dimensions and weight, and get an instant estimate of freight shipping costs.

Advantages and Disadvantages of Ex Works

Advantages of EXW Shipping According to Incoterms

- Provides more visibility and control to the buyer over the shipping process
- Allows for transparent pricing
- Enables buyers to consolidate multiple shipments from the same destination
- Makes manufacturing-focused markets like China more accessible (as many local sellers in China do not have export licenses)
- A good option when the buyer wants to hide the supplier's identity (for competitive advantage)

Disadvantages of EXW Incoterm Shipping

- The buyer assumes all risks and costs associated with transporting the goods from the seller's premises, meaning that if something goes wrong during transport, the buyer bears the risk of loss or damage. Getting transport insurance can mitigate these risks.
 - The buyer is responsible for all costs associated with transporting the goods, including insurance, freight, and customs clearance.
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When is an Ex Works Contract Used?

There are several situations where an EXW operation works well for both parties. Here are some:

- When the buyer and seller are in the same country, it is often possible for the buyer to easily arrange transportation.
- When the buyer has established relationships with freight forwarders or carriers and prefers to handle logistics themselves.
- When the buyer wants to combine multiple shipments from the same destination.
- When the buyer purchases goods from a supplier who lacks the resources or experience to handle shipping.
- When the buyer purchases goods that require special handling or transportation and has experience managing the logistics of such goods.

EX Works Responsibilities Summary Table

Responsibility	Buyer Seller	
Loading, delivery to port, and export customs clearance	Yes	No
Unloading	Yes	No
Loading at the export port	Yes	No
Transit to destination	Yes	No
Cargo insurance	Yes	No
Unloading at the import port	Yes	No
Truck loading at the import port	Yes	No
Transportation to final destination	Yes	No
Import customs clearance	Yes	No
Import duties and taxes	Yes	No

What Are the EXW Responsibilities for a Buyer?

If you are a buyer in an Ex Works agreement, you will be responsible for:

- Picking up the cargo at the agreed location, including loading costs.
- Arranging transportation to the origin port.
- All export documentation and customs duties or detention/examination fees.
- All terminal charges at the origin and destination ports.
- Hiring a freight forwarder, including loading, unloading, and transportation costs.

- Insurance and bonds.
- Import documentation and customs expenses.
- Arranging last-mile delivery.

Note: In EXW, the buyer also assumes all risks in case of damage/loss of goods in transit.

What Are the EXW Responsibilities for a Seller?

In an Ex Works agreement, the seller is responsible for:

- Providing the goods or freight.
 - Assisting with key documents such as a commercial invoice, bill of lading or air waybill, export license, and certificate of origin.
 - Communicating the status and location of the goods before pickup.
 - Making the goods available for pickup at the agreed location.
 - Packing and labeling as required.
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What Is the "Agreed Location" for Transferring Responsibility from Seller to Buyer?

The designated location is a place agreed upon in the contract where the goods are exchanged. This is where the seller's responsibility ends, and the buyer must collect the goods. It is typically the seller's factory, mill, plant, or warehouse.

What Does the ICC Say About EXW?

The International Chamber of Commerce (ICC) has some general recommendations for using EXW Incoterms in contracts. It advises:

- Both parties should agree on the place of delivery, time of delivery, and other relevant details before shipping.
 - The parties should have a written agreement, such as a sales contract or purchase order, outlining the terms of the EXW agreement.
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Is Ex Works a Good Option?

Most importers and exporters on Freightos.com choose Ex Works, meaning their freight forwarder handles every step of shipping their goods from pickup at the supplier's warehouse to the final destination. If you choose FOB (another popular option), the difference is that your supplier handles transportation to the origin port and the associated costs.

EXW gives the buyer – and by extension, the freight forwarder they choose – full control over the shipping process.

Tips and Tricks for EXW Shipping

- If the seller will assist with loading, ensure it is included elsewhere in the sales contract.
- When selecting a freight forwarder, verify they can arrange export customs clearance.
- If your supplier handles packing and labeling, ensure they understand the requirements. This is especially important if shipping to Amazon FBA.

EXW vs. FCA

EXW (Ex Works)	FCA (Free Carrier)
Meaning	The seller makes the goods available at their premises, and the buyer is responsible for all transportation and loading costs.
Delivery	Seller's premises
Loading	Buyer's responsibility
Transport	Buyer's responsibility
Insurance	Buyer's responsibility
Risk	The buyer assumes risk from the loading point.
Customs Documentation	Buyer's responsibility

EXW vs. FOB

EXW (Ex Works) FOB (Free on Board)

Meaning	The seller fulfills their obligation by making the goods available at their premises. The buyer assumes all costs and risks of loading, transportation, and customs clearance.
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EXW (Ex Works) FOB (Free on Board)

Delivery Obligation	The seller is only responsible for making the products available at their premises.
Transport	The buyer is responsible for end-to-end transport and customs clearance.
Risk Transfer	The risk of loss or damage transfers from the seller to the buyer when the goods are made available at the seller's premises.
Insurance	Buyer's responsibility
Applicable Transport Modes	Any

Frequently Asked Questions About EXW

Q) Who is responsible for arranging and paying for transportation under Ex Works (EXW) terms?

Under Ex Works (EXW) terms, the buyer is responsible for arranging and paying for transportation from the seller's premises to the desired destination. The seller's responsibility ends once the goods are made available at their premises.

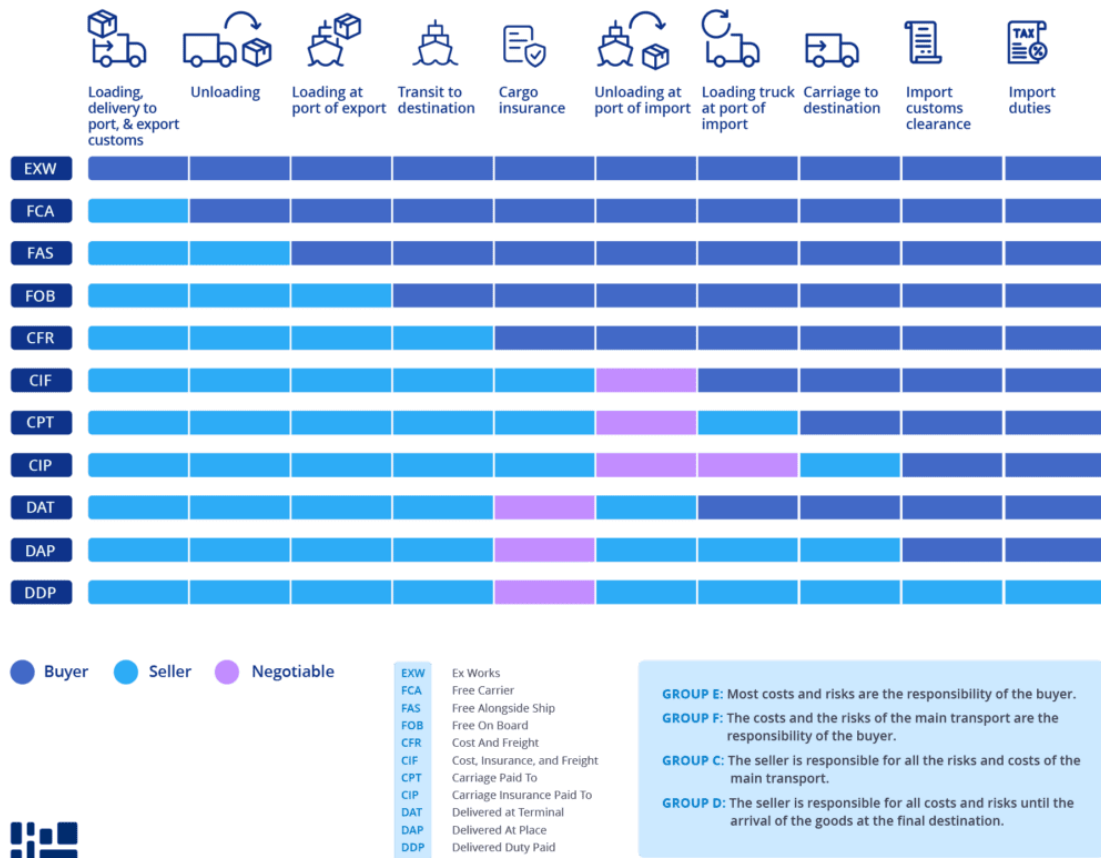
Q) Does the seller assist with export licenses and paperwork in Ex Works (EXW) transactions?

Yes, the seller is required to assist the buyer in obtaining export licenses or necessary documents. However, the buyer is responsible for covering the costs associated with obtaining these documents.

Q) Can the seller load the goods onto a carrier for the buyer under Ex Works (EXW) terms?

While the seller is not obligated to load the goods onto a carrier, it is not uncommon for sellers to provide assistance. However, any risk or issue that may arise during the loading process is the buyer's responsibility, including associated costs if something goes wrong.

FOB and More Incoterms



Free on Board (FOB)

Of the 11 different Incoterms currently used in international freight transport, Free on Board (FOB) is the one you will most frequently encounter.

This guide simplifies the legal jargon and explains everything you need to know about this common Incoterm in plain language.

FOB Shipping Meaning

First, let's define what FOB (Free on Board) means by breaking it down word by word:

- The term **"free"** refers to the supplier's obligation to deliver the goods to a specific location before transferring them to a carrier. In other words, the supplier is "free" of responsibility once the goods are delivered to the designated point.
- **"On board"** simply means that the goods are on the ship.

Thus, FOB shipping means that the supplier retains ownership and responsibility for the goods until they are loaded "on board" a shipping vessel. Once on the ship, all responsibility transfers to the buyer.

FOB Shipping Process

To clarify further, let's follow the FOB shipping process:

1. You purchase products from a supplier in China and agree to FOB shipping terms. The next three steps of the process are the supplier's responsibility.
2. Your goods are packed and loaded onto a truck (or another mode of transport) at the supplier's warehouse (or another facility).
3. The truck transports the goods to the port.
4. The goods are loaded onto the shipping vessel.
5. Once on board, the rest of the journey from China is your responsibility and risk. Anything that happens beyond this point is on you.



There are situations where you may be responsible for costs before your goods are on board.

For instance, when shipping loose cargo (i.e., not a full container), your goods must go through a **Container Freight Station (CFS)** to be consolidated into a container.

Some suppliers do not cover the consolidation cost.

FOB Shipping & Pricing

For FOB shipments, you can estimate the FOB price using Freightos.com's International Freight Rate Calculator. Simply enter the dimensions and weight of your goods and specify the shipping port to get an instant FOB price calculation.

If you are shipping a full container load (FCL), enter the details in the **Containers** tab.

FOB Shipping Point vs. FOB Destination

FOB Shipping Point and FOB Destination qualifiers are sometimes used to either reduce or extend the supplier's responsibility in an FOB agreement.

- **FOB Shipping Point:** Ownership of the goods transfers to the buyer once they leave the supplier's shipping point. From there, the title of the goods immediately transfers from the supplier to the buyer. If anything happens to the goods during transit, the buyer assumes full responsibility.
 - **FOB Destination:** Ownership of the goods transfers to the buyer at the buyer's loading dock. When the goods are delivered to the destination, the title transfers from the supplier to the buyer. If anything happens to the goods during transit, the supplier assumes full responsibility.
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FOB Shipping Point Example

When terms are **FOB Shipping Point**, the supplier relinquishes all responsibility for the goods at their shipping point, and the buyer is responsible for covering freight costs to get them to the desired location.

For example, suppose **Claire's Comb Company** in the U.S. buys a container of **The Wonder Comb** from a supplier in China.

A **FOB Shipping Point** agreement is signed, and the container is delivered to the carrier at the shipping point.

If shipping the container to the U.S. costs **\$1,000**, Claire's Comb Company is responsible for paying that amount in full to receive the goods.

FOB Price: How Does It Compare to Other Maritime Incoterms?

There are four Incoterms that apply exclusively to maritime shipments: **FOB, FAS, CFR, and CIF**.

Understanding the differences between them is as simple as knowing how much responsibility the buyer and supplier take on in each agreement.

FOB vs. FAS

Free Alongside Ship (FAS) is a basic ocean freight shipping option. It requires the supplier to pay for the delivery of goods to the designated port of shipment but **not for loading them onto the vessel**.

The buyer assumes responsibility for the shipment once it is placed alongside the shipping vessel.

Unlike FOB, the supplier is **not obligated** to ensure the goods are safely moved from the port to the ship.

FOB vs. CFR

Cost and Freight (CFR) transfers the cost of transporting goods to the port of destination to the supplier.

This includes any export-related fees, along with the cost of shipping the cargo to the destination port.

Once the shipment is unloaded in the receiving country, responsibility transfers to the buyer.

CFR does not include insurance or the costs associated with delivery to its final destination. Customs duties are also excluded.

What is the difference between FOB and CIF?

Cost, Insurance, and Freight (CIF) places the responsibility for paying (you guessed it) the cost, insurance, and freight on the supplier.

This means your shipment is in the supplier's hands throughout the entire transportation process until it reaches the port and is loaded onto a ship. They also cover the insurance costs.

However, the buyer still pays additional costs, such as customs clearance.

Depending on your agreement with the supplier, your goods may be considered delivered at any point between the destination port and your final delivery address.

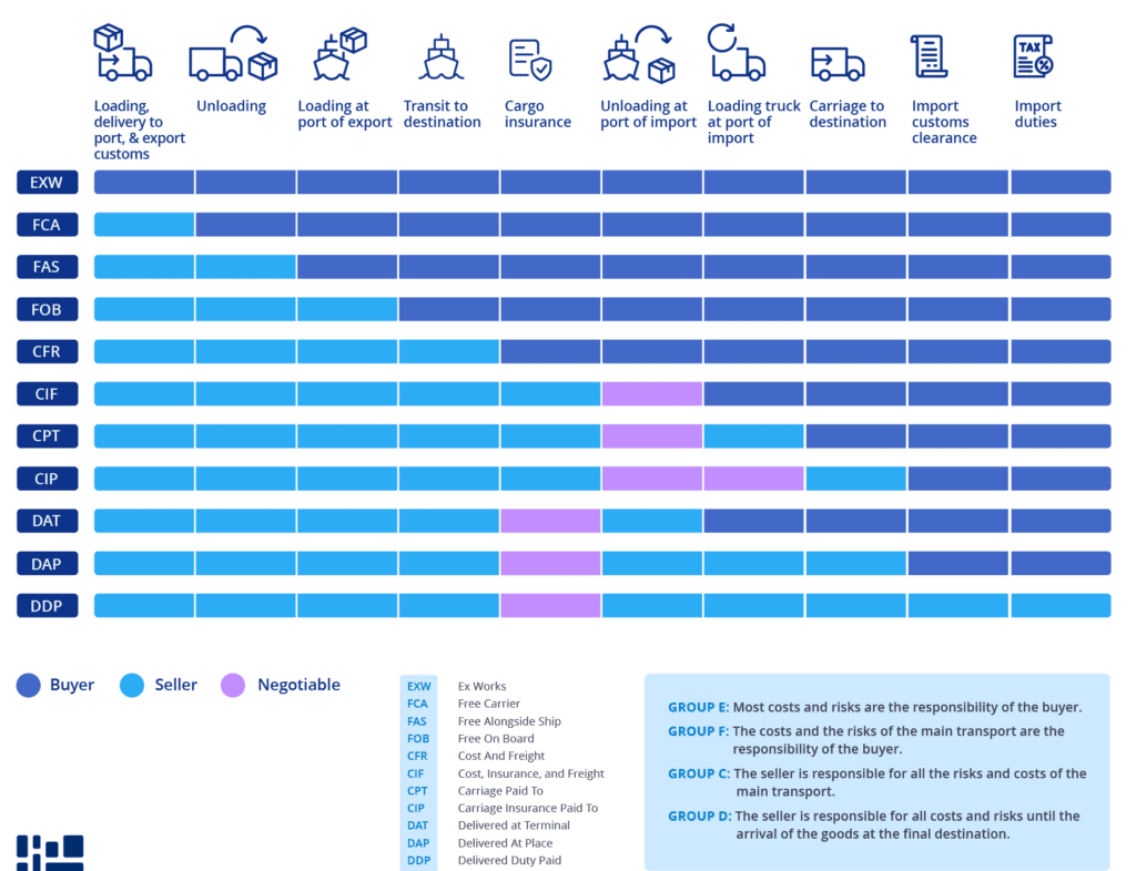
CIF is a more expensive contract option than FOB, as it requires more effort and expenses from the supplier.

CFR in Simple Terms

CFR (Cost and Freight) is a complicated incoterm. Read the details carefully. It is not recommended.

What is the designated point for transferring responsibility from the seller to the buyer?

The seller is responsible for all steps in their country until the goods are loaded onto the vessel and is also responsible (but not required) for the main transport. Once the goods are loaded onto the vessel, responsibility shifts to the buyer. The buyer then becomes responsible for the main transport and assumes responsibility for the shipment’s security and regulatory compliance until it reaches the final destination.



What does the ICC say?

It is not recommended for containerized cargo. It is designed for bulk cargo and break bulk shipments.

Is this a good choice?

Regarding FOB:

This Incoterm is suitable for **FCL (Full Container Load)**, but not for **LCL (Less than Container Load)** or **air freight** (see FOB).

Additionally, importers who do not have a representative at the port should be cautious when using this term unless they are certain that the carrier's rates include terminal handling charges. Otherwise, the seller's carrier will use a third-party agent to manage import clearance, duties, and terminal charges. Many importers get stuck with inflated fees and questionable charges that they are unable to dispute.

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