Delivery Duty un Paid

What is DDU Incoterm?
Free Carrier is another type of International Commercial Term (Incoterm) as defined by the International Chamber of Commerce to standardize global shipping terms and responsibilities between the buyer and the seller.

DDU Incoterm, which is short for "delivered duty unpaid," is an international commerce term (incoterm) which means that the seller will deliver the goods as soon as they are made available at an agreed-upon location in the country to which they are imported.
Unlike DDP (delivery duty paid), where the seller takes the most responsibility for delivery costs all the way up to the consignee's doorstep, DDU requires the consignee to take the responsibility of costs, and oftentimes physical delivery, once they have signed for the shipment.
DDU can provide for additional costs to be taken on by the seller if they are agreed upon ahead of time. For example, the parties may agree that the seller will pay expenses such as value added tax (VAT) or customs charges. These terms should be clearly stated on their contracts.

How Does DDU Work?

Under the terms of DDU, the seller is required to deliver goods to the agreed-upon destination in the country of importation. The buyer would then be responsible for the rest of the costs and further delivery of the shipment unless other terms have been laid out ahead of time.

In DDU, the buyer and seller divide the risk of delivery almost equally, as you can see from the following table:

Buyer and Seller Obligations of DDU

THE SELLER'S OBLIGATIONS	THE BUYER'S OBLIGATIONS
1. Providing the goods to the buyer The supplier is responsible for delivering both the goods and an invoice or other documents that prove the buyer can legally take possession of the goods.	**1. Payment** Pays for the delivered product.
2. Licenses and documentation The seller is responsible for any licenses and formalities required to ship the goods to the agreed-upon destination where the buyer will pick them up.	**2. Licenses, authorizations and formalities** Arranges and pays for all necessary documentation, including licensing and official authorization for import clearance once the shipment has arrived in their country.
3. Shipping and insurance The supplier is responsible for shipping the goods to the agreed-upon location.	**3. Shipping and Insurance** Takes possession of the goods at the main delivery location once they have arrived

Insurance is not required, but the seller bears the risk burden for accidental loss, damage or theft of the goods up to the delivery location.	in their country. Takes physical and financial responsible for delivery to their own factory or storage facility. This includes paying for any customs, duty, or other various fees associated with importing and transportation from the initial delivery point. Insurance is optional, but advised since they will now take on the burden of risk for damage, theft or loss of the property. In some cases, the seller provides transportation of the shipment inland to the final destination. But in these situations, under DDU terms, the buyer is still responsible for the risk and costs associated with that.
4. Delivery The seller should deliver the goods alongside the ship at a specific agreed place on the port of origin	**4. Taking delivery** The buyer must take the goods at the point of origin and the bear the costs / responsibility thereafter
5. Transfer of risks Risk is transferred from the seller to the buyer once the goods are delivered to the destination country.	**5. Transfer of risks** The buyer is responsible for any loss or damage to the goods from the time they have been delivered alongside the ship. If the vessel is delayed or doesn't show up, the buyer must cover any additional expenses
6. Costs The seller must pay for: ▪ Delivery costs to the destination country Loading, labor and transportation costs up to the destination country Insurance up to the destination country (optional) Export duties and taxes	**6. Costs** They buyer must pay for: ▪ Import duties and taxes ▪ Customs formalities in their country ▪ Unloading costs ▪ Delivery costs to their own facilities

7. Notice to the buyer	**7. Proof and Notice** The buyer must accept the seller's delivery documents and provide a receiving time.

Difference Between DDU and DDP

There is often confusion between the incoterms DDU (delivery duty unpaid) and DDP (delivery duty paid). Let's take a brief look at the differences:

In DDP, the seller bears the majority of the burden. They basically incur the cost of getting the goods all the way to the door of the buyer. These terms favor the buyer, who takes very little responsibility in the delivery process.

In DDU, the seller bears the burden of cost and delivery to the destination country, at which point the responsibility is transferred to the buyer. These terms are favorable to both parties since each assumes responsibility in their own country.

Benefits of DDU

Delivery duty unpaid benefits both parties in some ways. The seller is responsible for all the risks and costs associated with delivering the goods until the shipment reaches the destination country. But at that point, the buyer becomes responsible for import clearance procedures and any costs incurred in that process.

This is possibly the most efficient method since sellers may not be aware of all the requirements of the destination country, but the buyers usually are familiar with them since this is where they most likely do the majority of their business. For the seller to be responsible for delivery past the entry point as in DDP, they have to familiarize themselves with necessary formalities in a foreign country so that they can coordinate arrangements with foreign institutions. This can lead to delays and mistakes in shipping procedures that could cost both parties time and money.

Another benefit of DDU is the ability to effectively track shipments. Tracking a shipment within one's own country is much easier than tracking it once it has left the country and is in someone else's hands. This means the seller is able to track its shipment all the way to the destination country and then the buyer takes possession of it and is able to have precise control over when and where the goods are delivered and unloaded.

Cost savings to both parties can also be significant. The seller will obviously save money on export fees, while the buyer can possibly negotiate a larger discount for the goods for agreeing to incur these fees and responsibilities themselves.