

Ex Works

What is Ex Works?

Ex Works are a type of Incoterm (International Commercial Terms), defined by the International Chamber of Commerce.



Transport Modes:

Rail, Sea, Air, Road

Ex Works is a rule making the seller (or shipper / supplier) of goods responsible for packaging and leaving the goods at their factory or place of manufacture.

The buyer (or consignee) is then responsible for everything else:

- Loading goods onto transport
- Transporting goods to a port or terminal
- Shipping the goods
- Unloading the goods at the buyer's port or terminal
- Transporting the goods to the end destination or warehouse

Ex Works can be complex and problematic for a buyer importing goods from overseas, given that they will still need the seller's communication or authority to pass goods through customs or provide documentation to freight parties along the way.

In Ex Works, the buyer is responsible for everything from the point of the goods being made available, so diligent and detailed planning is advised.

Ex Works is preferable for domestic (in market) transportation of goods, and the buyer can use their preferred freight forwarders or logistics partners to arrange the transport, potentially being cheaper than the seller arranging the entire delivery process.

Advantages and Disadvantages of Ex Works

Advantages	Disadvantages
All of the associated costs of transport and fees are the buyer's responsibility, so they have full control and transparency of the end to end delivery process.	Customs clearance in the country of origin can be complicated as they often require paperwork and documentation from the seller.
Buyer gets full transparency of the costs and the costs wouldn't be inflated or charged at a higher margin by the seller	There could be additional costs when transporting cross border, for example, export licenses would need to be purchased by the buyer if the exporter doesn't have the relevant license to export their goods
Buyer can arrange for the transport and delivery on their own terms (e.g. conditions of transport, delivery times, fulfilment method, insurance terms)	Buyer is fully responsible for the majority of the transport of the goods, which could be complex and incur hidden fees, as well as the liability of faulty or damaged goods – plenty of due diligence and initial investigation required

Ex Works Price

The price of Ex Works varies depending on what is required, but the buyer will need to consider the following costs:

- Loading / docking fees
- Shipping costs
- Customs Duty and Taxes
- Insurance
- Warehouse Storage

Ex Works versus FOB

EXW and FOB (Free on Board) are the most common prices quoted by suppliers. FOB Price means the seller will transport the goods to their nearest port or terminal. FOB requires the supplier to ship the goods to their port, handle goods at the port, and clear customs