Incoterms EXW: Risks, Costs and Practice for Technical Procurement

Incoterms EXW (Ex Works) is one of the eleven delivery terms of the International Chamber of Commerce (ICC) and describes the handover of goods at the seller's works. From this point onwards, the buyer bears all costs and risks of transport, including export processing. For technical buyers, EXW warrants particular scrutiny because of the de facto responsibility for customs and transport, and should never be agreed without reflection.

As of October 2026 · amplifa-marketplace.ai/en/glossary/incoterms-exw

Key facts at a glance

01 EXW means 'ex works': handover takes place at the seller's premises, unloaded and not cleared for export.

02 All transport costs, export and, as a rule, import clearance are borne by the buyer.

03 Risk passes to the buyer as soon as the goods are made available – before loading and transport.

04 EXW is the clause with the greatest scope of responsibility on the buyer's side and the smallest on the seller's side.

05 In practice, EXW is often compared with reference to Incoterms DAP or FCA, as the latter assign export formalities to the seller.

06 A precise agreement including the place, the version of the Incoterms catalogue and loading logistics is essential.

Definition: Incoterms EXW

EXW (Ex Works) is a delivery term of the ICC, defined in the current 2020 edition. It governs when and where risk, costs and responsibility transfer from the seller to the buyer – namely when the goods are made available at the seller's premises.

Legal substance of the clause

Incoterms are trade terms, not legislation; they take effect through contractual agreement between the

parties. They govern the place of delivery, cost allocation, transfer of risk and the obligations relating to export and import processing, but neither transfer of ownership nor payment terms. The latter must be regulated separately in the contract or via a payment schedule. For international transactions, the catalogue year and the named place should always be expressly stated in the purchase contract, e.g. 'EXW Works Musterstadt, Incoterms® 2020'.

- Place of handover: named place of the seller (works, warehouse, production hall)
- Loading: not the seller's obligation – goods are 'made available'
- Export clearance: in principle the buyer's responsibility

Distinguishing it from other clauses

EXW contrasts minimal seller obligations with maximum buyer obligations. FCA (Free Carrier), by contrast, obliges the seller to load and, where an export-type clause is chosen, to handle export clearance; DAP (Delivered At Place) even obliges the seller to transport the goods to the destination. In practice, buyers therefore frequently choose FCA or DAP for cross-border purchases unless there are compelling reasons for EXW.

Typical use cases

EXW is typically used when the buyer has its own purchasing organisation and logistics infrastructure, commissions freight forwarders itself and sees cost advantages in freight procurement. EXW also occurs for works collections by the company's own shuttle fleet, consolidated groupage shipments, or with sellers lacking export expertise.

Cost allocation and responsibilities under EXW

Under EXW, the main share of logistics costs and obligations lies with the buyer. A sound total cost calculation is therefore mandatory before an EXW-based offer is compared with alternative clauses.

Seller's obligations

The seller makes conforming goods available at the named place, provides transport documents for collection and informs the buyer of the time and place of provision. Packaging must be contractually agreed – in case of doubt, the buyer bears the packaging costs. Assistance with export documents at the buyer's cost and risk is possible, but not a matter of course in practice.

Buyer's obligations

The buyer organises collection, loading, freight, export clearance, transit insurance and – where applicable – import clearance. The buyer bears the risk from the point of provision, including damage during loading by its own personnel or freight forwarder. Punctuality of collection is critical: if collection is delayed, storage and provision costs may arise.

Cost transparency in the total cost calculation

For robust price comparisons, EXW line items always require consolidation: freight costs, insurance, duties and levies, freight forwarder surcharges and internal processing effort. Without this total cost calculation, there is a risk of an illusory advantage – a lower EXW price can prove more expensive than a DAP offer once logistics are added.

Key KPIs for steering EXW business

EXW transactions require their own metrics because the buyer bears responsibility for transport. The figures depend on industry and cargo and should be understood as typical benchmarks.

Logistics and delivery metrics

Key KPIs are on-time delivery, collection date adherence and the damage rate from the handover point onwards. Since damage from the point of provision is the buyer's responsibility, it is worthwhile analysing it separately by cause: loading, transport or packaging.

Cost metrics

Relevant are Logistics Cost per Order, freight costs as a share of the purchase value, and the difference between the EXW purchase price and a comparable DAP reference price. This delta metric shows whether taking over logistics in-house is actually economical.

Process metrics

The share of No-Touch Orders in EXW transactions, lead time from collection confirmation to goods receipt, and the share of smooth export clearances without subsequent claims show how stable the process is set up.

Risks and controls under EXW

The risk situation under EXW is one-sided: the buyer bears responsibility early and comprehensively. Without control mechanisms, avoidable additional costs and liability gaps frequently arise.

Transfer of risk and insurance

Risk passes upon provision of the goods – often at a point when the goods are not yet loaded. The buyer should therefore be insured from the point of provision and document the loading process (photos, delivery note, collection confirmation). This is particularly relevant for sensitive components whose failure could, in the worst case, cause a line stop.

Export and customs matters

Under EXW, the buyer must arrange export clearance. In some countries there are restrictions whereby only parties resident in the country may export – here EXW can be practically unworkable or risky. On

the buyer's side, preference certificates and supplier certificates such as origin or material proofs should be requested in good time; a supplier release should check the completeness of the documents.

Quality and provision

Since the buyer takes over the goods ex works, the quality proof also shifts upstream. Incoming inspection, start-of-production (SOP) agreements for new parts and defined inspection plans derived from the FMEA are part of the safeguarding. A qualified tender questionnaire should clarify the clause and scope of inspection before the award decision.

Contracting and documentation

In the specification sheet and tenders, EXW should be specified precisely with place, catalogue version and loading agreement. Changes to design or documentation via an Engineering Change Notice (ECN) must be completed before collection, so that no non-conforming goods enter the transit risk.

EXW in the procurement process: from enquiry to processing

EXW should not be a 'default' but the result of a deliberate decision in the procurement process. Systematic integration into enquiry, award and operational processing reduces friction losses.

Enquiry and offer comparison

The tender questionnaire should ask for the desired clause and its alternative (e.g. FCA or DAP) in order to make prices comparable. A procurement market competitive analysis shows which logistics structures are available in the target market – where reliable collection services are lacking, EXW loses its appeal.

Award and contract design

In the award decision, the total cost view is decisive: EXW price plus estimated logistics costs versus all-inclusive offers. For strategic suppliers with dual-source management, a different clause per source can make sense, as long as the comparison calculation remains consistent. Exchange rate fixation and payment terms must be regulated separately, regardless of the clause.

Operational processing and digitalisation

In digital procurement, EXW transactions can be heavily automated: collection orders, time slot bookings and document exchange run via interfaces. An Inventory Health Dashboard helps align order quantities and collection rhythms with stock and consumption data, in order to avoid expensive transport through urgent orders.

Typical metrics

Metric	Typical value
On-Time Delivery	> 95 % *Benchmark for on-time EXW collections*
Transport damage rate	< 0.5 % *Analyse causes separately for loading and transport*
Freight costs as a share of purchase value	typically 2–8 % *Depends on weight, volume and distance*
Share of No-Touch Orders	> 60 % *Target value for automated standard collections*

Practical example

A mid-sized mechanical engineering company sourced castings from Eastern Europe on EXW terms because collection via its own works shuttle seemed cost-effective. In practice, processing effort and damage incidents in the loading area increased, and export clearance repeatedly failed due to gaps in documentation. After a reassessment, the company switched its comparison calculation to a total cost of ownership approach and agreed FCA at the seller's works with the supplier, with a binding loading responsibility.

- Establish a delta metric: EXW price versus FCA/DAP reference per supplier
- Binding collection processes with a loading list, photographic documentation and collection confirmation
- Duty to check export documents and supplier certificates before every collection
- Escalation levels and a Service Level Agreement (SLA) for readiness dates

Conclusion

Incoterms EXW shifts almost the entire transport responsibility to the buyer and is thus the clause with the highest steering effort in procurement. It can be economically sensible where in-house logistics structures, export expertise and robust processes exist. Prerequisites are an honest total cost calculation, clear contractual wording with place and catalogue version, and documented loading processes. Where these prerequisites are missing, FCA or DAP are in practice the better alternatives. Buyers are advised to decide on the clause deliberately per supplier and region rather than adopting it as a standard.

Frequently asked questions

? What does Incoterms EXW mean?

EXW (Ex Works) means that the seller places the goods at the buyer's disposal, not loaded, at the named place. From that point onwards, the buyer bears all costs and risks, including loading, transport and export clearance. The clause therefore assigns the minimum set of obligations to the seller.

? Who bears the transport costs under EXW?

As a general rule, the buyer bears all transport costs ex works, including loading, freight and export clearance. Packaging costs and support with documents must be clarified contractually. Only if otherwise agreed in the contract does this allocation change.

? Is EXW suitable for export business?

Only to a limited extent. Since export clearance is the buyer's responsibility, EXW can present practical hurdles in some countries. Many buyers choose FCA instead, where the seller handles export clearance. For import processing and duties, additional case-by-case checks apply depending on the destination market.

? When does the transfer of risk occur under EXW?

The transfer of risk takes place when the goods are placed at the buyer's disposal at the named place – i.e. before loading and transport. Damage during loading by the buyer's own personnel or freight forwarder is at their expense. Insurance from the point of provision and clean documentation of the handover are therefore recommended.

? EXW or DAP – what is the difference?

Under EXW, the seller only makes the goods available ex works; all transport and customs obligations lie with the buyer. Under DAP (Delivered At Place), the seller transports the goods to the named destination, while import clearance and import duties remain with the buyer. For robust price comparisons, a total cost calculation including logistics should always be used.

? Must the seller package and load under EXW?

Loading is not one of the seller's obligations under EXW; the goods are simply made available. Packaging should be expressly agreed, as otherwise the costs may fall to the buyer. In practice, a written loading and packaging agreement is advisable to avoid disputes.

Find the right suppliers on Amplifa

Verified industrial suppliers in Germany, Austria and Switzerland. Describe your requirement and receive comparable offers.

amplifa-marketplace.ai