

A Complete Guide to Common International Trade Terms: EXW, FOB, CFR, CIF, DAP, DPU, DDP, etc., Helping You Clearly Understand Their Respective Responsibilities

In international trade, how are the rights, obligations, and risks between buyers and sellers allocated? This depends on the agreed trade terms.

This article interprets seven common international trade terms in order from the least to the greatest seller obligations, helping you quickly understand the core points of each type and clearly distinguish their respective responsibilities.

I. EXW (Ex Works)

Ex Works

EXW is the trade term with the least obligation on the seller. Under this term, the seller only needs to make the goods available at its own premises (factory or warehouse) for the buyer to collect. The risk transfers at the moment the goods are placed at the buyer's

disposal. The seller is neither responsible for loading the goods onto the transport vehicle arranged by the buyer nor for any export customs clearance procedures.

It should be noted that under EXW, the buyer must arrange transportation to collect the goods and is responsible for export customs clearance, international freight, insurance, and import clearance at the destination port. If the buyer does not have an agent in the export country, practical operations may face many inconveniences. Therefore, this term is usually suitable where the buyer has strong operational capabilities in the seller's country.

II. FOB (Free on Board)

Free on Board (Port of Shipment)

FOB is one of the most commonly used trade terms in international sea transport. The seller is responsible for delivering the goods to the port of shipment and bears all costs and risks up to the point the goods are loaded onto the vessel nominated by the buyer, including domestic transportation, port charges, and export customs



clearance. Once the goods are on board, the risk transfers to the buyer.

Under this term, the seller is not responsible for chartering or booking space, nor for international freight or insurance, all of which are arranged by the buyer. The buyer also bears the risks during transportation and handles import customs clearance at the destination port. FOB clearly defines the seller's responsibilities and is therefore widely used in practice.

III. CFR (Cost and Freight)

Cost and Freight

CFR, like FOB, is a sea transport term based on shipment at the port of origin, and the risk transfer point is also when the goods are loaded onto the vessel. The difference is that under CFR, in addition to bearing export clearance and pre-shipment costs, the seller must also pay the international freight to transport the goods to the destination port.



It should be noted that although the seller pays the freight, the risk during transportation is still borne by the buyer. The buyer must arrange insurance independently and handle import customs clearance. This term is suitable where the buyer wishes to control insurance arrangements but prefers not to handle the complexity of freight payments.

IV. CIF (Cost, Insurance and Freight)

Cost, Insurance and Freight

CIF further expands the seller's obligations based on CFR. The seller must not only pay the international freight but also procure minimum insurance coverage for the buyer (typically Institute Cargo Clauses (C)). The seller is responsible for concluding the insurance contract and paying the premium, but the risk transfer point remains when the goods are loaded onto the vessel at the port of shipment.

It should be noted that although the seller arranges the insurance, any loss or damage during transit is claimed by the buyer from the insurance company. The seller only assumes the obligation to

procure insurance and does not bear the transportation risk. This term is suitable where the buyer wishes to simplify insurance arrangements and have the seller handle both transport and insurance.

V. DAP (Delivered at Place)

Delivered at Place

DAP applies to any mode of transport and is commonly used in door-to-door delivery. The seller bears all costs and risks of transporting the goods to the named place of destination, including international transportation, insurance, and export customs clearance. Risk transfers only when the goods are delivered to the named place and are ready for unloading by the buyer.

Under this term, the buyer's responsibilities are relatively simple: handling import customs clearance, paying related duties and taxes, and arranging unloading. The seller is not responsible for unloading and does not handle import clearance. This term provides a

balanced allocation between the seller's transportation responsibilities and the buyer's import obligations.'

VI. DPU (Delivered at Place Unloaded)

Delivered at Place Unloaded

DPU is the only trade term that explicitly requires the seller to bear the obligation of unloading. Under DPU, the seller must not only transport the goods to the named place of destination but also unload them from the means of transport before delivery to the buyer, at which point the risk transfers.

This means the seller bears all risks and costs associated with the unloading process. Compared to DAP, DPU involves a deeper delivery point and greater seller responsibility. This term is suitable where the seller is required to assist with unloading at destination, such as when unloading is complex or the buyer lacks the capability.

VII. DDP (Delivered Duty Paid)

Delivered Duty Paid



DDP is the trade term with the greatest obligation on the seller. The seller bears all costs and risks of transporting the goods from the country of export to the named place in the country of import, including international transportation, insurance, export clearance, import clearance, and payment of import duties. The buyer only needs to receive the goods at the destination without handling any transportation or customs procedures.

Under this term, the seller assumes full responsibility for the entire logistics and customs clearance process, and therefore the quotation is correspondingly the highest. When choosing DDP, the seller must ensure it has the capability to handle import clearance in the destination country or has reliable local agents. For the buyer, DDP is undoubtedly the most convenient option, requiring minimal involvement.

The above seven terms cover most of the common trade terms in international trade. To make it clearer, the key points have been summarized in a table format for easy reference:

their rights and obligations, and avoid trade disputes caused by unclear responsibilities.

外贸术语	中文	含义	风险转移点	出口清关责任/费用	国际运费承担	国际保险费承担	进口清关责任/费用
EXW	工厂交货	卖方在工厂备好货物, 买方自行工厂取货	卖方在工厂将货物交给买方时	买方	买方	买方	买方
FOB	装运港船上交货	卖方负责将货物装上买方指定的船只	在装运港的货物越过船舷时	卖方	买方	买方	买方
CFR	成本加运费	在FOB基础上, 卖方还需支付货物的国际运输费	在装运港的货物越过船舷时	卖方	卖方	买方	买方
CIF	成本、保险费加运费	在CFR基础上, 卖方还需承担货物的保险费	在装运港的货物越过船舷时	卖方	卖方	卖方	买方
DAP	目的地交货	卖方负责将货物运至指定目的地 (卖方不负责卸货)	卖方将货物运至指定目的地交给买方时 (卖方不负责卸货)	卖方	卖方	卖方	买方
DPU	目的地卸货后交货	在DAP基础上, 卖方还需负责在目的地卸货	卖方在指定目的地卸货后将货物交给买方时	卖方	卖方	卖方	买方
DDP	目的地完税后交货	卖方将货物运至目的地, 并负责进口清关和缴税, 买方仅需在目的地收货	卖方在买方所在国办妥全部进口手续, 并在指定地点将货物交给买方时	卖方	卖方	卖方	卖方