Incoterms Explanation (FOB, CIF, EXW, DAP)

FOB – Free On Board

Seller's responsibility: Deliver goods on board the ship at the port of origin (e.g., Tema Port, Ghana).
Buyer's responsibility: Pays for freight, insurance, and import duties from the port of shipment onward.
Risk transfer: When goods are loaded onto the vessel.
■ Common in bulk commodities like cocoa beans.

CIF – Cost, Insurance, and Freight

Seller's responsibility: Pays for transport to the buyer's port and provides marine insurance.
Buyer's responsibility: Pays import duties, customs clearance, and inland transport after arrival.
Risk transfer: When goods are loaded on the ship, but the seller pays costs up to the destination port.
■ Buyers like CIF because the seller arranges shipping and insurance.

EXW – Ex Works

Seller's responsibility: Makes goods available at their premises (factory, warehouse, farm).
Buyer's responsibility: Handles everything — pickup, export, shipping, insurance, import clearance, duties, inland delivery.
Risk transfer: As soon as goods are handed over at the seller's site.
■ Easiest for the seller, hardest for the buyer.

DAP – Delivered At Place

Seller's responsibility: Delivers goods to the buyer's specified destination (e.g., warehouse or city). Seller covers shipping and inland transport.
Buyer's responsibility: Pays import duties and handles customs clearance.
Risk transfer: At the buyer's designated place of delivery.
■ Convenient for the buyer, more expensive and complex for the seller.

■ **In summary:**

EXW: Buyer does almost everything.
FOB: Balanced — seller covers up to shipment, buyer handles from the port of origin.
CIF: Seller pays shipping + insurance until buyer's port.
DAP: Seller almost delivers to buyer's door (except customs duties).