

## EU SANCTIONS FACTSHEET

### Incoterms “Ex Works” rule (EXW)

27 May 2025

**Incoterms:** Incoterms, short for “international commercial terms”, are a set of rules (standards) published by the International Chamber of Commerce<sup>i</sup>. Used globally in contracts for the sale and purchase of goods, they define the responsibilities of exporters/sellers and importers/buyers in regard to costs, risks and the point of delivery.

**“Ex Works” rule (EXW):** Under this Incoterms rule, most responsibilities concerning the transport and delivery of the shipment are placed on the importer/buyer, from the moment of collecting the goods within the EU. The EXW rule can be used for any mode of transport.

**EU sanctions law:** EU law on restrictive measures (sanctions) is set out in Council Regulations. Compliance with EU sanctions is mandatory for all persons under EU jurisdiction, including individuals on EU territory, EU nationals wherever they are located, companies incorporated in the EU whether they are doing business inside or outside the EU, and foreign companies with regard to business conducted in the EU.

**Incoterms & EU sanctions law:** Private law agreements cannot derogate from EU sanctions. Therefore, using Incoterms rules such as EXW does not modify sanctions-related obligations in any way. These include the obligation to ensure that certain goods do not end up in prohibited destinations such as Russia or Belarus. Exporters/sellers should take all necessary measures to that end.

#### Key takeaway:

- Using the EXW rule does not discharge an exporter/seller from the obligation to comply with EU sanctions.

#### Example:

- Q: A seller is to supply goods covered by EU sanctions on Russia, with a Russian importer collecting them from the premises of the seller or another agreed location in the EU. The arrangement was made under the EXW rule. Is the seller expected to comply with EU sanctions?
- A: Yes. A seller doing business in the EU is required to comply with EU sanctions irrespective of any contractual responsibilities of the buyer that were agreed under Incoterms rules.

**Liability:** EU operators (individuals/entities) are bound to comply with EU sanctions, such as trade restrictions on the sale, export or transfer of goods and services to Russia or for use in Russia, and are legally liable whether they violate sanctions intentionally or by negligence. They cannot escape liability by means of contractual agreements or if they fail to perform due diligence<sup>ii, iii</sup>. Apart from reputational damage, EU operators that violate sanctions risk administrative and criminal penalties. Voluntary self-disclosure of violations can be a mitigating factor.

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- i Incoterms rules, <https://iccwbo.org/business-solutions/incoterms-rules/>
  - ii Guidance on due diligence, [https://finance.ec.europa.eu/publications/guidance-due-diligence\\_en](https://finance.ec.europa.eu/publications/guidance-due-diligence_en)
  - iii FAQ on circumvention and due diligence, [https://finance.ec.europa.eu/publications/circumvention-and-due-diligence\\_en](https://finance.ec.europa.eu/publications/circumvention-and-due-diligence_en)

**Questions?** [RELEX-SANCTIONS@ec.europa.eu](mailto:RELEX-SANCTIONS@ec.europa.eu)

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**To report a violation:** <https://eusanctions.integrityline.com>

**Information on EU sanctions:** <https://commission.europa.eu/sanctions>