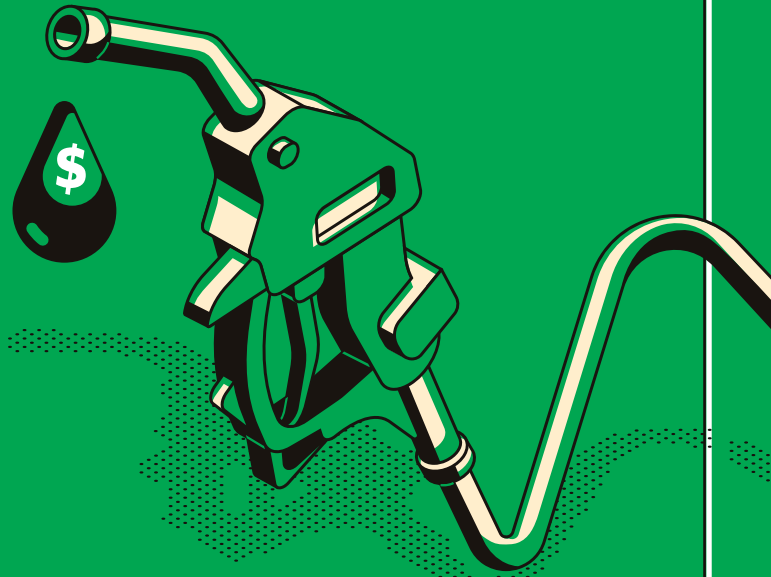




BIG SHIFTS IN FUEL SURCHARGES

for International Shippers



It may be time to evaluate your carrier choice for international shipments.

UPS recently made a quiet change to its International Air-Export and International Air-Import Fuel Surcharge table that its customers, and those who use FedEx, should take note of. Driven by the severe drop in the price of oil that's resulted from the COVID-19 pandemic, the price of jet fuel is at its lowest since 2002.

The result has been a significant adjustment to UPS's international fuel surcharge tables, which gives the carrier's customers a price advantage when compared to the FedEx surcharges.

Below are illustrations detailing how the surcharges have changed recently, as well as how the surcharges of UPS and FedEx compare.

UPS Fuel Table Prior to 3/2/2020

Jet Fuel "At Least"	Jet Fuel "But Less Than"	Exports	Imports
\$1.28	\$1.31	3.75%	6.50%
\$1.31	\$1.34	4.00%	6.75%
\$1.34	\$1.37	4.25%	7.00%
\$1.37	\$1.40	4.50%	7.25%
\$1.40	\$1.43	4.75%	7.50%
\$1.43	\$1.46	5.00%	7.75%
\$1.46	\$1.49	5.25%	8.00%
\$1.49	\$1.52	5.50%	8.25%
\$1.52	\$1.55	5.75%	8.50%
\$1.55	\$1.58	6.00%	8.75%
\$1.58	\$1.61	6.25%	9.00%
\$1.61	\$1.64	6.50%	9.25%
\$1.64	\$1.67	6.75%	9.50%
\$1.67	\$1.70	7.00%	9.75%
\$1.70	\$1.73	7.25%	10.00%

On March 2nd, UPS changed its fuel surcharge tables to stay aligned with the declining price of jet fuel by increasing the surcharge 0.5% on Export Air packages and 1.5% for Import Air packages.

However, since that change, the spot price of jet fuel has fallen \$.95 from the week of February 10th, from \$1.60 to \$.65 (the spot price of jet fuel hasn't been this low since 2002).

UPS Fuel Table As Of 3/2/2020

Jet Fuel "At Least"	Jet Fuel "But Less Than"	Exports	Imports
\$1.52	\$1.55	6.25%	10.00%
\$1.55	\$1.58	6.50%	10.25%
\$1.58	\$1.61	6.75%	10.50%
\$1.61	\$1.64	7.00%	10.75%
\$1.64	\$1.67	7.25%	11.00%
\$1.67	\$1.70	7.50%	11.25%
\$1.70	\$1.73	7.75%	11.50%
\$1.73	\$1.76	8.00%	11.75%
\$1.76	\$1.79	8.25%	12.00%
\$1.79	\$1.82	8.50%	12.25%
\$1.82	\$1.85	8.75%	12.50%
\$1.85	\$1.88	9.00%	12.75%
\$1.88	\$1.91	9.25%	13.00%

The reduction is driven by the fact that the demand for, and thus the price of, oil has fallen significantly as COVID-19 has halted most types of transportation and travel throughout most of the world.

Now, with the additional drop in the price of jet fuel, UPS has once again updated its fuel tables. This time without an official announcement.

As noted on its website, "Fuel Surcharge percentages and thresholds are subject to change without prior notice. If the Fuel Surcharge falls below or above the published range, or there are changes to the thresholds, the table will be updated." (view table on right)

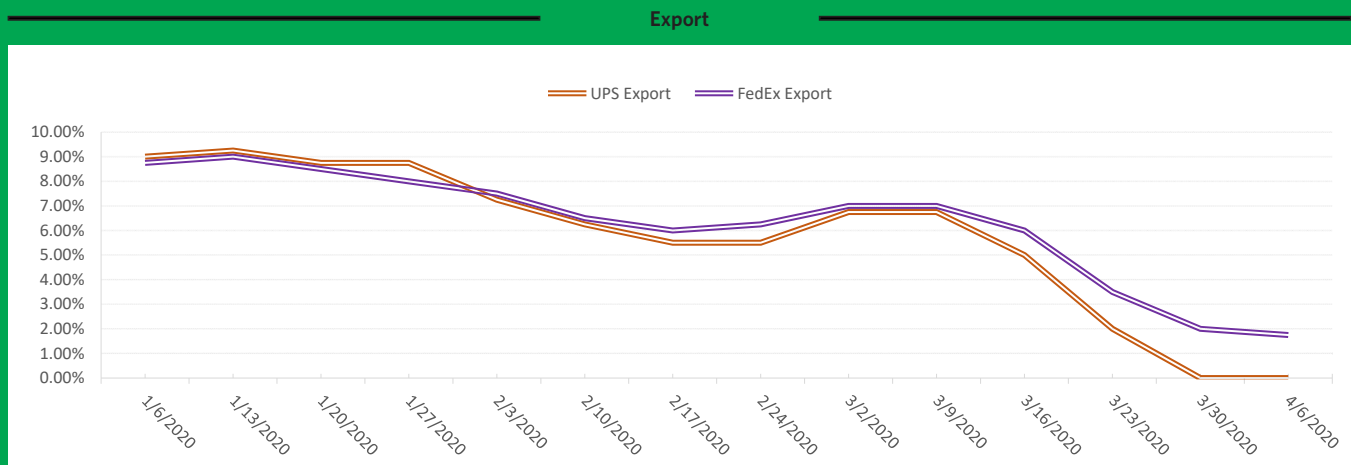
The spot price of fuel has been below \$.80 since the week of March 16-March 30. This means for the past two weeks UPS customers have seen no fuel surcharge on export shipments, and the import fuel surcharge has fallen to less than 4%. UPS Import fuel was averaging over 10% from January 1-March 16.

U.S. Gulf Coast (USGC) Jet Fuel Price

Jet Fuel "At Least"	Jet Fuel "But Less Than"	Exports	Imports
\$0.50	\$0.53	0.00%	1.50%
\$0.53	\$0.56	0.00%	1.75%
\$0.56	\$0.59	0.00%	2.00%
\$0.59	\$0.62	0.00%	2.25%
\$0.62	\$0.65	0.00%	2.50%
\$0.65	\$0.68	0.00%	2.75%
\$0.68	\$0.71	0.00%	3.00%
\$0.71	\$0.74	0.00%	3.25%
\$0.74	\$0.77	0.00%	3.50%
\$0.77	\$0.80	0.00%	3.75%
\$0.80	\$0.83	0.25%	4.00%
\$0.83	\$0.86	0.50%	4.25%
\$0.86	\$0.89	0.75%	4.50%
\$0.89	\$0.92	1.00%	4.75%
\$0.92	\$0.95	1.25%	5.00%

This change has given UPS a significant price advantage for international shipments over FedEx. Since mid-2019, FedEx has either held this advantage or at worst been equal.

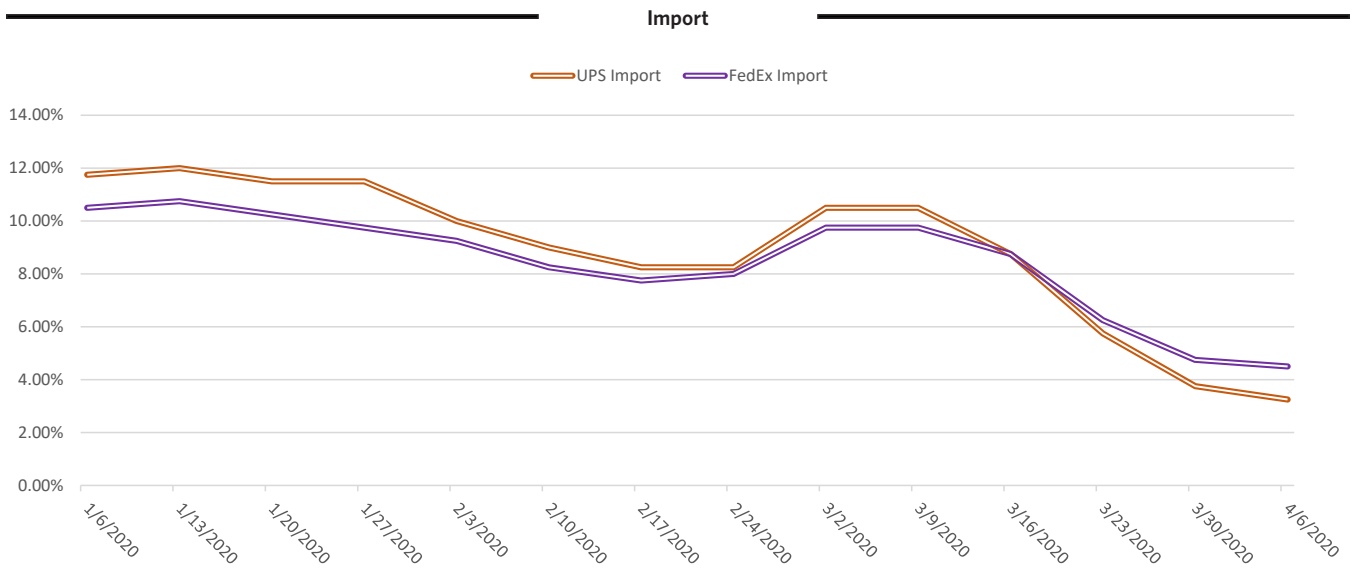
The following charts illustrate how FDX went from a 2.9% advantage to a 100% disadvantage for Air-Export.



Week Start	UPS Export	FedEx Export	% Advantage
1/6/2020	9.00%	8.75%	2.9%
1/13/2020	9.25%	9.00%	2.8%
1/20/2020	8.75%	8.50%	2.9%
1/27/2020	8.75%	8.00%	9.4%
2/3/2020	7.25%	7.50%	-3.3%
2/10/2020	6.25%	6.50%	-3.8%
2/17/2020	5.50%	6.00%	-8.3%

Week Start	UPS Export	FedEx Export	% Advantage
2/24/2020	5.50%	6.25%	-12.0%
3/2/2020	6.75%	7.00%	-3.6%
3/9/2020	6.75%	7.00%	-3.6%
3/16/2020	5.00%	6.00%	-16.7%
3/23/2020	2.00%	3.50%	-42.9%
3/30/2020	0.00%	2.00%	-100.0%
4/6/2020	0.00%	1.75%	-100.0%

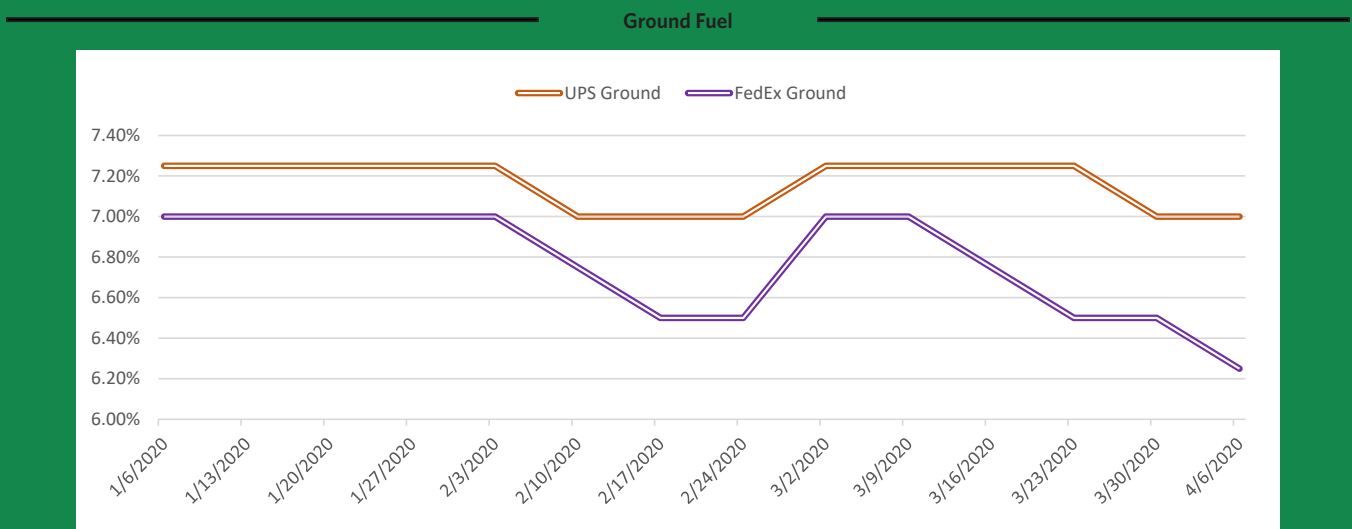
The following charts illustrate how FedEx has gone from a 11.9% price advantage to a -27.8% disadvantage for Air-Import.



Week Start	UPS Import	FedEx Import	% Advantage
1/6/2020	11.75%	10.50%	11.9%
1/13/2020	12.00%	10.75%	11.6%
1/20/2020	11.50%	10.25%	12.2%
1/27/2020	11.50%	9.75%	17.9%
2/3/2020	10.00%	9.25%	8.1%
2/10/2020	9.00%	8.25%	9.1%
2/17/2020	8.25%	7.75%	6.5%

Week Start	UPS Import	FedEx Import	% Advantage
2/24/2020	8.25%	8.00%	3.1%
3/2/2020	10.50%	9.75%	7.7%
3/9/2020	10.50%	9.75%	7.7%
3/16/2020	8.75%	8.75%	0.0%
3/23/2020	5.75%	6.25%	-8.0%
3/30/2020	3.75%	4.75%	-21.1%
4/6/2020	3.25%	4.50%	-27.8%

It's also important to note that Domestic Ground shippers will not see similar relief, at least in the short term. UPS is not making an additional adjustment to any of its other Fuel Surcharge tables beyond those announced in March. The following chart illustrates how the applicable Ground Fuel Surcharge has been very consistent since the beginning of the year, only ranging from 7.00% to 7.25%.



Week Start	UPS Export	FedEx Export	% Advantage
1/6/2020	7.25%	7.00%	3.60%
1/13/2020	7.25%	7.00%	3.60%
1/20/2020	7.25%	7.00%	3.60%
1/27/2020	7.25%	7.00%	3.60%
2/3/2020	7.25%	7.00%	3.60%
2/10/2020	7.00%	6.75%	3.70%
2/17/2020	7.00%	6.50%	7.70%

Week Start	UPS Export	FedEx Export	% Advantage
2/24/2020	7.00%	6.50%	7.70%
3/2/2020	7.25%	7.00%	3.60%
3/9/2020	7.25%	7.00%	3.60%
3/16/2020	7.25%	6.75%	7.40%
3/23/2020	7.25%	6.50%	11.50%
3/30/2020	7.00%	6.50%	7.70%
4/6/2020	7.00%	6.25%	12.00%

So, what now?

Transportation Impact can help you take advantage of this situation. We are experts at helping parcel shippers negotiate better agreements with UPS and FedEx, and we have the knowledge and tools to discover how these surcharges and the current supply chain conditions could be impacting your company and your shipping landscape.

The time to act is now. Contact us at info@transimpact.com to learn more.



STAY UP TO DATE

To view a compilation of COVID-19-related shipping information visit

transportationimpact.com/COVID19