

FedEx and UPS Announce 2017 Rate Increases

FedEx recently announced changes to its shipping rates for 2017. In a surprising move, these new rates do not match the increases that UPS announced earlier. FedEx and UPS typically announce similar rate increases annually, making this year rather unique.

The new rates for FedEx will take effect on January 2, 2017. FedEx Ground services will increase an average of 4.9%, matching the announced average increase for UPS Ground that will take effect on December 26, 2016. However, while UPS Air services will be increasing an average of 4.9%, FedEx Express rates will only be increasing an average of 3.9%. This is the first of many differences between the announced changes from the two major carriers.

FedEx will also be lowering the dimensional (DIM) divisor to 139 for domestic shipments, matching the divisor currently used for international shipments. Many shipments that were not previously charged at the DIM weight will now be affected, which will have a significant impact on overall shipping costs. In 2011, the dimensional divisor decreased from 194 to 166, and in 2015 both FedEx and UPS began applying DIM weight pricing to all ground shipments. At this time, UPS hasn't announced any changes to its DIM weight pricing.

In addition, FedEx announced a change to its fuel surcharges. Effective February 6, 2017, the fuel surcharge percentage will be subject to weekly adjustment, rather than monthly. There's currently a two-month lag time between the US government fuel indexes and the fuel surcharges. This change will better align them by reducing the lag time to two weeks.

As a shipper, it's important to understand how these changes will affect you and your business. You are very busy keeping the many parts of your business moving ahead smoothly, but it's important not to ignore just how much you can save by watching your shipping expenses and participating in the NSSRA shipping program.

As in past years, Partnership will conduct a full analysis to help you make sense of these changes. Be on the lookout for a white paper on the topic before the New Year!

In the meantime, it's important to start evaluating how you can combat these rises in shipping costs. Through NSSRA's shipping program through PartnerShip, you receive significant discounts on select FedEx services, resulting in savings that can offset these rate increases. If you're not sure if you qualify for one of the small package shipping programs [click here](#) and PartnerShip will find the solution that's right for you.