

## **May 6, 2016: UPS to follow FedEx's plans to reduce the maximum length for the Additional Handling Fee from 60 inches to 48 inches**

Earlier this year, FedEx Corp. (NYSE: FDX) announced its plans to decrease the maximum length for the Additional Handling Fee from 60 inches to 48 inches (length of longest side) before the surcharge gets applied. So, effective June 1, 2016 any package with the length of 48 to 108 inches will have a \$10.50 per package surcharge applied.

**Today, UPS announced that Effective June 6, 2016, it would follow suit.** The following is posted on the UPS website:

*"Effective June 6, 2016, UPS is changing the measurement that determines whether the UPS Additional Handling charge will be applied to UPS® Ground services packages in the U.S. The updated 2016 UPS Rate and Service Guide will be available to download on June 6, 2016.*

*Any package with the longest side exceeding 48 inches, instead of 60 inches, will be assessed the fee. The Additional Handling fee of \$10.50 remains the same. The change does not impact UPS Air or International shipments.*

*This change is being implemented due to the additional handling required for these types of packages in the UPS network."*

Buried deep within its website, the following is FedEx's description of the change:

*"Additional Handling Surcharge. A surcharge applies to any FedEx Ground® package that measures greater than 48 inches but equal to or less than 108 inches along its longest side. Prior to June 1, 2016, a surcharge applies to any FedEx Ground package that measures greater than 60 inches but equal to or less than 108 inches along its longest side. All other Additional Handling Surcharge size, weight and packaging parameters remain unchanged. The surcharge remains at \$10.50 per package. This change applies to shipments within the U.S. and from the U.S. to Canada."*

Keep in mind, on Jan 1st, both carriers also applied a nearly 17% increase on the Additional Handling Surcharge when it raised it from \$9 per package to \$10.50 per package.

This will effectively be the 7<sup>th</sup> increase that UPS has applied and 6<sup>th</sup> increase that FedEx has applied in less than 18 months. The following is some history (from most to least recent):

UPS: Effective Date	FedEx: Effective Date	Increase in Rates or Accessorial Charges
6-Jun-16	1-Jun-16	UPS and FedEx will be reducing that maximum length from 60" to 48" to incur an Additional Handling Surcharge.
28-Dec-16	4-Jan-16	UPS and FedEx increased shipping rates by a stated average of 4.9% for U.S. domestic, U.S. export and U.S. import services. They also increased most surcharges.
4-Jan-16	NA - not yet	UPS instituted a Third-Party Billing Service of 2.5% applicable to the total charges on all packages that are billed to third parties.
2-Nov-15	2-Nov-15	UPS and FedEx increased the fuel surcharge table by 0.75%.
2-Nov-15	2-Nov-15	UPS and FedEx increased the "Over Maximum Limit" fee by \$52.50, now \$110.00. These are packages of more than 150 pounds or that exceed 108 inches in length or a total of 165 inches in length and girth combined.
29-Dec-14	1-Jan-15	UPS and FedEx increased shipping rates by a stated average of 4.9% for U.S. domestic, U.S. export and U.S. import services. They also increased most surcharges.
29-Dec-14	1-Jan-15	UPS and FedEx applied dimensional weight pricing to all Ground shipments. Previously, they applied dimensional weight pricing only to Ground packages measuring three cubic feet or greater.

Many Shippers are not aware of these changes and more often than not they are not aware that their shipping costs are soaring. Even those that are aware of the changes are often not familiar with processes to combat these changes.

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