



FALL 2025

PARCEL CARRIER RATE IMPACT REPORT

A STRATEGIC ADDENDUM TO THE ICC 2025 RATE INCREASE PLAYBOOK

Prepared by ICC Logistics
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www.icclogistics.com



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Introduction

As we enter peak season, the cost of doing business with FedEx and UPS continues to climb through dimensional billing changes, expanded peak surcharges, and penalties tied to volume and zone.

The ICC 2025 Rate Increase Playbook laid the foundation for early-year rate hikes. Since then, both carriers have introduced a steady stream of midyear changes — dimensional weight adjustments, fuel escalations, new surcharges, and expanded peak fees that materially alter total shipping costs.

Shippers relying on Q1 forecasts risk entering Q4 underprepared.



Expect more midyear shifts ahead.

ICC will continue monitoring and delivering timely updates to keep your team ahead of every carrier move.

FedEx & UPS Dimensional Weight Rule Change: The Hidden Cost Multiplier

Effective August 18, 2025, both FedEx and UPS will round **all package dimensions up** to the nearest inch before calculating the billable (DIM) weight.

To illustrate the difference, here's a real-world example:

Consider a package sized **12.2" x 10.3" x 6.4"**

Before the change:

- Dimensions Rounded down to 12" x 10" x 6" = Dimensional Weight of 6 Lbs.
- Published Cost of a Zone 4, 6 Lbs. FedEx Ground Package = \$16.33
- Published Cost for a Zone 4, 6 Lbs. FedEx Priority Overnight Package = \$124.88

After the change:

- Dimensions **rounded up to 13" x 11" x 7" = Dimensional Weight of 8 Lbs.**
- Published Cost of a **Zone 4, 8 Lbs. FedEx Ground Package = \$17.34 (Increase cost of 6.2%)**
- Published Cost for a **Zone 4, 8 Lbs. FedEx Priority Overnight Package = \$136.13 (Increase in cost of 9%)**



This rule can add 5–12% in billed weight across many SKUs, particularly irregular cartons.



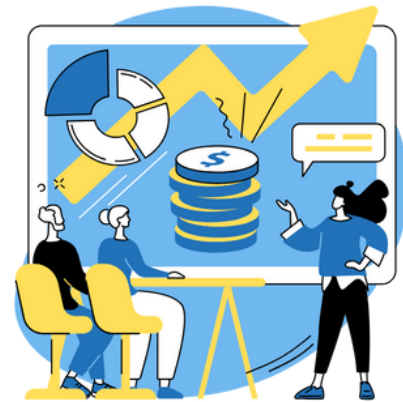
Takeaway

A single inch can move you into a higher DIM bracket—audit packaging and cartonization immediately.

Fuel Surcharge Escalations: FedEx & UPS (Feb–Aug 2025)

UPS

- **Mar 10: +0.5%** (Ground, SurePost, Domestic Air)
- **May 26: +0.5%** (additional)
- **Aug 18:** Domestic Ground fuel surcharge reaches **20.5%**
- **Jun 9:** Adjusted Rates: UPS also updated its fuel surcharges, with new rate ranges reflecting the latest fuel index data from the EIA.



FedEx

- **Feb 10: +1%** Express; **+1.75%** Ground
- **May 26:** Adjustments tied to the National U.S. Average On-Highway Diesel
- **Jun 9: FedEx Changes (Effective June 9, 2025):**
 - FedEx raised its domestic and international fuel surcharges by about **2%, or 200 basis points**, according to sources.
 - Services Affected: FedEx Ground®, FedEx Home Delivery®, FedEx International Ground®, FedEx International, and FedEx Freight services.
 - Trigger: These surcharges are adjusted weekly based on the average cost of diesel and jet fuel, as reported by the Energy Information Administration.



Takeaway

Fuel is now a fast-moving, index-driven cost driver — update budgets weekly and consider negotiating fuel caps.

UPS Zone & Fee Changes: June 2, 2025

Zone Reclassifications:

- Major ZIP-pair changes, including metro corridors; many lanes moved to higher-cost zones. This marks the fifth time in just 18 months that UPS has implemented such changes, with previous adjustments made in December 2023, June 2024, October 2024, and March 2025.

Why does this matter? Real-World Impact: Up to 100% Cost Increase

An increase in Zone can have a major impact on the cost to ship a package.

Our analysis has shown that an increased Zone can drive up the published cost of shipping a single **Ground package by as much as 25%, as well as 50% for 2nd Day packages, and up to 100% for Next Day Air packages.**

Additionally, the number of changes to zip code pairs is beginning to compound, with the number of changes in the thousands since UPS first started making these types of changes.

Higher Surcharges for Zones 7+:

- Additional Handling — Weight: **\$55.00**
- Additional Handling — Dimensions (L, G, W): **\$38.00**
- Additional Handling — Packaging/Other: **\$31.50**
- Large Package — Commercial: **\$260.00**
- Large Package — Residential: **\$305.00**



Other UPS Changes:

- **Remote Area Surcharge** extended to **Ground Saver**
- **Shipping Charge Correction Audit Fee:** greater of **\$1.65** per corrected package or **12%** of total shipping charge corrections per invoice period
- **Over Maximum Limits Fee:** **\$1,775** per package
- Aug 17 changes to surcharge definitions (domestic large packages & additional handling) **delayed** until **Dec 22, 2025** (earliest)



Takeaway

Zone creep + fee hikes are compounding. Metro shipments aren't immune—re-map your ZIP-to-zone exposure.

UPS Import & International Fees: Aug–Sept 2025

Aug 29 – Entry Preparation Charge

(Canada → U.S.):

- **\$10.00** (value-for-duty \$0–\$200)
- **\$20.00** (\$200.01–\$800)

Sept 8 – International Processing Fee:

\$2.50/shipment on select premium services (Worldwide Express®, Express Plus®, NA1®)



May 18 – U.S.→ Canada Surge Fees

(remain in effect):

- Worldwide Economy: **\$1.25/lb**
- Standard to Canada: **\$0.49/package**
- Worldwide Express / Saver / Plus / Expedited / Express Freight: **\$0.49/lb**

Apr 13 – China/HK/Macau inbound to U.S.:

\$0.29/lb surcharge reinstated



Takeaway

Cross-border and import add-ons materially change landed cost—reforecast international margins and customer pricing.

FedEx Midyear Surcharge Updates July & Aug 2025

Effective July 14

- **Unauthorized International Packages: \$660** per package
- **Additional Handling (Zones 5-6):**
 - Dimensions: **\$36** (from \$34)
 - Weight: **\$52.75** (from \$50.50)
 - Packaging: **\$31** (from \$30.50)
- **Oversize:**
 - Zone 2: **\$240** (from \$205)
 - Zones 3-4: **\$260** (from \$225)
 - Zones 5-6: **\$297.50** (from \$240)
 - Zones 7+: **\$305** (from \$260)
 - Home Delivery Zones 5-6: **\$297.50** (from \$290)
- **Ground Unauthorized: \$1,775** (from \$1,325)
- **International Additional Handling threshold: 55 lb** (from 70 lb)
- **One Rate** pricing changes: Express Saver, 2Day



Effective August 18 – Pickup Fee Structure (U.S./Canada)

- **Regular pickups: \$7.50-\$33.50/week** (+ \$12/day weekends)
- **Automated pickups: \$19/week** (+ \$7.95/day Saturdays)
- **On-call pickups: \$9-\$22.75 per stop** (by schedule/timing), plus applicable surcharges



Takeaway

FedEx aligned many surcharges with UPS, reducing arbitrage. Rebuild pickup and oversize cost models.

UPS & FedEx Peak Season Surcharges Fall/Winter 2025

UPS Peak (Sept 28, 2025 – Jan 17, 2026)

UPS will add these additional fees on top of existing charges:

- **Additional Handling:** Between **\$8.25** and **\$10.80** (depending on time period)
- **Large Package:** Between **\$90.50** and **\$107.00** (depending on time period)
- **Over Maximum Limits:** Between **\$485.00** and **\$540.00** (depending on time period)
- **Ground Saver & Ground Residential:** Between **\$0.40** and **\$0.60** (depending on time period)
- **Air Services (incl. NDA):** Between **\$1.10** and **\$2.05** (depending on time period)
- **For Shippers with more than 20K Pkgs. per week - High-Volume Tiering:** Up to **\$7.50 per pkg.** (Ground) / **\$8.75 per pkg.** (Air Residential) (depending on individual shipper volume spike percentages)

FedEx Peak (Sept 29, 2025 – Jan 18, 2026)

FedEx will add these additional fees on top of existing charges:

- **Additional Handling:** Between **\$8.25** and **\$10.90** (depending on time period)
- **Oversize:** Between **\$90.00** and **\$108.50** (depending on time period)
- **Ground Unauthorized Packages:** Between **\$490.00** and **\$545.00** (depending on time period)
- **Express Demand Surcharge:** Between **\$1.05** and **\$2.10** (depending on time period)
- **Ground Residential:** Between **\$0.40** and **\$0.65** (depending on time period)
- **Ground Economy:** Between **\$2.20** and **\$3.55** (depending on time period)



Takeaway

Peak is a tiered, time-bound surcharge matrix. Model week-by-week; manage volume against thresholds.

The data tells a clear story:

UPS and FedEx are increasingly moving in lockstep on fees, while selectively differentiating in ways that limit shipper flexibility. The table below captures the most significant mid-year 2025 changes at a glance.

**The table on the next page is designed as a quick-reference snapshot—print it out and keep it handy for weekly planning and carrier negotiations.*

Category	UPS	FedEx
Dimensional Weight Change	Aug 18, 2025 – Rounds dimensions UP	Aug 18, 2025 – Rounds dimensions UP
Fuel Surcharge (Early 2025)	Mar 10 +0.5% · May 26 +0.5%	Feb 10 +1% Express · +1.75% Ground
Fuel Surcharge (Midyear)	Aug 18 Ground FSC 20.5% · Jun 9 index-based	May 26 & Jun 9 – Index-based increases
Zone Reclassifications	June 2 – Increased Zones- Specific Zip Pairs	N/A
Additional Handling (Zones 7+)	\$55 (Weight), \$38 (Dims), \$31.50 (Packaging)	\$36 (Dims Z5–6), \$52.75 (Weight), \$31 (Packaging)
Oversize	N/A	Zone 2: \$240 (from \$205), Zones 3–4: \$260 (from \$225) , Zones 5–6: \$297.50 (from \$240) ,Zones 7+: \$305 (from \$260), Home Delivery Zones 5–6: \$297.50 (from \$290)
Large Package (Residential)	\$305	\$297.50 (Zones 5–6 HD)
Over Maximum / Unauthorized Fee	\$1,775 (Over Max)	\$1,775 (Unauthorized Ground)
Import / Intl Fees	Aug 29 Entry Prep \$10/\$20 · Sept 8 \$2.50 Intl Proc · Surge fees \$1.25/lb, \$0.49/pkg · Apr 13 China/HK/Macau \$0.29/lb	N/A
Pickup Fees	N/A	Aug 18 – Regular \$7.50–\$33.50/wk · Automated \$19/wk · On-call \$9–\$22.75/stop
Shipping Charge Correction Fees	Greater of \$1.65 per corrected package or 12% of total shipping charge corrections per invoice period	N/A
Peak Season – Additional Handling	From \$8.25 to \$10.80	From \$8.25 to \$10.90
Peak Season – Large Package	From \$90.50 to \$107	From \$90 to \$108.50
Peak Season – Over Max / Unauthorized	From \$485 to \$540	From \$490 to \$545
Peak Season – Ground Residential	From \$0.40 to \$0.60	From \$0.40 to \$0.65
Peak Season – Air / Express	From \$1.10 to \$2.05	From \$1.05 to \$2.10
Peak Season – Economy	N/A	From \$2.20 to \$3.55

Final Takeaways for 2025 Planning

- 1 Small adjustments add up quickly.**
Dimensional rounding can convert minor carton variance into a 6–10% cost increase across common SKUs. Packaging precision is now a cost-control lever.
- 2 Fuel surcharges are a profit center, not a pass-through.**
Carriers escalate fuel faster than index moves and synchronize adjustments. Treat fuel as a weekly forecast input, not quarterly.
- 3 Zone creep is the silent budget killer.**
ZIP reclassifications and surcharge extensions are reshaping networks without broad disclosure—especially in metro corridors.
- 4 Peak is a penalty system, not a flat add-on**
Mid-season rate shifts + volume tiering = invoice surprises. The antidote is real-time forecasting and weekly volume discipline.



ICC Insight: Carriers set the rules, but shippers still have leverage through data, benchmarking, operational precision, and disciplined renegotiations. Winners in Q4 2025–2026 will treat logistics as a managed investment and anticipate carrier moves before they hit the P&L.

Suggested Reading from ICC Logistics

- [The Truth About UPS & FedEx Fuel Surcharges: A Growing Profit Strategy](#)
- [UPS Zone Changes Alert: What Shippers Need to Do Now](#)
- [FedEx Dimensional Weight Changes Take Effect August 18](#)
- [You Can Only Control What You Can Control](#)

About ICC Logistics

For **50 years**, ICC Logistics has helped shippers **uncover hidden costs, renegotiate smarter contracts, and recover millions in overcharges** across parcel, freight, and international shipping.



Our expertise:


- **Parcel Audit & Recovery** — Identify invoice errors and recurring surcharges
- **Freight Audit Services** — Validate charges across modes
- **Carrier Contract Negotiation** — Benchmarking and leverage for better terms
- **Logistics Optimization** — Turning logistics from a cost center to a strategic advantage

ICC is family-owned, data-driven, and trusted by leading retailers, manufacturers, and distributors to protect margins and drive measurable savings.



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Let's talk strategy before the next rate change hits.

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