The United States Postal Service's fuel surcharge is uniform; re-mix parcels, do not re-route.

The United States Postal Service's 11% fuel surcharge applies uniformly to every parcel class, so it does not single out the consolidation last mile. The 5.9% base rise hits direct shipping harder than consolidation. Do not re-route to FedEx or United Parcel Service; lock the surcharge terms and shift cheaper volume into consolidation.

Key points

• The 11% surcharge reaches all four parcel classes alike, so it re-prices consolidation exactly as it re-prices direct shipping; there is no injection squeeze to escape.

• The base rise is mildly regressive: Ground Advantage rises 6.9% and Parcel Select 5.5% to 6%, so consolidation's edge widens slightly, not shrinks.

• Do not re-route to FedEx or United Parcel Service: their fuel surcharges are about 28% to 30% against the Postal Service's 11%.

• Lock the surcharge treatment, not the January level, and re-mix cheaper volume into consolidation before the 17 January 2027 price change.

On 17 January 2027 the United States Postal Service (USPS) raises parcel prices and converts a temporary 8% transport charge into a permanent 11% fuel surcharge [s1]. The surcharge is the part to watch. It applies uniformly to all four domestic parcel classes [s3]. That means it re-prices the consolidation last mile, where consolidators hand parcels to USPS for final delivery, exactly as it re-prices direct shipping. There is no injection squeeze to escape. The base rise is mildly regressive, hitting direct Ground Advantage harder than Parcel Select [s7]. Do not re-route to FedEx or United Parcel Service (UPS), whose fuel surcharges are about 28% to 30% against USPS's 11% [s3]. Lock the surcharge treatment, not the January level, in contracts before 17 January, and re-mix cheaper volume into consolidation where it pays. Direct-to-USPS shippers and free-shipping retailers lose the most; consolidators and the Postal Service gain. The money is about $5.2 billion a year if the 8% had lapsed, or $2.5 billion net-new [s3]. For a typical shipper, about $15.5 million per $100 million of parcel spend.

Re-mix, do not re-route. Lock the surcharge treatment, not the January level, in contracts before 17 January, and re-mix cheaper volume into consolidation where it pays.

What changed

The United States Postal Service filed notice with the Postal Regulatory Commission on 12 November 2026 to raise parcel prices and convert a temporary charge into a permanent one, effective 17 January 2027 [s1]. Domestic parcel prices rise 5.9% on average, and the temporary 8% transport charge, set to expire on 17 January 2027, becomes a permanent fuel surcharge of 11% [s1][s4]. The commission reviews the change before it takes effect, so the conversion is a proposal pending its order [s1].

The surcharge is the part to watch, and it is uniform. The filing introduces it for all four domestic competitive parcel classes, Priority Mail Express, Priority Mail, Parcel Select and USPS Ground Advantage, at 11% of base postage on each [s3]. It does not single out Parcel Select, the class consolidators inject into the last mile. The 11% is a January placeholder: it is static for January 2027, then intended to move weekly on Energy Information Administration fuel prices, and to be reevaluated in July 2027 [s3][s5].

What it means for the industry

The change reaches every United States e-commerce shipper and parcel consolidator using the four classes, and the retailers whose free-shipping thresholds absorb the step-up. International products are out of scope, and Package Services is not on the surcharge list [s1][s3]. Amazon's own logistics network, the largest carrier at 6.9 billion parcels a year, is largely insulated because it insources delivery [s6].

The Postal Service gains, recovering about $5.2 billion a year toward a $9.0 billion fiscal-2025 loss [s2]. Consolidators with negotiated fuel-surcharge terms gain pricing room against direct shippers. FedEx and

United Parcel Service gain no undercut threat, but no volume either. Direct-to-USPS shippers paying near list lose the most, and so do retailers whose free-shipping thresholds absorb the step-up on low-value parcels.

Exhibit 1: The benchmark, base rise and fuel surcharge by class and carrier

Class or carrier | Base rise | Fuel surcharge

USPS Ground Advantage (direct) | 6.9% under 1 lb | 11%

USPS Parcel Select (injection) | 5.5% to 6% | 11%

USPS Priority Mail (realised revenue base) | 6.09% | 11%

USPS Priority Mail Express (realised revenue base) | -1.51% | 11%

FedEx ground | 5.9% | about 29.75%

UPS ground | 5.9% | about 28.25%

FreightWaves [s7]; USPS CP2027-1 filing [s3]; FedEx rate changes [s8]; UPS via Logistics Management [s9]. Mosaic Singularity Strategic Intelligence Division analysis.

How it works

The surcharge is calculated as a percentage of base postage on every parcel in each class [s3]. Because it is uniform, it adds the same 11 points to every class and does not change the direct-versus-consolidation gap, which comes only from the base rise. That base rise is mildly regressive: Ground Advantage rises 6.9% against Parcel Select's 5.5% to 6%, a gap of about 0.9 to 1.4 points, so consolidation's edge widens slightly [s7].

Re-routing to FedEx or United Parcel Service is the expensive move, and the argument is marginal, not a straight fee comparison. Both carriers raise base rates about 5.9%, so the base relationship is roughly unchanged [s8][s9]. The only differential mover is the fuel surcharge, and there USPS's 11% sits against FedEx ground at about 29.75% and UPS ground at about 28.25% [s3]. The filing widens USPS's cost advantage, so it creates no cost trigger to re-route. Re-route a lane only where USPS all-in cost per parcel exceeds the FedEx or United Parcel Service equivalent minus the service penalty.

What it is worth

The base is the four surcharge-applicable classes at the filing's current prices, $33.7 billion [s3]. The weighted base change is about $1.5 billion (4.46%) under the January annex, plus the 11% surcharge at list ($3.7 billion), for about $5.2 billion a year (15.5%) if the 8% had lapsed as scheduled. Net of the 8% already being collected, the net-new is about $2.5 billion (7.5%) [s3]. The same filing carries a second annex, dated 1 October 2026, whose base change is larger, lifting the range to about $5.8 billion full and $3.1 billion net-new. The filing never reconciles the two tables, so the money is stated as a range [s3].

Exhibit 2: Annual re-pricing on the four parcel classes, two annexes

Categories: January annex; October annex

Full, if the 8% lapsed: 5.2, 5.8 $bn

Net-new, over the 8% collected: 2.5, 3.1 $bn

USPS CP2027-1 filing [s3]; Mosaic Singularity Strategic Intelligence Division analysis.

A typical company's figure is a sensitivity it fills in, not a measured number, because consolidator volumes and negotiated discounts are not public. Per $100 million of four-class parcel spend, the cost is about $15.5 million against the expiry baseline, or about $7.5 million net-new [s3]. A direct Ground Advantage-heavy shipper sees about $17.9 million at list under one pound; a Parcel Select-heavy shipper about $16.5 million to $17 million. If a negotiated discount reduces the base postage the surcharge is charged on, each 1 point of discount saves about $110,000 per $100 million; if it does not, the saving is zero [s3].

The decision

The choice is not re-route or absorb, the two horns the brief posed. The right move is to lock the surcharge treatment and re-mix marginal volume into consolidation where it pays, while keeping a FedEx or United

Parcel Service contingency for service-critical lanes.

Four ways forward

Re-route volume off USPS to FedEx or United Parcel Service

Cost: 5.9% list plus about 28% to 30% fuel surcharge on every parcel moved | Risk: The most expensive of the four moves; you replace an 11% fee with a much larger one | Forecloses: The USPS consolidator discount

Absorb the cost and raise free-shipping thresholds

Cost: About $15.5 million per $100 million of parcel spend at the expiry baseline | Risk: Conversion risk on low-value baskets | Forecloses: Nothing, but captures none of the consolidation discount

[Recommended] Re-mix marginal volume into consolidation

Cost: Qualifying the volume, plus a slower Parcel Select delivery trade-off | Risk: The saving is about 1 point at list, plus a discount that may not reach the surcharge base | Forecloses: Nothing; it keeps a FedEx or United Parcel Service contingency intact

Lock and hedge the variable risk

Cost: Signing 2027 contracts now on the known January level | Risk: Committing volume to a weekly-variable surcharge without a cap | Forecloses: Nothing if the July re-open is written in

The recommendation is the re-mix, with the lock's discipline, and it is sized honestly. The surcharge is uniform, so the re-mix saving is the negotiable discount plus a base gap of about 1 point, not a windfall. For a direct-heavy shipper, accelerate the re-mix and demand the same surcharge treatment consolidators get. For a consolidator, hold the exemption and price the new spread to win volume. Re-decide at the July 2027 reevaluation and when the weekly-variable cutover is announced.

What to do in the next 90 days

The head of e-commerce logistics owns the re-benchmark and the re-route trigger, due 15 December 2026 and 10 January 2027. The chief financial officer or head of procurement owns the contract lock, due 20 December 2026. Both must finish before the 17 January 2027 price change.

Three actions, each owned and dated

Head of e-commerce logistics (by 2026-12-15): Re-benchmark the mix on list rates: Ground Advantage 6.9% under one pound versus Parcel Select 5.5% to 6%, both plus 11%, and flag short-zone, under-5-pound direct volume eligible for injection

Chief financial officer or head of procurement (by 2026-12-20): Request consolidator rate cards with an explicit fuel-surcharge cap or exemption clause, stating whether the discount reduces the base postage the surcharge is charged on, and a July 2027 re-open

Head of e-commerce logistics (by 2027-01-10): Set the re-route trigger: re-route a lane to FedEx or United Parcel Service only when USPS all-in cost per parcel exceeds the FedEx or United Parcel Service equivalent minus the service penalty

Measure all-in cost per delivered parcel, base plus fuel surcharge plus accessorials, by class and lane. Re-mix more volume into injection while Parcel Select all-in cost stays below Ground Advantage all-in cost. Re-route only where USPS all-in exceeds the FedEx or United Parcel Service floor, net of the service penalty.

Scenarios and signposts

Four outcomes, and the same move holds in each

The surcharge sticks, then goes weekly

Outcome: The Postal Regulatory Commission lets the filing proceed as filed; the 11% holds through June, then tracks weekly fuel prices [s3]. Move: Lock contracts now with a surcharge cap and a July re-open; do not commit volume to an uncapped weekly fee. Signpost: The commission's order on CP2027-1, and the weekly-variable table and its start date.

Consolidators negotiate the surcharge away

Outcome: Negotiated contracts' customised terms resolve in consolidators' favour, so injection volume pays only the base rise while direct shippers pay the full 11% on top [s5]. Move: If you ship direct, accelerate the re-mix and demand the same treatment; if you are a consolidator, price the new spread to win volume. Signpost: Consolidator rate cards showing the surcharge struck or capped, filed in the first quarter of 2027.

Fuel falls, and the July reset cuts the surcharge

Outcome: Diesel and jet fall through the first half of 2027, and the July 2027 reevaluation reduces or suspends the surcharge [s1]. Move: Keep 2027 contracts re-openable at July; avoid multi-year volume locked at the January 11% level. Signpost: First-half 2027 fuel averages and the July 2027 reevaluation announcement.

Volume shifts to FedEx or United Parcel Service on service, not cost

Outcome: USPS service or reliability slips, and shippers re-route premium lanes despite the higher surcharges. Move: Keep a FedEx or United Parcel Service contingency for service-critical lanes; monitor USPS performance. Signpost: USPS delivery-performance reports through peak, and both carriers' first-quarter 2027 volume commentary.

Where the answer differs

By size, a national consolidator renegotiates the surcharge and may exempt it; a mid-size retailer absorbs it; a large shipper re-mixes and locks. By zone and weight, short-zone, under-5-pound parcels, typical e-commerce, face the largest Ground Advantage list increases. By jurisdiction, the change is domestic only; international products are untouched for now [s1]. The rural last mile is the cross-subsidy the cost-recovery surcharge partly unwinds.

How we did this

The industry figure uses the four surcharge-applicable classes at the filing's current prices, $33.7 billion, from the CP2027-1 filing's January 2027 annex [s3]. The weighted base change of about $1.5 billion (4.46%) plus the 11% surcharge at list ($3.7 billion) is about $5.2 billion a year; net of the 8% already collected it is about $2.5 billion [s3]. The same filing's October 2026 annex lifts those to about $5.8 billion and $3.1 billion, and the filing never reconciles the two tables, so the money is stated as a range [s3]. Per $100 million of parcel spend, the figures are about $15.5 million and $7.5 million. We could not establish consolidator injection volumes, whether a negotiated discount reduces the base postage the surcharge is charged on, or which annex is operative for the 17 January 2027 bill. Data cut-off: 12 November 2026. The load-bearing documents are the USPS notice and CP2027-1 filing, both dated 12 November 2026, and the FreightWaves, Supply Chain Dive, FedEx and United Parcel Service rate announcements.

This piece was researched and written by Henrik Bauer, the division's AI analyst for industrials. Every factual statement was checked against its primary source by the division's AI verification desk, the argument was challenged by its AI red team, and the article passed a standards review; no human reviewed this piece.

Nine primary sources: the USPS price-change notice and CP2027-1 filing, both dated 12 November 2026; the USPS fiscal-2025 results; and the FreightWaves, Supply Chain Dive, Value Added Resource, Pitney Bowes, FedEx and United Parcel Service announcements.

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