Newsletter

MAY 2026

1. UPS and FedEx up international fuel surcharge rates, add surge fees

2. How AI is being used in transportation management systems today

3. Why more retailers are offering same-day delivery

4. DHL CEO flags jet fuel supply constraints in Asia

5. Manufacturing expands for fourth month, but price increases remain a concern

UPS and FedEx up international fuel surcharge rates, add surge fees

TUPS and FedEx are increasing international fuel surcharges and adding temporary shipping fees as rising oil prices and instability in the Middle East continue to put pressure on global logistics networks. These changes are increasing costs for a wide range of import and export shipments.

This month, both carriers introduced new surge fees for cargo moving between the U.S. and multiple international markets. UPS added a 32 cent per pound surcharge on many international shipments and imposed additional fees on goods moving from parts of Asia to the U.S. FedEx also introduced import and export demand surcharges for shipments linked to countries including China, Japan, South Korea, and Vietnam.

At the same time, both companies raised their fuel surcharge calculations for international air services. Under the updated formulas, customers now face higher percentage-based fuel fees even when jet fuel prices remain within previously defined ranges. Analysts say these changes are intended to help carriers offset rising operating costs and protect margins.

The pricing adjustments come as the conflict involving Iran disrupts transportation flows across the Middle East and raises concerns about fuel supply stability. Logistics providers are facing higher jet fuel costs and growing uncertainty in capacity, especially on key routes connected to hubs such as Dubai and Doha.

Air cargo rates have also increased significantly in recent months. According to Xeneta data, global spot rates reached $2.86 per kilogram in March, up 14% year over year. Rates from South Asia to North America saw the sharpest rise, increasing around 75% due to heavy reliance on Middle Eastern carriers.

Despite the rise in spot rates, long-term contract prices have remained relatively stable. However, many shippers are shifting away from annual contracts and moving toward shorter three-month agreements or spot bookings as they wait for market conditions to stabilize.

How AI is being used in transportation management systems today

Artificial intelligence is increasingly being integrated into transportation management systems as logistics companies aim to improve efficiency, automate workflows, and reduce costs. Instead of experimental use, many firms are now applying AI in practical ways that deliver measurable results.

AI is most effective when used in specific decision points such as procurement, shipment approval, and execution. It helps analyze large volumes of logistics data to support faster and more accurate decisions rather than replacing human oversight.

One key use case is AI-driven spot auctions, where systems evaluate shipment details, carrier performance, and pricing behavior to select the best carriers for bidding. AI is also used in shipment approval processes to assess costs and determine required approval levels.

In execution, AI can automatically assign shipments, manage documentation, and switch to backup carriers when needed. This reduces manual work and improves operational speed and reliability.

Generative AI is also changing how users interact with transportation systems, allowing logistics teams to access data and insights through natural language instead of complex dashboards.

Overall, AI adoption in logistics is still in early stages, with most companies focusing on targeted automation. The greatest value comes from integrating AI directly into transportation workflows to improve visibility, efficiency, and decision-making.

Why more retailers are offering same-day delivery

Retailers are increasingly expanding same day delivery as fast fulfillment becomes a key competitive advantage in e commerce. It is no longer seen as a premium service but a basic customer expectation, driven by changing shopping habits and competition from platforms like Amazon.

Companies such as Walmart, Target, and Best Buy are investing in local fulfillment networks and using stores as mini distribution centers to speed up deliveries and reduce costs compared to central warehouses.

Consumer demand for speed and convenience continues to rise, especially for groceries and essential goods. Faster delivery also helps improve customer loyalty and increase order value.

To support these services, retailers rely on technology and partners like Instacart, DoorDash, and Uber, along with routing and inventory systems to manage last mile delivery without building full in-house fleets.

However, same day delivery increases operating costs due to higher labor, inventory complexity, and tighter coordination. As a result, many retailers limit it to certain regions, loyalty programs, or minimum order values.

Overall, same day delivery is reshaping supply chains, pushing companies to place inventory closer to customers and improve demand forecasting, while balancing speed with profitability.

DHL CEO flags jet fuel supply constraints in Asia

DHL is warning that jet fuel shortages in Asia are becoming a growing challenge for air cargo operations, driven by ongoing disruption linked to the Iran conflict and global energy market pressure. While fuel supply remains stable at major hubs, smaller airports across Asia are becoming increasingly unpredictable.

DHL CEO Tobias Meyer said the company has better fuel security at large hubs due to dedicated infrastructure and long-term supplier contracts. However, at many smaller airports, DHL relies on local providers and has already faced situations where extra fuel was unavailable.

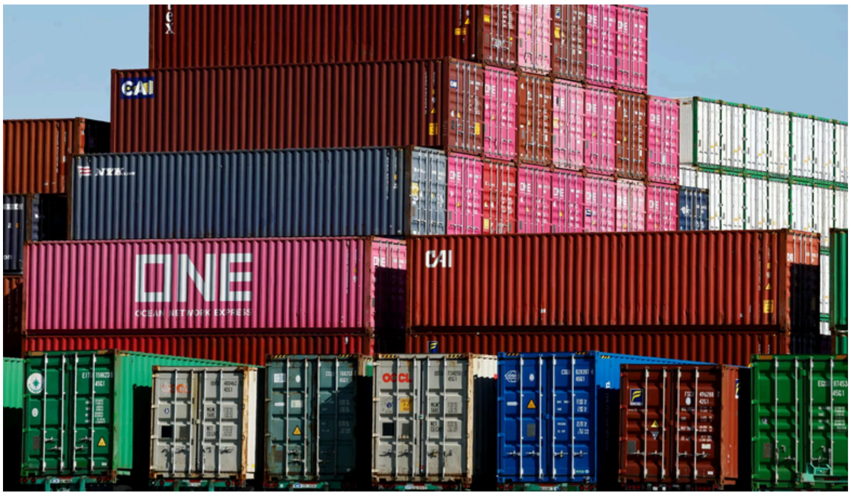
The issue is linked to disruptions around the Strait of Hormuz, a key global oil shipping route. Analysts say this has tightened fuel supply in Asia and pushed jet fuel prices higher. Data shows Asia's jet fuel exports fell to their lowest level since 2017 in April, down to about one-third of pre-crisis levels.

Short-haul flights can sometimes operate with limited refueling, but long-haul international routes are more exposed when fuel shortages occur. DHL warns this reduces operational flexibility across multiple markets.

Higher fuel costs are also pushing up air cargo prices. Carriers such as DHL, United Cargo, and Cathay Cargo are adding fuel surcharges to offset rising expenses.

Despite these challenges, demand for air cargo remains strong, especially on Asia–Europe routes, as capacity shifts away from some Middle East carriers. However, continued fuel constraints could eventually impact flight schedules and supply chain reliability if conditions persist.

Manufacturing expands for fourth month, but price increases remain a concern



U.S. manufacturing expanded for the fourth straight month in April, but rising prices and geopolitical risks are raising concerns across the sector. The ISM Manufacturing PMI held at 52.7, showing continued growth despite tariffs and the conflict involving Iran.

Demand remained stable, with new orders rising to 54.1. Production also stayed in expansion territory, though growth slowed due to supply chain disruptions and higher cost pressures.

However, business sentiment has turned more cautious. Manufacturers cited concerns over tariffs, higher energy prices, and instability in the Middle East, with the Iran conflict frequently mentioned as a source of fuel volatility and supply risk.

Inflation pressure is a major issue. The ISM Prices Index surged to its highest level since April 2022, with widespread cost increases across key industries including chemicals, machinery, transport equipment, and food.

Higher costs for metals and energy inputs are driving inflation across supply chains. At the same time, supplier delivery times are lengthening, signaling ongoing logistical strain.

Employment conditions weakened further as companies slowed hiring and focused on cost control amid uncertainty.

Overall, manufacturing is still expanding, but rising costs, fuel volatility, and global uncertainty could limit growth in the coming months.

CONTACT US

Tel: +86-21-32506989

E-mail: marketing@sha.premiere-logistics.com

Website: www.premiere-logistics.info

Address: RM.903/904, Building B, No. 28 Xuanhua Rd. Changning District, Shanghai, 200050, China

Sources: SupplyChainDive (May 2026)