



## April Supply Chain & Logistics News Wrap Up

**Key developments across global supply chains in April, including fuel cost pressures, transportation adjustments and shifting carrier and shipper strategies.**

April was an eventful month for the world's supply chains as the war in the Middle East continued, fuel prices rose and the Strait of Hormuz fluctuated between being closed, opened and then closed again. Makers and distributors of petroleum-based products (i.e., plastic, petrochemicals and synthetic materials) felt some of the biggest impacts, and the world's airlines were forced to reckon with the situation and adapt accordingly.

Carriers adjusted routes, built in longer flight paths and absorbed higher operating costs as jet fuel prices climbed. At the same time, manufacturers and distributors across multiple sectors dealt with higher input costs, tighter margins and some uncertainty around supply continuity.

By the end of the month, AAA was reporting that gas prices in the U.S. had risen to their highest levels in four years. The price at the pump has not been that high since April 2022, according to *The New York Times*, shortly after Russia invaded Ukraine.

"The price of crude oil has risen steadily over the past week, as talks have stalled during an uneasy cease-fire," it adds. "Brent crude, the international benchmark, has posted gains in six of the past seven trading sessions and remains more than 40% higher than it was before the first U.S.-Israeli strikes on Iran in late February."

### Fuel Costs Drive New Fees

In April, United Airlines announced an additional \$10 for checked bags, joining JetBlue which announced a similar move earlier in the month. Shipping companies began charging extra. Amazon also added a 3.5% fuel and logistics surcharge for its third-party sellers in the U.S. and Canada starting April 17.

"Elevated costs in fuel and logistics have increased the cost of operating across the industry," an Amazon spokesperson told *Spectrum News*. "We have absorbed these increases so far, but similar to other major carriers, when costs remain elevated,

we implement temporary surcharges to partially recover these costs."

The United States Postal Service was among the first companies to announce it would raise prices because of increasing fuel prices. "Transportation costs have been increasing, and our competitors have reacted with a number of surcharges," the USPS said after rolling out an 8% increase on package deliveries starting April 26.

According to *Spectrum News*, FedEx has added 26.5% to the price of its ground shipments and UPS increased its ground shipment rates by between 25% and 28%. Ocean shippers are also feeling the pinch. Maersk handles about 14% of the world's shipping containers and imposed a temporary emergency bunker surcharge to cover the impact of fuel availability due to the evolving security situation in the Middle East.

"Due to the current situation, we have seen no other alternative than to implement a temporary Emergency Bunker Surcharge (EBS)," Maersk says on its [website](#). "This surcharge covers the impact of fuel availability, cost and mix outside of what is covered in our Fossil Fuel Fee (FFF); this means we are better positioned to have the necessary access to fuel and the ability to move it to necessary locations."

### Amazon, USPS Reset Partnership

Also in April, Amazon and the U.S. Postal Service successfully negotiated a new delivery partnership. According to *WSJ*, the e-tailer had threatened to drastically cut back the number of packages it sends through the agency. Now, instead of reducing the number of packages it ships through the Postal Service by two-thirds, the two sides now have a tentative deal that will result in a 20% reduction.

"The new tentative deal would still have the Postal Service deliver more than 1 billion packages for Amazon a year," the publication reports. "The loss of revenue from the 20% cut, however, could hurt the Postal Service. It has grown to rely on the billions of dollars it makes from Amazon's guaranteed volumes."

Amazon once relied on parcel carriers like FedEx and UPS, but the former stopped delivering the company's packages (before resuming certain large deliveries last year) and the latter cut back its deliveries. "The parcel carriers have been wary about relying too much on Amazon, especially since the e-commerce giant is also a competitor," *WSJ* explains.