

The Virgin Islands Consortium

U.S.-Israel War Against Iran Pushes USPS to Seek 8% Package Hike as FedEx and UPS Fuel Surcharges Reach 25% to 28%

As fuel costs climb during the U.S.-Israel war against Iran, Reuters reported that USPS is seeking a temporary 8% surcharge on Priority Mail and package deliveries, while FedEx and UPS already charge fuel surcharges ranging from 25% to 28% for deliveries.

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The U.S. Postal Service is seeking approval for a temporary 8% price increase on Priority Mail and package deliveries as transportation fuel costs continue to climb amid the war involving the United States, Israel and Iran. USPS filed for the temporary increase on

March 25 and said the surcharge would take effect April 26 if approved by the Postal Regulatory Commission.

The Postal Service said the increase is aimed at dealing with rising transportation fuel costs and would serve as a “bridge to a permanent mechanism to reflect market conditions in prices for competitive products.” The surcharge would not affect first-class stamp prices.

The timing reflects the wider economic shock from the war. Reuters reported that since the conflict began, Brent crude has surged by more than 50% and briefly rose above \$119 a barrel, while analysts surveyed by Reuters said prices could remain elevated or climb higher if the conflict damages more export infrastructure or keeps traffic disrupted through the Strait of Hormuz.

USPS also pointed to what its competitors are already doing. FedEx and UPS have imposed fuel surcharges ranging from 25% to 28% for ground and air deliveries since the start of the Iran war, as oil prices, jet fuel and diesel costs jumped. That gives USPS room to argue that its proposed increase remains lower than what private carriers are already charging.

The surcharge request comes at a moment of broader financial strain for the Postal Service. USPS has warned it could run out of money as soon as October. Postmaster General David Steiner also told Congress earlier this month that higher first-class stamp prices could eventually be needed to boost revenue and reduce losses, though that proposal is separate from the temporary package surcharge now before regulators.

For consumers and businesses in the Virgin Islands, where shipping costs already carry outsized weight because of geography, even a temporary increase in package prices would be felt quickly. The Postal Service’s request is still pending, but if approved, it would add another cost pressure at a time when the war’s effect on fuel, freight and household expenses is already spreading well beyond the battlefield.