

UPS ups rates

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PHOTO: TIMOTHY R. CLARY/AFP/GETTY IMAGES

UPS is raising its rates in 2012.

NEW YORK (CNMoney) -- Good news: the United Parcel Service is reducing the price of its fuel surcharge. Bad news: you'll be paying more to send you packages next year anyway.

UPS (**UPS**, **Fortune 500**), the largest trucking and delivery company in the world, announced Friday that it would reduce the fuel surcharge by 1 percentage point for ground packages and 2 percentage points for air shipments starting Jan 2.

Regardless, the company's base rates are going up on the same date.

UPS Ground shipments is lifting its base rate 5.9%, as will UPS Next Day Air Freight and UPS 2nd Day Air Freight for shipments within and between the U.S., Canada and Puerto Rico.

UPS Air and international shipment rates are rising 6.9%.

UPS spokesman Norman Black said the rate increases were driven by factors including "our overall cost, the demand for our service, [and] the investments we're making to develop new services and technologies for our customers." The company's fuel costs, he added, increased 40% in the third quarter compared with last year.

"The bottom line is that our customers appreciate the overall value that they get from UPS, and that goes beyond what they pay just for shipping a particular package," he said.

Rival FedEx (**FDX**, **Fortune 500**) previously announced a comparable increase despite its own reduction in fuel surcharges, with its express service raising rates 5.9% on average, but reducing the fuel service charge by 2 percentage points.

The United States Postal Service, meanwhile, has increased postage rates and has been scrambling to cut costs amid declining mail volumes and mounting benefit costs.

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