



Press Release

Curaçao, 28 January 2016

Fuel tariffs February 2016 and price developments

With this press release the Bureau Telecommunicatie en Post (to be referred to hereinafter as: the Bureau) provides further explanation on the recently approved adjustments by the government of Curaçao of the tariffs for Mogas 95 (gasoline), Low Sulphur Diesel (LSD) and Liquefied Petroleum Gas (LPG), which will take effect as per 2 February 2016. Besides this, in view of the developments on the international market(s) an explanation is also provided of the development of fuel prices in Curaçao during the past two years.

Tariffs February 2016

The structure of the tariffs for the products Mogas 95 and LSD is displayed below for the months of January and February 2016.

Products	Mogas 95 Jan-16	Mogas 95 Feb-16	Products	Gasolie LSD Jan-16	Gasolie LSD Feb-16
Unit	NAF/Ltr	NAF/Ltr	Unit	NAF/Ltr	NAF/Ltr
Purchase price	0.6517	0.6174	Purchase price	0.6795	0.6795
Import Tax LSD			Import Tax LSD	0.0000	0.0000
Margin Curoil	0.0900	0.0900	Margin Curoil	0.0757	0.0757
Excise Tax	0.4134	0.4134	Excise Tax		
Surplus/ Deficit (Recovery)	-0.0318	-0.1062	Surplus/ Deficit (Recovery)	-0.0052	-0.0481
Cross-subsidy	0.0000	0.0000	Cross-subsidy	0.0000	0.0000
Wholesale Turnover Tax 6%	0.0693	0.0672	Wholesale O.B. 6%	0.0453	0.0453
Dealer Margin	0.1557	0.1557	Dealer Margin	0.1557	0.1557
Retail Turnover Tax 6%	0.0828	0.0806	Retail Turnover Tax 6%	0.0574	0.0574
End user tariff	1.4311	1.3181	End user tariff	1.0084	0.9655
Price at the gas station	1.431	1.318	Price at the gas station	1.008	0.966

The decrease of the tariff for Mogas 95 is the result of i) a decrease of the purchase price of approximately NAF. 0.04, ii) the termination of the 60 months recovery component of approximately NAF. 0.04 and iii) a correction in the surplus/deficit component.

The decrease of the tariff for Gasoil LSD is the result of the termination of the 60 months recovery component van approximately NAF. 0.03 and also a slight adjustment of the surplus/



deficit component. The termination of the 60 months recovery component is further explained below.

Although the tariffs for LPG (cooking gas) are usually kept stable as much as possible, it has been decided, due to the continuing decrease of the purchase price of LPG and the growing so-called LPG Account – a financial buffer to temporarily counter-act price increases of LPG – to also decrease the end user tariffs for LPG. The tariff for LPG 100 lbs is decreased from NAF. 45.00 to NAF. 40.00 and the tariff for LPG 20 lbs is decreased from NAF. 9.00 to NAF. 8.00.

Termination '60 months recovery'

From January until June 2011 Curoil realized a deficit of approximately NAF. 62.5 million due to the lack of fuel tariff adjustments. The Council of Ministers decided at the time to compensate the deficit through the surplus/deficit component in the tariffs during a period of 60 months, starting on 5 July 2011, therefore ending no later than in June 2016.

The exceptional price decreases, particularly in the fourth quarter of 2014 (see also the explanation of the price developments below) resulted in a surplus at Curoil that required correction at the beginning of 2015. Due to the great extent of the corrections, it was decided for the months of January until March 2015 to allocate these primarily to the 60 months recovery. As a result of this, the 60 month recovery was made up at an accelerated pace.

Because of this development, the deficit of Curoil has now entirely been compensated and the 60 months recovery is no longer included in the regulated fuel tariffs for February 2016. This has a structurally positive effect on the tariffs for Mogas 95 and Gasoil LSD of approximately NAF. 0.04 and approximately NAF. 0.03 per liter respectively.

Price developments

The point of departure for the tariff regulation of fuels in Curaçao is the average purchase price of the fuels purchased by Curoil. The end user tariffs are subsequently determined by increasing the purchase prices with the margin Curoil, excise tax, turnover tax, the dealers margin and the surplus/deficit component. The purchase prices of the regulated fuels in Curaçao are determined to a significant extent by the listing of world trade prices, such as for example Platts, and therefore also follow international developments.

The refined fuel products each have their own price development determined by demand and supply of that product. These developments are therefore not necessarily entirely the same as the development of the price for crude oil. Since there obviously is an important relationship, the development of the crude oil prices is monitored by the Bureau (see WTI notification, for instance at www.eia.gov).

In calculating the regulated fuel tariffs an administrative delay of approximately two (2) months is applicable, since the average purchase price is determined based on purchasing



invoices of Curoil that are only available afterwards. For example, the purchase price as part of the end user tariffs for the month of February 2016 is based on the purchasing invoices of December 2015.

In the figures 1 and 2 below it is made clear for the products Mogas 95 and Gasoil LSD in which manner the purchase prices and end user tariffs developed as compared to the international prices for crude oil and refined products during 2014 and 2015.

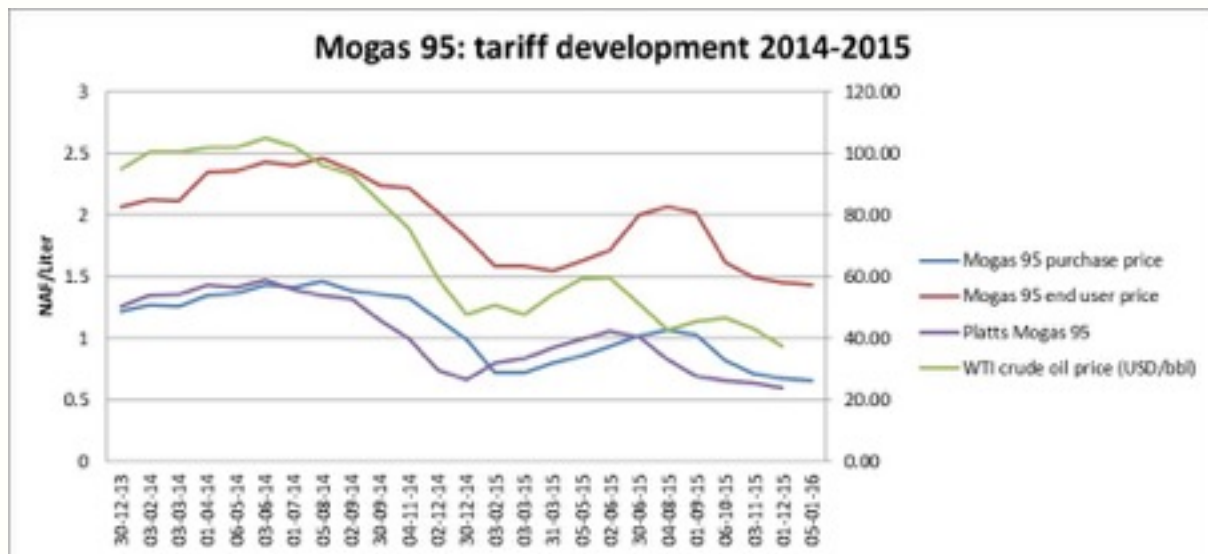


Figure 1 Tariff development Mogas 95

The aforementioned administrative delay in determining the purchase price of Mogas 95 appears clearly from figure 1 by comparing this with the Platts listing. From figure 1 also appears that the development of the Mogas 95 tariff, as determined on Curaçao, follows the development of Platts and crude oil prices. This is particularly evidenced by the strong price decrease during the last months of 2014, the price increase of the second quarter from the second quarter 2015 and the newly commenced price decrease since the middle of 2015.

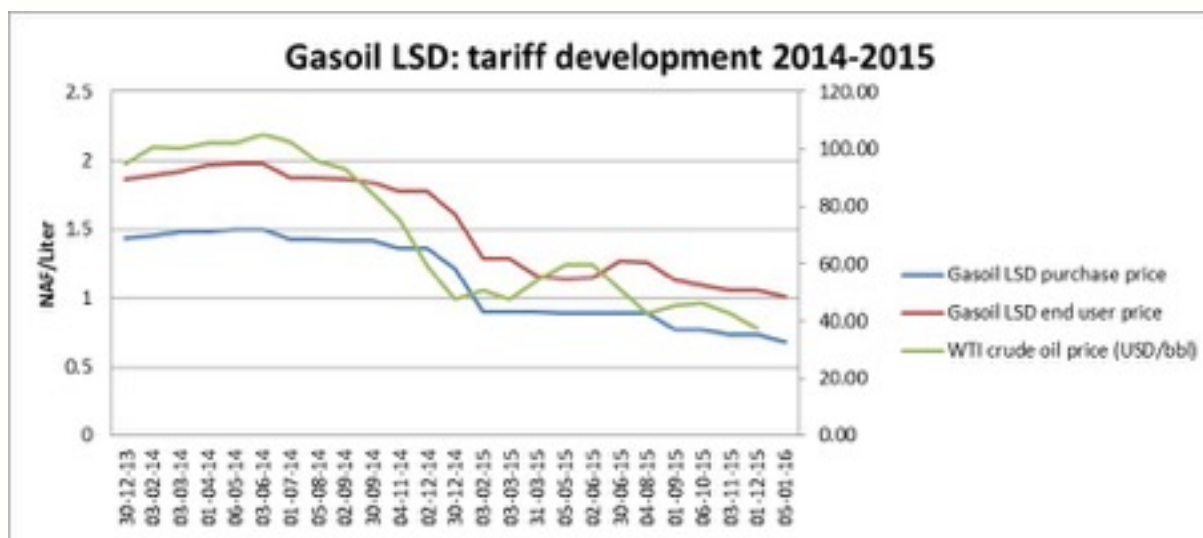


Figure 2 Tariff development Gasoil LSD

The purchase of Gasolie LSD by Curoil is dependent on the available inventory at Curoil and takes place in the international market against varying market prices, so it is therefore less obvious to follow a specific price listing for this product. The regulated purchase price is determined based on the purchase invoices of Curoil. In any case, it becomes apparent from figure 2 that the tariff for Gasoil LSD as determined in Curaçao has followed the development of the crude oil price to a significant extent.

The monthly data that form the basis for the above figures 1 and 2 have been included in the tables 1 and 2 below for further reference.

Through the system of monthly tariff adjustments for regulated fuels it is in any case guaranteed that in case of (international) price increases, the position of distribution company Curoil remains guaranteed, but in the other case, international price decreases will serve to benefit the Curaçao economy and community.

Table 1: Development tariffs Mogas 95

Starting date	Platts Mogas 95 (NAF/Ltr)	Mogas 95 Purchase price (NAF/Ltr)	Mogas 95 End use tariff (NAF/Ltr)	WTI crude oil price (USD/bbl)
30-12-13	1,26	1,2261	2,067	94,99
03-02-14	1,35	1,2752	2,123	100.66
03-03-14	1,36	1,2656	2,115	100,51
01-04-14	1,43	1,3481	2,347	102,14
06-05-14	1,42	1,3644	2,356	101,91



03-06-14	1,47	1,4351	2,437	105,12
01-07-14	1,40	1,4162	2,403	102,46
05-08-14	1,35	1,4675	2,461	96,08
02-09-14	1,32	1,3872	2,370	93,17
30-09-14	1,14	1,3555	2,244	84,34
04-11-14	1,00	1,3319	2,219	75,70
02-12-14	0,74	1,1571	2,020	59,14
30-12-14	0,66	0,988	1,817	47,66
03-02-15	0,80	0,723	1,591	50,83
03-03-15	0,84	0,7274	1,587	47,85
31-03-15	0,93	0,7967	1,554	54,38
05-05-15	1,00	0,8585	1,623	59,39
02-06-15	1,06	0,9387	1,713	59,83
30-06-15	1,02	1,0192	2,006	51,19
04-08-15	0,83	1,0737	2,067	42,89
01-09-15	0,69	1,0299	2,018	45,45
06-10-15	0,66	0,8185	1,614	46,50
03-11-15	0,64	0,7132	1,496	42,99
01-12-15	0,60	0,675	1,453	37,36
05-01-16		0,6517	1,431	



Table 2: Development tariffs Gasoil LSD

Starting date	Gasoil LSD Purchase price (NAF/Ltr)	Gasoil LSD End user tariff (NAF/Ltr)	WTI crude oil price (USD/bbl)
30-12-13	1,432	1,868	94,99
03-02-14	1,453	1,892	100,66
03-03-14	1,4781	1,923	100,51
01-04-14	1,4781	1,969	102,14
06-05-14	1,4969	1,981	101,91
03-06-14	1,4969	1,982	105,12
01-07-14	1,4266	1,880	102,46
05-08-14	1,4266	1,880	96,08
02-09-14	1,4164	1,868	93,17
30-09-14	1,4164	1,840	84,34
04-11-14	1,3624	1,780	75,70
02-12-14	1,3624	1,777	59,14
30-12-14	1,217	1,607	47,66
03-02-15	0,9026	1,291	50,83
03-03-15	0,9026	1,287	47,85
31-03-15	0,9026	1,157	54,38
05-05-15	0,8872	1,140	59,39
02-06-15	0,896	1,150	59,83
30-06-15	0,896	1,274	51,19
04-08-15	0,8879	1,264	42,89
01-09-15	0,7698	1,132	45,45
06-10-15	0,7698	1,098	46,50
03-11-15	0,7328	1,057	42,99
01-12-15	0,7328	1,057	37,45
05-01-16	0,6795	1,008	