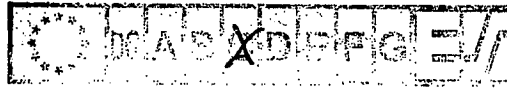
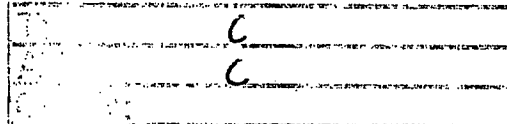


Central Statistics Office
An Phríomh-Oifig Staidrimh

Mr. Laurs Norlund,
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22 JUN 2007 004292



19th June, 2007

Dear Mr. Norlund,

I refer to your letter of 6th June 2007 concerning the classification of Irish Rail. In the letter you suggest that, on the basis of the 50% market/non-market rule, the company could be reclassified in the General Government pending clarification of the classification of public holding companies by the Financial Accounts Working Party (FAWP).

Following your letter a paper on the issue was put on the agenda of last week's FAWP meeting in Luxembourg. While this resulted in some useful clarifications, I understand that time constraints meant that a substantive discussion of the issue could not take place. In order to agree a common solution, it would be useful to hear the views of some additional Member States and we therefore hope that the paper can be discussed further at the next meeting of the FAWP.

In the interim, we would prefer to continue to treat Irish Rail as a Public Corporation classified outside General Government. In doing so we undertake to continue to record all capital injections by Government into Irish Rail as capital transfers so that the classification has no practical implications for the size of our Government Deficit. I hope that this is acceptable.

Even though the classification question may not be fully resolved, we would be happy at this point to have the exchanges to date on the issue published. In order to give a balanced view, we would prefer that this would include the correspondence from our two institutions.

Yours sincerely

Bill Keating
Assistant Director General
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