

**United Nations**  
**CONFERENCE**  
**ON**  
**TRADE AND EMPLOYMENT**

**Nations Unies**  
**CONFERENCE**  
**DU**  
**COMMERCE ET DE L'EMPLOI**

RESTRICTED

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ORIGINAL: ENGLIS

SIXTH COMMITTEE: ORGANIZATION

SUB-COMMITTEE I (ARTICLE 94)

NOTES OF THE FIRST MEETING

Held Tuesday, 7 January 1948, at 10.30 a.m.

Chairman: Mr. TINOCO (Costa Rica)

1. Mr. TINOCO (Costa Rica) was unanimously elected Chairman of the Sub-Committee.
2. The Sub-Committee proceeded with the examination of amendments to Article 94. The CHAIRMAN noted that there was no amendment to paragraph (a).
3. In paragraph (b)(i) it was agreed to insert the words "either singly or with other Members" after the word "Member".
4. Paragraph (b) (ii)

Mr. McCARTHY (Australia) said that the purpose of the Australian comment was to assure that military establishments maintained or controlled by another country would be included in the scope of the provisions as well as those maintained by the Member itself. The scope of the expression of "goods and materials" in sub-paragraph (ii) should cover raw materials used for the production of goods for military purposes.

In the discussion some representatives considered that the amendment was too wide and preferred to maintain the present text with an interpretative note to be included in the Charter or incorporated in the records of the Committee VI. As far as the word "traffic" was concerned some representatives maintained a narrow interpretation covering only the movement of goods across frontiers, while others considered that the term related to the procurement as well as the movement of goods.

5. Mr. STINEBOWER (United States) announced the intention of his Delegation to propose in Joint Sub-Committee Five and Six additions of a new paragraph (c) between the present paragraphs (b) and (c) of Article 94. This new exception to Article 94 would cover the original United States proposal to Article 67 to exclude from Chapter VI inter-governmental commodity agreements relating to national security.

The Sub-Committee established a Working Party composed of the representatives of Australia, Czechoslovakia, Pakistan, United Kingdom and United States to  
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examine the Australian proposal.

6. New paragraph proposed by the delegation of India to be included between paragraphs (b) and (c) (see page 2 of document E/CONF.2/C.6/W/23.

Mr. KARMARKAR (India) considered that actions taken by Members to protect essential national interests and which are taken on other than commercial grounds should be exempted from the scope of the Charter.

Some representatives felt that consideration of political interests fell within the scope of the United Nations and was outside the scope of the Trade Organization. One representative considered that while consideration of political interests was outside the Trade Charter, the Organization should be able to examine whether Members were not trying to cover economic interests under disguise of political interests. Some representatives felt that in case of consultation or complaint under Articles 89 or 90, relating to action taken under Article 94, the Organization could not inquire further, once the Members taking the action, declared that its essential security interests were involved. Some representatives felt that the particular situation referred to by the representative of India, was already covered by paragraph (c). Others considered that paragraph (b) (iii) would apply or that a small redraft of paragraph (b) (iii) would cover the situation.

Mr. KARMARKAR (India) explained that the situation he had in mind involved an "emergency in international relations" in the sense of paragraph (b) (iii) but doubted that it could be regarded as affecting the essential "security" interest of his country, and hence might not come fully within that paragraph. In connection with paragraph (c), he noted that the General Assembly of the United Nations had given consideration to the situation. He felt that some clarification had been provided by the discussion.

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