

(7) Co-production of short films shall be authorized by the authorities of the two countries only after examination of each individual project.

These films shall be co-produced within the framework of a balanced financial co-operation and shall involve the creative participation of a film-maker from each of the two countries.

(8) (a) Except where they are otherwise agreed, Le Centre National de la Cinématographie on the one hand and the National Film Board on the other are in agreement that the apportionment of receipts shall be as follows:

(1) The Canadian co-producer shall receive all returns derived from Canada and fifty per cent of the returns derived from the United States of America.

(2) The French co-producer shall receive all returns derived from France, the Republic of Algeria, the Kingdom of Morocco, the Republic of Madagascar, the Republic of Tunisia, the African Republics of French expression, the Kingdom of Laos, the Republics of Viet-Nam and Cambodia, the Republic of the Congo (Leopoldville), the Republic of Ruanda, the Kingdom of Burundi, Belgium and Luxemburg.

(b) Returns not specially referred to in subparagraphs (1) and (2) above shall be shared between the co-producers in such a way as to maintain the proportion of the initial shares of each co-producer.

This apportionment may be effected by either a geographical division of territories, or a sharing of returns, or a combination of the two, and is subject to the approval of the competent authorities of the two countries.

(c) In principle, the export of co-produced films shall be carried out by the co-producer with the majority interest or by the co-producer in the best position to do so.

(9) Generics, trailers and publicity material for films jointly produced shall carry notice to the effect that the films are Franco-Canadian co-productions.

Entry of co-produced films in film festivals shall be assured by the country to which the majority producer belongs, except where special agreement otherwise is reached by the authorities of both countries.

(10) The competent authorities of the two countries shall consider favourably the idea of co-production of films of international standing between Canada and France and the countries with which either of them are bound by co-production agreements.

Conditions of acceptance for such films will be determined on the merits of each individual case.

## II—EXCHANGE OF FILMS

(11) Subject to the legislation and regulations in force in either country, the sale, import and distribution of short or feature-length films from either country will be free of restriction.

## III—GENERAL PROVISIONS

(12) The transfer of moneys resulting from the application of the present agreement shall be effected in accordance with the provisions of agreements and regulations in force.

All customs facilities shall be afforded with respect to the import and export of materials required for the making of co-produced films and for the distribution of films originating in both countries.