

ARTICLE II

In order to qualify for the benefits of this Agreement, co-productions must be undertaken by producers who have good technical organization, sound financial backing and recognized professional standing.

ARTICLE III

1. The producers, the writers and the directors of co-productions, as well as technicians, performers and other production personnel participating in the production, must be Canadian or Czechoslovak, or permanent residents of Canada or residents in Czechoslovakia.

2. The term "permanent residents of Canada" mentioned in the preceding paragraph has the same meaning as in the provisions of the Canada Income Tax Regulations relating to certified productions, as they may be amended from time to time.

3. Should the co-production so require, the participation of one (1) performer other than those provided for in the first paragraph may be permitted, subject to approval by the competent authorities of both countries.

ARTICLE IV

1. The proportion of the respective contributions of the co-producers of the two countries may vary from twenty (20) to eighty (80) per cent for each co-production.

2. Live action shooting and animation works, such as storyboards, layout, key animation, in between and voice recording, must be carried out alternatively in Canada and Czechoslovakia. Location shooting, exterior or interior, in a country not participating in the co-production may be authorized, if the script or the action so requires and if technicians from Canada and Czechoslovakia take part in the shooting.

3. The minority co-producer shall be required to make an effective technical and creative contribution. In principle, the contribution of the minority co-producer in technicians and performers shall be in proportion to his investment. In all cases such contribution shall include the participation of not less than three technicians, one performer in a leading role and two performers in a supporting role. In exceptional circumstances, departures herefrom may be approved by the competent authorities of both countries.

ARTICLE V

1. The competent authorities of both countries look favourably upon co-productions undertaken by producers of Canada, Czechoslovakia and countries to which both Canada and Czechoslovakia are bound by co-production agreements.