

ARTICLE III

1. The films must be made by Canadian or Spanish directors or directors who are permanent residents of Canada or residents in Spain, with the participation of technicians and performers of Canadian or Spanish nationality, or permanent residents of Canada or residents in Spain.

2. If the film so requires, the participation of performers of recognized international stature who are not citizens of one of the co-producing countries may be permitted for the leading role, subject to agreement between the competent authorities of both countries. Foreign performers who are normally resident and employed in Canada or Spain may take part in co-production as residents of one or the other of the said countries.

3. The expression "permanent residents of Canada", mentioned in paragraph 1, has the same meaning as in the provisions of the Canada Income Tax Regulations relating to certified productions, and as these may be amended from time to time.

4. When an individual is a national of both Canada and Spain, the nationality corresponding to his habitual residence shall prevail or, failing that, the last nationality acquired.

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 film. The financial participation of the Spanish co-producer to the Canadian participation shall not be more than thirty (30) per cent of the total Spanish contribution.

2. 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 creative staff, technicians and actors shall be in proportion to his investment. Creative staff includes the author of the story and the scriptwriter, the director, the music composer, the editor, the director of photography and the art director. In all cases, this contribution must include the participation of two of the above mentioned creative staff, one performer in a leading role and one performer in a supporting role. In exceptional circumstances, departures herefrom may be made through agreement between the competent authorities of both countries.

ARTICLE V

Two films, having comparable budgets, to be produced, within a pre-approved time frame, by the same co-producers in the two countries, may qualify for the benefits of co-production although the technical and creative contribution of the majority co-producer exceeds eighty (80) per cent. Approval by both countries for the two films together must be obtained simultaneously both before and after shooting.