

force or from those which may be decreed in each country. These benefits accrue solely to the producer of the country that grants them.

#### ARTICLE IV

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. The competent authorities of the two countries provide each other with a statement that their respective producer appears to meet the criteria above.

#### ARTICLE V

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 Hungarian, or permanent residents of Canada or Hungary.

#### ARTICLE VI

The term "permanent residents of Canada" mentioned in the preceding Article 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.

#### ARTICLE VII

Should the co-production so require, the participation of one (1) performer other than those provided for in Article V may be permitted, subject to agreement between the co-producers and approval of the competent authorities of both countries.

#### ARTICLE VIII

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. To establish this proportion, all technical and creative elements brought by the Hungarian co-producer can be expressed at the highest of the following rates: either union rates applicable to Hungary or minimum union rates applicable to the Canadian co-producer at the time of the co-production.

#### ARTICLE IX

Live action shooting as well as animation works, such as storyboards, layout, key animation, inbetweens and voice recording, must be carried out alternatively in Canada and Hungary. 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 Hungary take part in the shooting.