

ARTICLE 11

Contract clauses providing for the sharing of markets and receipts between co-producers shall be approved by the competent authorities of both countries. Such distribution shall in principle be based on the percentage of the respective contribution of the co-producers to the production of each film.

Where a co-production contract provides for the pooling of markets, the receipts from each national market shall be paid into the pool only after the national investments have been recovered.

Premiums and financial benefits provided for in Article 1 of this Agreement shall not be pooled.

The transfers of funds resulting from the application of this Agreement shall be made in accordance with the provisions in force in this field in both countries.

ARTICLE 12

Contracts between co-producers shall clearly set out the financial liabilities of each in respect of the apportionment of:

- (a) preliminary expenditures on the preparation of a project;
- (b) expenditures on a project that has been approved by the competent authorities in both countries but that, in its finished form, does not meet the conditions governing such approval;
- (c) expenditures on a film co-produced under this Agreement but the showing of which is not permitted in one or the other of the two countries concerned.

ARTICLE 13

Approval of a proposal for the co-production of a film by the competent authorities of both countries is in no way binding upon them in respect of the granting of permission to show the film thus produced.

ARTICLE 14

Where a co-produced film is exported to a country that has quota regulations:

- (a) it shall normally be included in the quota of the country of the majority co-producer;
- (b) if the respective contributions of the co-producers are equal, it shall be included in the quota of the country that has the best opportunity of arranging for its exhibition;
- (c) if any difficulties arise, it shall be included in the quota of the country of which the director of the film is a national;
- (d) if one of the co-producing countries enjoys unrestricted entry of its films into the importing country, co-produced films shall by right be entitled to this free entry as in the case of its national films.

ARTICLE 15

All co-produced films shall be identified as Canadian-Italian or Italo-Canadian co-productions.