

**AGREEMENT
BETWEEN
THE GOVERNMENT OF CANADA
AND
THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA
ON CO-PRODUCTION OF FILMS
(WITH ANNEX)**

**Beijing, February 23, 1987
In Force February 23, 1987**

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To promote cultural and economic co-operation between Canada and China and to stimulate efforts in film co-production between the two countries, the Government of Canada and the Government of the People's Republic of China have, through friendly consultations, reached the following agreement:

ARTICLE 1

The term "co-produced films" in this Agreement means films jointly invested in and produced by producers of the two countries. The scope of co-production includes feature films, documentaries, science films, animated films and commercials (in 70 mm, 35 mm and 16 mm) which can be shown in cinemas, on television, on video recorders, or by other forms of projection, and which are free from restrictions on footage and language.

ARTICLE 2

The Minister of Communications, the authority empowered by the Canadian Government and the Ministry of Radio, Film and Television, the authority empowered by the Government of the People's Republic of China, handle matters covered in this Agreement. Co-production projects defined in this Agreement shall be subject to approval of these authorities.

ARTICLE 3

All co-produced films shall be regarded as national films in both countries and shall be entitled to all rights and benefits prescribed in current laws and regulations adopted as a result of this Agreement. Producers, studios and production companies may enjoy such rights and benefits available in their respective countries.

ARTICLE 4

To ensure the efficient execution of this Agreement, producers and studios involved in co-productions must have extensive professional knowledge, good organizational ability, strong financial backing and professional reputation.

ARTICLE 5

- (1) Producers, writers, directors, technicians, actors and other personnel involved in co-productions shall be citizens of Canada or the People's Republic of China or permanent residents in Canada or in the People's Republic of China.
- (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. If these stipulations are altered, the authority of Canada must so notify the authority of the People's Republic of China and the stipulation in this Agreement will be modified accordingly through mutual agreement.
- (3) If the services of non-Canadian or non-Chinese citizens or non-permanent residents are needed for a co-production, prior permission shall be obtained from both countries' authorities.

ARTICLE 6

The authority of Canada and the authority of People's Republic of China endorse co-operation between producers of the two countries, as well as co-operation by either side with producers, studios or companies of other countries with which it has co-production agreements.

ARTICLE 7

Both Canada and the People's Republic of China shall be responsible for handling entry and short-stay procedures for producers, writers, directors, technicians, actors and other personnel of the other side prescribed in each co-production contract, in accordance with current laws and regulations. Both countries also approve of the incoming and outgoing of equipment needed on a short-term basis for the co-production.

ARTICLE 8

- (1) The proportion of funding assumed by producer, studios or companies of either country in a co-production project may range from 15 per cent to 85 per cent, depending on mutual consultations.
- (2) The shooting and the preparation of animated films, including the shooting of scenes and settings and the preparation of initial frames and sequential frames of animated films and sound recordings, shall be completed in the two countries.
- (3) If the script so requires, location of exterior shots may, on approval by both authorities, take place in a third country that is not part of the co-production if

both Canadian and Chinese producers and technicians take part in the shooting.

ARTICLE 9

Upon completion of production, a co-produced film shall be approved by the authorities before the release of prints.

ARTICLE 10

A co-produced film shall have two answer prints, two dupe positives, with two international sound tracks for making copies. Each co-producer shall own one answer print, one dupe positive and one international sound track and have the right to make copies. Moreover, with the approval of the co-producers, either co-producer may use footage from the above-mentioned material for other purposes. Furthermore, each co-producer shall have access to the original production material in accordance with the conditions agreed upon between the co-producers.

ARTICLE 11

Original sound tracks of co-produced films shall be recorded in English or French or Chinese. Sound tracks for dubbed copies may be recorded in two of the three languages. Other languages can be used for dialogues of co-produced films, if the script so requires. The work of dubbing or subtitling a co-produced film in English or French will take place in Canada; dubbing or subtitling in Chinese will take place in China.

ARTICLE 12

- (1) The copyright for each co-produced film shall be shared by both the Canadian and Chinese co-producers.
- (2) The co-producers shall agree on film distribution areas and how to divide proceeds based on the share each has invested and shall submit these agreements to the respective authorities for approval.

ARTICLE 13

The authorities of both countries shall approve the co-production project. Normal procedures shall be followed for the distribution of that film in accordance with the existing regulations of each country.

ARTICLE 14

When a co-produced film is exported to a country which has quota limitations:

1. In principle, the co-produced film shall be included in the quota of the country of the majority investment;
2. If both co-producers have made an equal investment, the quota in question shall be decided through friendly consultation by co-producers of both sides, so that the co-produced film can be included in the quota of the country that can make better arrangements for the export of the film;
3. If difficulties still exist, the co-produced film shall be included in the quota of the country of which the director is a national.

ARTICLE 15

The expression "Canada/China Co-production" or "China/Canada Co-production" shall appear along with the names of the co-producers and the director, whenever each co-produced film is shown, in commercial advertisements and on all publicity materials.

ARTICLE 16

If both co-producers approve, either one may send co-produced films to international film festivals. Delegations may include representatives from both countries and each side will pay the expenses of its own representatives.

ARTICLE 17

The authorities of both countries shall jointly establish the rules of procedures for co-productions taking into account the legislation and regulations in force in Canada and the People's Republic of China. These rules of procedure are attached to the present Agreement.

ARTICLE 18

The authorities of both countries shall examine the implementation of this Agreement and resolve any problems. To further heighten co-operative film-making by the two countries, these authorities may add supplements to the Agreement if necessary.

ARTICLE 19

To heighten co-operation between the two countries, their authorities will also encourage and support film producers, studios and companies to shoot films in the other country solely at their own cost and will provide active and friendly assistance of all kinds, where possible.

ARTICLE 20

- (1) The present Agreement shall come into force on the day of its signature.
- (2) It shall be valid for a period of three years from the date of its entry into force; a tacit renewal of the Agreement for like periods shall take place unless one or the other country gives written notice of termination six (6) months before the expiry date. Co-productions in progress at the time of notice of termination of the Agreement by either country shall continue to benefit fully until completion from the conditions of this Agreement. After expiry of the Agreement its terms shall continue to apply to the liquidation of receipts from completed co-productions.

DONE in duplicate at Beijing, this twenty-third day of February 1997, in the English, French and Chinese languages, each version being equally authentic.

Flora Mac Donald

Ai Zhisheng

**FOR THE GOVERNMENT
OF CANADA**

**FOR THE GOVERNMENT OF
THE PEOPLE'S REPUBLIC
OF CHINA**

ANNEX

RULES OF PROCEDURE

- I. Before formal application is made, a final script or detailed synopsis must be submitted to the agencies (China Film Co-production Corporation in the case of China and Telefilm Canada in the case of Canada) which administer the Agreement on behalf of their respective competent authorities. These agencies shall communicate their suggestions or decisions to each other within forty (40) days of the submission of the above-mentioned final script or detailed synopsis and inform the co-producers at the same time.
- II. After the final script or the detailed synopsis of the co-production is agreed upon by the agencies mentioned in the first paragraph, China Film Co-production Corporation and the film studio empowered by the China Film Co-production Corporation and the production company of Canada will agree and sign the co-production contract and submit to both competent authorities an application, drafted in English or French in the case of Canada and in Chinese in the case of the People's Republic of China, which shall include:
 - A. A document providing proof that the copyright for the co-production has been legally acquired.
 - B. The draft co-production contract which shall include:
 1. The title of the co-production;
 2. The name of the author of the script, or that of the adaptor if it is drawn from a literary source;
 3. The name of the director (a substitution clause permitted to provide for his replacement if necessary);
 4. The budget;
 5. The financing plan;
 6. The distribution of receipts and markets;
 7. The respective shares of the co-producers in any over or under expenditure, which shares shall in principle be proportional to their respective contributions, or arrangements for a completion bond;

8. A clause providing that admission to benefits under this Agreement does not bind the competent authorities in either country to permit public exhibition of the co-production;
 9. A further clause prescribing the measures to be taken where:
 - (a) after full consideration of the case, the competent authorities in either country refuse to grant the benefits applied for;
 - (b) the competent authorities prohibit the exhibition of the co-production in either country or its export to a third country;
 - (c) either party fails to fulfil its commitments;
 10. The shooting schedule;
 11. A clause stipulating that the majority co-producer shall take an insurance policy covering at least "all production risks" and "all original material production risks".
- C. A list of the creative and technical personnel indicating their nationalities and, in the case of performers, the roles they are to play.

The competent authorities of the two countries can demand any further documents and all other additional information deemed necessary.

III. Amendments including the replacement of a co-producer may be made in the original contract but must be submitted for approval by the competent authorities of both countries before the co-production is finished. The replacement of a co-producer may be allowed only in exceptional cases after approval of both competent authorities. The competent authorities of both countries shall communicate their decisions to each other at the earliest possible date.