

**AGREEMENT ON FILM AND VIDEO RELATIONS
BETWEEN
THE GOVERNMENT OF CANADA
AND
THE GOVERNMENT OF THE HUNGARIAN PEOPLE'S REPUBLIC**

Budapest, May 7th, 1987

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**THE GOVERNMENT OF CANADA AND THE GOVERNMENT OF THE
HUNGARIAN PEOPLE'S REPUBLIC,**

CONSIDERING that it is desirable to establish a framework for audiovisual relations and particularly for film and video co-productions;

CONSCIOUS that co-productions can contribute to further expansion of the film and video production industries of both countries as well as to the development of their cultural and economic exchanges;

CONVINCED that this cultural and economic cooperation will contribute to the enhancement of the relations between the two countries;

HAVE AGREED AS FOLLOWS:

ARTICLE I

For the purposes of this Agreement, the word "co-production" refers to projects irrespective of length or format including animation and documentaries, produced either on film, videotape or videodisc, for distribution in theatres, on television, videocassette, videodisc or any other form known or yet to be invented or used.

ARTICLE II

Co-productions undertaken under the present Agreement must be approved by the following competent authorities:

In Canada: the Minister of Communications.

In Hungary: the Director General of Central Board of Hungarian Cinematography.

ARTICLE III

These co-productions are considered to be national productions by and in the two countries. They are by right fully entitled to the benefits resulting from the legislation and regulations concerning the film and video industries which are in 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.

ARTICLE X

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 XI

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

ARTICLE XII

The proportion of minority contributions to such co-productions shall not be less than twenty (20) per cent for each co-production.

ARTICLE XIII

The minority co-producers shall be required to make an effective technical and creative contribution.

ARTICLE XIV

An overall balance must be achieved during the term of the present Agreement with respect to financial participation, as well as to the creative staff, technicians, performers, and technical resources (studios and laboratories).

ARTICLE XV

The Joint Commission referred to in Article XXIX of the Agreement shall examine whether such a balance has been achieved, and shall decide what measures are necessary in order to correct any imbalance.

ARTICLE XVI

Two copies of the final protection and reproduction material used in the production shall be made for all co-productions. Each co-producer shall be the owner of a copy

of the protection and reproduction material and shall be entitled to use it to make the necessary reproductions. The original production material of the co-production made under this Agreement will be archived in the country of the majority co-producer, except when, at the request of the co-producers, the competent authorities agree otherwise. Moreover, each co-producer shall have access to the original production material in accordance with the conditions agreed upon between the co-producers.

ARTICLE XVII

The original sound track of each co-production shall be made in either English or French or Hungarian. Double shooting in two of these languages may be made. Dialogue in other languages may be included in the co-production as the script requires.

ARTICLE XVIII

Dubbing or subtitling of each co-production into English and French shall be carried out in Canada and the cost shall be included in the Canadian co-producer contribution. Dubbing or subtitling in Hungarian shall be carried out in Hungary and the cost shall be included in the Hungarian co-producer contribution. The Hungarian co-producer shall have access to the English and French versions made by the Canadian co-producer to meet his needs for distribution and marketing in his territories.

ARTICLE XIX

Moreover, the competent authorities of the two countries wish that dubbing or subtitling into English and French of each Hungarian production distributed and exhibited in Canada be carried out in that country and dubbing or subtitling into Hungarian of each Canadian production distributed and exhibited in Hungary be carried out in that country.

ARTICLE XX

Subject to their legislation and regulations in force, Canada and Hungary shall facilitate the entry into and temporary residence in their respective territories of the creative, technical and artistic personnel dependent on the co-producer of the other country. They shall similarly permit the temporary entry and re-export or leasing of any equipment necessary for the co-production under this Agreement.

ARTICLE XXI

Contract clauses providing for the sharing of markets and receipts between co-producers shall be subject to approval by the authorized Hungarian enterprise and

by the competent Canadian authority. Such sharing shall in principle be based on the percentage of the respective contributions of the co-producers outlined in Article VIII.

ARTICLE XXII

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

ARTICLE XXIII

Where a co-production is exported to a country that has quota regulation:

- (a) it shall in principle be included in the quota of the country of the majority co-producer;
- (b) it shall be included in the quota of the country that has the best opportunity of arranging for its export, if the respective contributions of the co-producers are equal;
- (c) it shall be included in the quota of the country of which the director is a national, if any difficulties arise.

ARTICLE XXIV

A co-production shall when shown be identified as a "Canada-Hungary co-production" or "Hungary-Canada co-production".

Such identification shall appear in a separate credit title, in all commercial advertising and promotional material and whenever this co-production is shown.

ARTICLE XXV

Unless the co-producers agree otherwise, a co-production shall be entered at international festivals by the country of the majority co-producer with the consent of the other co-producer or, in the event of equal financial participation of the co-producers, by the country of which the director is a national.

ARTICLE XXVI

The competent authorities of both countries shall jointly establish the rules of procedure for co-productions taking into account the legislation and regulations in force in Canada and Hungary. These rules of procedure are attached to the present Agreement.

ARTICLE XXVII

No restrictions shall be placed on the import, distribution and exhibition of Hungarian film and video productions in Canada or Canadian film and video productions in Hungary other than those contained in the legislation and regulations in force in each of the two countries. In each case of essential changes in the relating legislation and regulations in Canada or Hungary, the competent authorities of the two countries will review this Agreement and recommend to modify its terms and conditions if necessary.

ARTICLE XXVIII

The competent authorities shall examine the implementation of this Agreement as necessary in order to resolve any difficulties arising from its application. They shall recommend at need possible amendments with a view to developing film and video cooperation in the best interests of both countries.

ARTICLE XXIX

A Joint Commission consisting at least of three members from each party is established to look after the implementation of this Agreement. A meeting of the Joint Commission shall take place in principle once every two years and it shall meet alternately in the two countries. However, it may be convened for extraordinary sessions at the request of one or both competent authorities, particularly in the case of major amendments to the legislation or the regulations governing the film and video industries, or where the application of this Agreement presents serious difficulties.

ARTICLE XXX

The Contracting parties will favour mutually the balanced commercial distribution of the film and video productions and will encourage the enhancement of the relations of their film and video industry and will facilitate the exchange of publications in this field, taking into account the legislation and regulations in force in Canada and Hungary.

ARTICLE XXXI

The present Agreement shall come into force on the day which the contracting parties have notified each other of the completion of their respective constitutional procedures.

ARTICLE XXXII

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 notice of termination in writing six (6) months before the expiry date. Co-productions in progress at the time of notice of termination of the Agreement by either Party, shall continue to benefit fully until completion from the conditions of this Agreement. After expiry of the Agreement its terms and conditions shall continue to apply to the liquidation of receipts from completed co-productions.

IN WITNESS WHEREOF, the undersigned, duly authorized by their respective Governments, have signed this Agreement.

DONE in duplicate in Budapest, Hungary, this seventh day of May 1987, in the English, French and Hungarian languages, each version being equally authentic.

Joe Clark
FOR THE GOVERNMENT
OF CANADA

Peter Varkony
FOR THE GOVERNMENT OF THE
HUNGARIAN PEOPLE'S REPUBLIC

ANNEX

RULES OF PROCEDURE

Application for benefits under this Agreement for any co-production must be made simultaneously to both administrations at least sixty (60) days before shooting begins. The administration of the country of which the majority co-producer is a national shall communicate its proposal to the other administration within twenty (20) days of the submission of the complete documentation as described below. The administration of the country of which the minority co-producer is a national shall thereupon communicate its decision within fourteen (14) days.

Documentation submitted in support of an application shall consist of the following items, drafted in English or French in the case of Canada and in Hungarian in the case of Hungary.

- I. A document providing proof that the copyright for the co-production has been legally acquired.
- II. A copy of the co-production contract signed by the co-producers.

The contract 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, subject to the legislation and foreign trading rules of the two countries;
7. the respective shares of the co-producers in any over or underexpenditure, which shares shall in principle be proportional to their respective contributions, although the minority co-producer's share in any overexpenditure may be limited to a lower percentage or to a fixed amount providing that the minimum proportion permitted under Article VIII of the Agreement is respected;

8. a clause recognizing 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 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 period when shooting or animation is to begin;
11. a clause stipulating that the majority co-producer shall take out an insurance policy covering at least "all production risks" and "all original material production risks";
12. the distribution contract, where this has already been signed;
13. a list of the creative and technical personnel indicating their nationalities and, in the case of performers, the roles they are to play;
14. the production schedule and the list of the materials required for the co-production;
15. the detailed budget identifying the expenses to be incurred by each country;
16. the final script signed by the co-producers.

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

In principle, the final shooting script (including the dialogue) should be submitted to the competent administrations prior to the commencement of shooting.

Amendments, including the replacement of a co-producer, may be made in the original contract but they must be submitted for approval by the competent administrations of both countries before the co-production is finished. The replacement of a co-producer may be allowed only in exceptional cases and for reasons satisfactory to both the competent administrations.

The competent administrations will keep each other informed of their decisions.

**MEMORANDUM OF UNDERSTANDING
BETWEEN CANADA AND THE HUNGARIAN PEOPLE'S REPUBLIC
IN THE FIELDS OF CULTURE, ACADEMIC RELATIONS AND SPORTS**

**THE GOVERNMENT OF CANADA AND THE GOVERNMENT OF THE
HUNGARIAN PEOPLE'S REPUBLIC:**

DESIRING to strengthen friendly relations between the two countries;

WISHING to encourage closer cooperation and a wider diffusion of information relative to their cultures;

DESIRING to enhance exchanges in the fields of Culture, Academic Relations and Sports.

HAVE REACHED THE FOLLOWING UNDERSTANDING:

I. Academic Exchanges and Cooperation

The Parties recognize the value of academic exchanges and cooperation in increasing mutual knowledge and understanding and will continue to endorse their further development. They take note with particular pleasure of the following agreements and activities:

1. An Agreement of Cooperation between the Social Sciences and Humanities Research Council of Canada and the Hungarian Academy of Sciences covering annual exchanges of visits and information for scholarly purposes on the basis of reciprocity.
2. The International Cultural Institute of Hungary/Carleton University Exchange Agreement.

II. Academic Relations

1. Hungarian and Canadian Studies at Universities

The Parties will continue to welcome the enhancement of knowledge of Hungarian and Canadian literature and civilization in their respective universities. In this connection, the establishment in 1978 of a Chair of Hungarian Studies at the University of Toronto is noted. The interest in Canadian studies at Eotvos Lorand University Budapest; Kossuth Lajos University, Debrecen, Jozsef Attila University, Szeged and Janus Pannonius University Pécs, is further noted.

2. Book Donations

The Parties will continue their programs of library support through book donations. They will take into consideration the request of universities in each country.

3. Canadian Studies Seminars

In the past, representatives from Hungarian academic institutions have been invited to participate in some Canadian Studies seminars held in Europe. Canada has been pleased to offer support to those participants and intends to continue to support such participation as appropriate.

4. Scholarships

The Parties will exchange scholarships in a spirit of reciprocity. The competent bodies on both sides undertake to respect each other's selection criteria.

5. Music Education

The Parties welcome cooperation between the Kodaly Zoltan Institute of Education of Music at Kecskemét and the Kodaly Institute of Canada. Note is also made of the continued presence of Canadian students at the Liszt Ferenc Academy in Budapest and the Kodaly Institute at Kecskemét.

6. University Libraries

The Parties will encourage contacts between their universities. They will support exchanges between the libraries of their universities.

III. Literature, Publishing

1. Hungary notes the existence of the Translators Program of the Hungarian Pen Club, through which several Canadian publishers may apply for assistance to translate works by Hungarian authors. Canada notes the existence of the Canada Council Program of International Translation Grants under which Hungarian publishers may apply for assistance to translate works by Canadian authors.
2. The Parties will endeavour to encourage tours of Hungarian and Canadian poets or authors to the other country.
3. The Parties encourage their publishing houses to establish direct contacts and exchange information.

IV. Performing Arts

1. Hungarian cultural authorities are ready to provide opportunities to one Canadian solo artist every year to perform in Hungary. The Hungarian authorities will cover the hotel expenses, the daily allowance and the travel expenses during his/her two weeks' visit in Hungary.
2. Canada will encourage Canadian impresarios to negotiate contracts with Interkoncert for the exchange of artists and ensembles on a commercial basis. Interkoncert will be encouraged by the Hungarian authorities to seek venues for Canadian artists.
3. The Parties will facilitate the exchange of theatre groups, as well as documentation and ideas about opportunities for cooperation.

V. Visual Arts

The Parties wish to underline the value of art exhibitions to promote in each other's countries a better knowledge of their respective cultures. They shall endeavour to exchange exhibitions and loans of works of art through existing institutions in each country. The financial conditions of such exhibitions will be negotiated between the institutions directly concerned.

VI. Audio-visual

The Parties encourage cooperation in film and video, in particular through the conclusion of a film and video co-production Agreement.

The participation of Hungarian and Canadian films in a number of film festivals is noted. To make Canadian films better known in Hungary and Hungarian films better known in Canada, the Parties will assist in the presentation of screenings organized by their respective diplomatic missions and will assist to the fullest possible extent in providing appropriate venues for screenings, whether for prestige events or Hungarian/Canadian film weeks.

VII. Radio and Television

A Memorandum of Understanding effective June 1980 exists between Magyar Radio as well as Magyar Televizio and the Canadian Broadcasting Corporation. It is the desire of these organizations to promote cooperation and exchange of information between them.

VIII. Sport

The Parties note that the 1978 Memorandum of Understanding between the Canadian and Hungarian sports authorities was renewed in 1984. Contacts continue to evolve satisfactorily and the Parties will continue to encourage and assist cooperation in the field of physical education and sports.

IX. Exchanges of Persons

The Parties will encourage exchanges of persons in the fields of performing arts, visual arts, literature, recorded music, film and video, and facilitate such visits to the best of their ability through existing institutions and programs in each country.

X. General Conditions

1. Activities described in this Memorandum of Understanding may be developed through specific programs and projects between the appropriate governmental authorities, institutions or organizations of each country. Such programs and projects should specify, inter alia, the objectives, financial arrangements, and other details relating to specific undertakings of each of the governmental authorities or institutions involved.
2. Any questions that might arise with regard to the interpretation or application of this Memorandum of Understanding are to be resolved by means of consultations through diplomatic channels.
3. This Memorandum of Understanding will take effect upon signature and remain in force as long as neither side has indicated, by means of six months written notification, its intention to terminate it. Its provisions will not affect projects or programs in existence at the time this Memorandum of Understanding takes effect.

DONE in duplicate, at Budapest, this seventh day of May 1987, in English, French and Hungarian, each version being equally authentic.

**FOR THE GOVERNMENT
OF CANADA**

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