

AUDIO-VISUAL CO-PRODUCTION AGREEMENT

BETWEEN

THE GOVERNMENT OF CANADA

AND

THE GOVERNMENT OF THE KINGDOM OF NORWAY

THE GOVERNMENT OF CANADA AND THE GOVERNMENT OF THE KINGDOM OF NORWAY (hereinafter referred to as the "Parties"),

CONSIDERING that it is desirable to establish a framework for audio-visual relations and particularly for film, television and video co-productions;

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

CONVINCED that these exchanges will contribute to the enhancement of relations between the two countries;

HAVE AGREED as follows:

ARTICLE I

1. For the purpose of this Agreement, the words "audio-visual co-productions" and "twinned co-productions" refer to projects, irrespective of length or format, including animation and documentary productions, produced either on film, videotape or in any other medium of production hitherto unknown, for exploitation in theatres, on television, videocassette, videodisc or by any other form of distribution. New forms of audio-visual production and distribution will be included in the present Agreement by exchange of notes.

2. Co-productions undertaken under the present Agreement must be approved by the following authorities, referred to hereinafter as the "competent authorities":

In Canada: the Minister of Canadian Heritage; and

In Norway: the Norwegian Film Institute
3. Co-productions produced under this Agreement shall be considered to be national productions for all purposes by and in each of the two countries. Subject to the national legislation in force in Canada and in Norway, such co-productions shall be fully entitled to take advantage of all benefits available to the film and video industries or those that may be hereafter decreed in each country. These benefits accrue solely to the producer of the country which grants them.
4. The Norwegian Box Office support system (*billettstotten*) will *only* be available to the Norwegian producer's own investment (*egen kapital*) and is subject to control and agreement between the Norwegian Film Institute and the Norwegian producer.

ARTICLE II

The benefits of the provisions of this Agreement apply only to co-productions undertaken by producers who have good technical organization, sound financial backing and recognized professional standing.

ARTICLE III

1. The producers must be nationals of Canada or Norway or permanent residents of Canada or residents of Norway. The writers and the directors of the co-productions, as well as technicians, performers and other production personnel participating in the production, must be nationals of Canada or Norway, or permanent residents of Canada or residents of Norway. They can also be nationals of member states of the European Economic Area (EEA) provided that the participation of personnel from both Canada and Norway is of obvious importance.
2. Should the co-production so require, the participation of performers other than those provided for in the first paragraph may be permitted, subject to approval by the competent authorities of both countries.

ARTICLE IV

1. The proportion of the respective contributions of the co-producers of the two countries may vary from twenty (20%) to eighty percent (80%) of the budget for each co-production.
2. Live action shooting and animation works such as storyboards, layout, key animation, in betweening and voice recording must, in principle, be carried out alternately in Canada and in Norway.
3. Location shooting, exterior or interior, in a country not participating in the co-production (i.e. other than Canada, Norway or a member state of the EEA) may be authorized if the script or the action so requires and if technicians from Canada, Norway or a member state of the EEA take part in the shooting. The laboratory work shall be done in either Canada, Norway or a member state of the EEA unless it is technically impossible, in which case it may be done in a country not participating in the co-production with the authorization of the competent authorities of both countries.
4. Each co-producer shall be required to make an effective technical and creative contribution. In principle, the creative and technical contribution should be proportionate to the investment of each co-producer; however, departures from this rule may be approved at the discretion of the competent authorities of both countries.

ARTICLE V

1. For the present purposes, productions produced under a twinning arrangement may be considered, with the approval of the competent authorities, as official co-productions and receive the same benefits. Notwithstanding Article IV, in the case of twinned co-productions, the reciprocal participation of the producers of both countries may be limited to a financial contribution alone, without necessarily excluding any artistic or technical contribution.

2. To be approved by the competent authorities, twinned co-productions must meet the following conditions:
 - (a) there shall be respective reciprocal investment and an overall balance with respect to the conditions of sharing the receipts of co-producers in productions benefitting from twinning;
 - (b) the twinned productions must be distributed under comparable conditions in Canada and in Norway;
 - (c) twinned productions may be produced either at the same time or consecutively, on the understanding that, in the latter case, the time between the completion for the first production and the start of the second does not exceed one (1) year.

ARTICLE VI

1. Both parties to this Agreement look favourably upon co-productions undertaken by producers of Canada, Norway and countries to which Canada or Norway are linked by co-production agreements.
2. The proportion of the minority contribution in such multi-party co-productions shall be not less than twenty per cent (20%). The minority co-producers shall be required to make an effective technical and creative contribution.

ARTICLE VII

1. Each co-producer shall be the owner of one of the two copies of the protection and reproduction materials used in the co-production and shall be entitled to use it to make the necessary reproductions. Moreover, each co-producer shall have access to the original production material in accordance with the terms and conditions agreed upon by the co-producers.

2. At the request of both co-producers and subject to the approval of the competent authorities in both countries, only one copy of the final protection and reproduction material need be made for low budget productions. In such cases, the material will be kept in the country of the majority co-producer. Unless the co-producers agree otherwise, the minority co-producer will have access to the material at all times to make the necessary reproductions.

ARTICLE VIII

1. The original sound track of each co-production shall be made in either English, French or Norwegian. Shooting in any two, or in all, of these languages is permitted. Dialogue in other languages may be included in the co-production as the script requires.
2. The dubbing or subtitling of each co-production into French or English shall be carried out in Canada. The dubbing or subtitling of each co-production into Norwegian shall be carried out in Norway. Any departures herefrom must be approved by the competent authorities of both countries.

ARTICLE IX

Subject to their legislation and regulations in force, Canada and Norway shall facilitate the entry into and temporary residence in their respective territories of the creative and technical personnel and the performers engaged by the co-producer of the other country for the purpose of the co-production. They shall similarly permit the temporary entry and re-export of any equipment necessary for the co-production under this Agreement.

ARTICLE X

The sharing of revenues by the co-producers should, in principle, be proportional to their respective contributions to the production financing and be subject to approval by the competent authorities of both countries. This revenue-sharing can consist either of a sharing of receipts or a sharing of markets or a combination of both formulas.

ARTICLE XI

Approval of a co-production proposal by the competent authorities of both countries does not constitute a commitment to grant an exhibition licence to show the co-production.

ARTICLE XII

1. Where a co-production is exported to a country that has quota regulations:
 - (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) if any difficulties arise with sub-paragraphs (a) or (b), it shall be included in the quota of the country of which the director is a national.
2. Notwithstanding Paragraph 1, in the event that one of the co-producing countries enjoys unrestricted entry of its films into a country that has quota regulations, a co-production undertaken under this Agreement shall be as entitled as any other national production of that country to unrestricted entry into the importing country if that country so agrees.

ARTICLE XIII

1. A co-production shall, when shown, be identified as a "Canada-Norway Co-production" or "Norway-Canada Co-production" according to the origin of the majority co-producer or in accordance with an agreement between co-producers.
2. Such identification shall appear in the credits, in all commercial advertising and promotional material and whenever this co-production is shown.

ARTICLE XIV

Unless the co-producers agree otherwise, a co-production shall be entered at international festivals by the country of the majority 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 XV

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 in Norway.

ARTICLE XVI

No restrictions shall be placed on the import, distribution and exhibition of Norwegian film, television and video productions in Canada or that of Canadian film, television and video productions in Norway other than those contained in the legislation and regulations in force in each of the two countries.

ARTICLE XVII

1. During the term of the present Agreement, an overall balance shall be aimed for with respect to financial participation as well as creative personnel, technicians, performers, and technical resources (studio and laboratory), taking into account the respective characteristics of each country.
2. The competent authorities of both countries shall examine the terms of implementation of this Agreement as necessary in order to resolve any difficulties arising from its application. They shall recommend, if necessary, possible amendments with a view to developing film and video co-operation in the best interests of both countries.

3. A Joint Commission is established to look after the implementation of this Agreement. The Joint Commission shall examine if this overall balance has been achieved and, in case of the contrary, shall determine the measures deemed necessary to establish such a balance. A meeting of the Joint Commission shall take place in principle once every three 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, television and video industries in one country or the other, or where the application of this Agreement presents serious difficulties. The Joint Commission shall meet within six (6) months following its convocation by one of the Parties.

ARTICLE XVIII

1. The present Agreement shall be applied provisionally from the day of its signature. It shall come into force when each Party has notified the other that it has complied with all statutory and constitutional requirements for the entry into force of the Agreement.
2. It shall be valid for a period of three (3) 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 Party gives written notice of termination six (6) months before the expiry date.
3. Co-productions which have been approved by the competent authorities and which are in progress at the time of notice of termination of this Agreement by either Party, shall continue to benefit fully until completion from the provisions of this Agreement. Any unfulfilled obligations arising from its operation shall be fulfilled in accordance with the provisions of this Agreement and as though the Agreement, for those purposes, were still in full force and effect. After expiry or termination of this Agreement, its terms shall continue to apply to the division of revenues from completed co-productions.

4. This Agreement may be amended by the Parties by written agreement.

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

DONE in duplicate at _____, this _____ day of _____ 1998, in the French, English and Norwegian languages, each version being equally authentic.

**FOR THE GOVERNMENT
OF CANADA**

**FOR THE GOVERNMENT
OF THE KINGDOM OF NORWAY**

ANNEX

RULES OF PROCEDURE

Application for benefits under this Agreement for any co-production must be made simultaneously to both competent authorities at least thirty (30) days before shooting begins. The competent authority of the country of which the majority co-producer is a national shall communicate its proposal to the other competent authority within twenty (20) days of the submission of the complete documentation as described below. The competent authority of the country of which the minority co-producer is a national shall thereupon communicate its decision within twenty (20) 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 Norwegian in the case of Norway:

- I. The final script;
- II. Documentary proof that the copyright for the co-production has been legally acquired;
- III. A copy of the co-production contract signed by the two 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 is permitted to provide for his replacement if necessary);
4. the budget;
5. the financing plan;
6. a clause establishing the sharing of revenues, markets, media or a combination of these;

7. a clause detailing 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 VI of the Agreement is respected;
 8. a clause recognizing that admission to benefits under this Agreement does not constitute a commitment that governmental authorities in either country will grant a licence 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 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. A clause providing for the sharing of the ownership of copyright on a basis which is proportionate to the respective contributions of the co-producers.
- IV. The distribution contract, where this has already been signed;
- V. A list of the creative and technical personnel indicating their nationalities and, in the case of performers, the roles they are to play;
- VI. The production schedule;

VII. The detailed budget identifying the expenses to be incurred by each country; and

VIII. The Synopsis.

The competent authorities 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 authorities 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 authorities 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 authorities.

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