

AGREEMENT

between

THE GOVERNMENT OF THE STATE OF ISRAEL

and

THE GOVERNMENT OF CANADA

ON FILM RELATIONS

The Government of the State of Israel

and

the Government of Canada

desirous of promoting cooperation on film productions and,

wishing to encourage the co-production of films that would enhance the prestige and contribute to the economic expansion of the film industries in both countries,

have agreed as follows:

I - CO-PRODUCTION

Article I

The contracting parties shall treat films to be co-produced by producers of both countries in accordance with the following provisions within the framework of their respective national legislation.

Article II

(1) Films co-produced under this Agreement are considered national films.

(2) Any subsidies or other financial benefits which may be granted in the territory of either contracting party shall accrue to the producer in accordance with the legislation of that contracting party.

(3) Films to be co-produced by producers from both countries and covered by the present Agreement shall be subject to approval after consultation between the competent authorities of both countries:

in Israel:

The Israel Film Centre
Ministry of Industry, Commerce and Tourism

in Canada:

The Secretary of State

Article III

In order to qualify for the benefits of co-production, each film must be undertaken by producers who have good technical organization, sound financial backing and recognized professional standing.

Article IV

(1) Participation by the co-producers shall consist of financial, artistic and technical contributions. In principle, the artistic and technical contributions of each co-producer shall be in proportion to its financial contribution.

(2) The minority co-producer shall contribute not less than 30% (thirty percent) of the production cost of the film.

Article V

(1) All participants in the making of the film must be, with regard to the State of Israel, Israeli nationals or individuals who have been resident in the State of Israel for at least 6 months and, with regard to Canada, Canadian citizens or landed immigrants.

(2) The technical and artistic participation by the co-producer making the minority financial contributions shall include at least one script writer or dialogue writer, one assistant director or other important artistic or technical member of the team and, preferably, one actor in a leading role and one actor in a supporting role, or failing this, two actors in important roles, all being nationals of the minority co-producer country, nationality being understood as defined in the preceding paragraph.

(3) Actors or authors who do not fulfill the requirements of paragraph (1) of this Article may participate, in exceptional cases, and if the nature of the film so requires, by agreement of the competent authorities of the contracting parties.

(4) All laboratory work, recording, post-synchronisation and mixing shall be carried out within the territories of the contracting parties.

(5) Studio shooting and location shooting shall take place within the territories of the contracting parties but any of the location shooting may be permitted by the competent authorities of the contracting parties to take place outside the territories of the contracting parties if any of the technical aspects of the production or the action of the film so requires.

(6) Two final versions shall be made of the co-produced film, one in Hebrew and the other in French or English. The versions may include dialogues in another language if the script requires it.

Article VI

(1) The co-producers shall decide jointly on the use of the original negative (picture and sound), regardless of where the negative is kept. Each of the co-producers shall be entitled to a duplicate negative in his own language. The making of a duplicate negative for a third version shall be subject to the approval of both co-producers.

(2) In principle, the development of the negative shall be done in a laboratory of the majority country, as well as the processing of copies for distribution in that country. Copies required for exploitation in the country of the minority co-producer shall be made in a laboratory in that country. Each co-producer shall be entitled to make the necessary copies for his own market.

Article VII

(1) In principle, receipts shall be allocated in proportion to the financial contribution of each co-producer.

(2) Subject to the approval of the competent authorities, this allocation may consist in a sharing of the receipts, or a division of territory, or a combination of both.

(3) In principle, the majority co-producer shall be responsible for the export of co-produced films. Should difficulties arise in a particular country, the co-producer with the best possibility of arranging for export to that country shall assume this responsibility. Each export contract concluded by a producer shall require the approval of the other in accordance with the conditions and time limits laid down in the co-production contract.

Article VIII

(1) Title credits and advertisement material for films co-produced under this Agreement shall indicate that the film is a co-production between the two countries.

(2) Unless the co-producers agree otherwise, a co-produced film shall be shown at film festivals as an entry of the majority co-producer, or, if the financial contributions are equal, by the co-producer who provides the director.

Article IX

(1) The competent authorities shall, within the scope of this Agreement, accept as co-productions, films which are to be produced jointly by producers from the State of Israel, Canada and from countries to which either of the two is bound by co-production agreements; in such cases, the provisions of Article IV (1) and Article V of this Agreement shall apply mutatis mutandis.

(2) The financial contribution of a minority co-producer made in a film pursuant to paragraph (1) of this Article may be reduced to 20% (twenty percent). In such cases, his artistic and technical contributions must meet the requirements of Article V (2) of this Agreement.

Article X

(1) The co-production of short films may be approved by the competent authorities after study of each proposal.

(2) In the case of such films, the production costs must be shared equally. One artistic team member must be provided by each of the two countries.

Article XI

Within the framework of their respective national legislation, each contracting party shall facilitate the entry into and temporary residence in its territory of technical and artistic personnel of the other contracting party as well as the granting of working permits as required.

Article XII

Applications for approval of a co-production shall be submitted to the competent authorities in accordance with the rules of procedure attached to this Agreement.

Article XIII

The competent authorities shall inform each other about all matters concerning the granting, refusal, modification or cancellation of approvals of co-productions.

Article XIV

Approval of a co-production by the competent authorities shall in no way be binding upon them in respect of the granting of a license to show the film publicly.

Article XV

(1) There shall be an overall balance in the artistic, technical and financial contributions of the contracting parties during the term of this Agreement.

(2) The Joint Commission referred to in Article XVII of this Agreement shall determine from time to time whether this balance has been maintained and shall decide what measures are necessary in order to correct any imbalance.

II - EXCHANGE OF FILMS

Article XVI

The contracting parties affirm their desire to promote by all available means the distribution and exploitation in their respective countries of films from the other country.

III - GENERAL PROVISIONS

Article XVII

(1) A Joint Commission shall be established, consisting of representatives from the government and film industry of both countries to monitor and facilitate the implementation of this Agreement and recommend changes if necessary.

(2) While this Agreement is in effect, the Joint Commission shall meet every two years, alternately in Canada and in the State of Israel. A meeting may also be convened at the request of either contracting party, especially in the event of an important change in the legislation or regulations in the film industry of either contracting party.

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Article XVIII

(1) This Agreement shall enter into force the day on which the contracting parties have notified each other of the completion of the procedure required by their national law for giving effect to this Agreement.

(2) This Agreement shall be in force for three years and thereafter it shall be extended for successive periods of one year unless one or the other contracting party gives written notice of termination at least three months before its expiry.

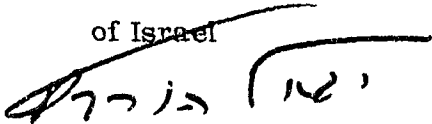
(3) Films on which principal photography has commenced after March 1, 1978, and before the entry into force of this Agreement shall also be accorded the benefits of Article II of this Agreement, provided that they comply with the other stipulations of this Agreement and are approved by the competent authorities as co-production films on application which shall be submitted within six weeks of the entry into force of this Agreement.

Done at Jerusalem

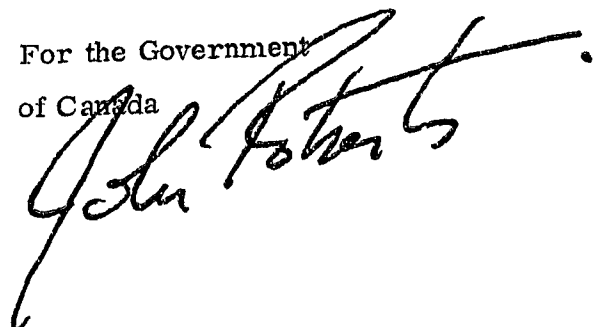
on 29 March 1978 in duplicate

in the Hebrew, English and French languages, all three texts being equally authentic.

For the Government
of Israel



For the Government
of Canada



RULES OF PROCEDURE

Application for co-production benefits for a film must be submitted simultaneously to both competent authorities at least four (4) weeks before shooting begins. The competent authority of the majority co-producer shall, in principle, communicate its proposal to the competent authority of the minority co-producer within twenty (20) days of the submission of the complete documentation as described below. The competent authority of the minority co-producer shall, in principle, communicate its decision in turn within seven (7) days.

Documentation submitted in support of an application shall consist of the following items, drafted in French or English in the case of Canada and in Hebrew in the case of the State of Israel:

1. The script, along with a three-page summary of it;
2. A document providing proof that the film rights have been legally acquired, or failing this, proof that a valid option has been obtained;
3. The co-production contract (one signed copy and three certified copies);

the contract shall include:

- (a) The title of the film or the working title;
- (b) The areas of responsibilities of each co-producer;
- (c) The name of any script writer;
- (d) The name of the director (substitution clause for his replacement if necessary, is possible);
- (e) The names of the leading actors;
- (f) Estimated costs of production and respective shares of the producers thereof;
- (g) Allocation of proceeds;

- (h) The respective share of the two producers in any additional costs; in principle, such shares shall be proportional to their respective contributions, although the share of the minority producer may be limited to a lower percentage or to a fixed amount;
 - (i) The date of commencement of principal photography and the estimated duration of shooting (for both location and studio shooting);
 - (j) The name of the holder of any distribution rights;
 - (k) A clause stipulating that the majority producer shall take out an insurance policy covering "all production risks" and "all negative risks";
4. Detailed estimate of costs;
 5. Any distribution contracts;
 6. The production schedule;
 7. A list of the technical and artistic personnel, including their nationalities and in the case of actors, their roles.

The competent authorities may demand any further documentation and all other additional information deemed necessary for their assessment of the project. Amendments to the original contract, including the replacement of a co-producer, may be effected. They must be submitted for approval to the competent authorities before the film is completed.

The replacement of a co-producer or holder of any distribution rights may be allowed only in exceptional cases and for reasons declared valid by the competent authorities.

The competent authorities shall inform each other of their decisions, providing in each case copies of their application documents.

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