

AGREEMENT ON FILM CO-PRODUCTION
BETWEEN
THE GOVERNMENT OF THE STATE OF ISRAEL
AND
THE GOVERNMENT OF THE ITALIAN REPUBLIC

The Government of the State of Israel and the Government of the Italian Republic hereinafter referred to as "the Parties";

Mindful of the fact that mutual cooperation may serve the development of film production and encourage the further development of the cultural and technological ties between the two countries;

Considering that co-production may benefit the film industries of their respective countries and contribute to the economic growth of the film production and distribution industries in Israel and in Italy;

Noting their mutual decision to establish a framework for encouraging all audio-visual media output, especially the co- production of films;

Recalling the Cooperation between the Parties in the field of Culture;

Have therefore agreed as follows:

Article 1
DEFINITIONS

For the purpose of this Agreement:

- (1) "**co-production**" or "**co-production film**" means a cinematographic work, with or without accompanying sounds, regardless of length or genre, including animation and documentary productions, made by an Italian co-producer and an Israeli co-producer, produced in any format, for exploitation in theaters, on television, internet, videocassette, videodisc, CD-ROM or any similar means, including future forms of cinematographic production and distribution;

- (2) **"Italian co-producer"** means one or more film production companies established in Italy, in compliance with the Italian legislation in force;
- (3) **"Israeli co-producer"** means one or more film production companies established in Israel, in compliance with the Israeli legislation in force;
- (4) The **"Competent Authorities"** means both Competent Authorities responsible for the implementation of this Agreement.
The Competent Authorities are:
 - For the Italian side: the Directorate-General for Cinema of the Ministry of Cultural Heritage and Activities and Tourism;
 - For the Israeli side: The Ministry of Culture and Sport or its designee(s).

Article 2

BENEFITS

- (1) Any co-production produced in pursuance of this Agreement shall be considered by the Competent Authorities as a national film, subject, respectively, to the domestic legislation of each Party. Such co-productions shall be entitled to the benefits to which the film production industry is entitled by virtue of each Party's domestic legislation or to those benefits which may be decreed by each Party. These benefits accrue solely to the co-producer of a country that grants them.
- (2) Failure of a Party's co-producer to fulfill the conditions according to which that Party has approved a co-production or a material breach of the co-production agreement by a Party's co-producer may result in that Party revoking the co-production status of the production and the attendant rights and benefits.
- (3) In all matters concerning the marketing or export of a co-production film, each Party will accord the co-production film the same status and treatment as a domestic production, subject to its respective domestic legislation.

Article 3

APPROVAL OF PROJECTS

- (1) Films to be co-produced pursuant to this Agreement by the two countries must be approved by the Competent Authorities.
- (2) The conditions for approving co-production films shall be jointly agreed upon by the Competent Authorities, on a case by case basis, subject to the provisions of this Agreement and to the respective domestic legislation of the Parties.
- (3) In order to qualify for the benefits of co-production, the co-producers shall provide evidence that they have the adequate technical organization, financial support, recognized professional standing and qualifications to bring the production to a successful conclusion.

- (4) Approval shall not be given to a project where the co-producers are linked by common management or control, except to the extent that such an association has been established specifically for the purpose of the co-production film itself.

Article 4 FILMING

- (1) Co-production films shall be made, processed, dubbed or subtitled, up to creation of the first release print in the countries of the participating co-producers.
- (2) However, if a scenario or the subject of the film so requires, location shooting, exterior or interior, in a country not participating in the co-production may be authorized by the Competent Authorities.
- (3) In cases of absolute exceptionality it is possible to resort to a third country for the services of dubbing or subtitling subject to the authorization of the competent authorities.

Article 5 PARTICIPANTS

- (1) The producers, authors, scriptwriters, performers, directors, professionals and technicians participating in co-productions, must be citizens or permanent residents of the Italian Republic or of State of Israel the in accordance, respectively, with the domestic legislation of the Parties. Regarding participation from the Italian Republic they can be also nationals of Member States of the European Union.
- (2) Should the co-production so require, the participation of professionals who do not fulfill the conditions pursuant to paragraph (1) may be permitted, in exceptional circumstances, and subject to the approval of the Competent Authorities.
- (3) In cases of multilateral co-productions, as stated in Article 9, the participants must be nationals of those countries, or permanent residents of those countries according to the legislation in force therein.

Article 6 LANGUAGES

- (1) The dialogue and narration of each Co-production Film shall be made in Italian or any Italian dialect or in languages as defined by the Israeli laws and regulations or in any combination of those.

- (2) Use of any other languages in a co-production other than the languages permitted according to the legislation of the Parties may be added to the co-production if the screenplay requires it.

Article 7

CONTRIBUTIONS FROM CO-PRODUCERS

- (1) The respective contributions of the producers of the two countries may vary from twenty (20) to eighty (80) per cent for each co-production film. In addition, the co-producers shall be required to make an effective technical and creative contribution, proportional to their financial investment in the co-production film. The technical and creative contribution should be comprised of the combined share of authors, performers, technical-production personal, laboratories and facilities.
- (2) Any exception to the abovementioned principles must be approved by the Competent Authorities, who may, in special cases, authorize that the respective contributions by the producers of the two countries vary from ten (10) to ninety (90) per cent.
- (3) In the event that the Italian co-producer or the Israeli co-producer is composed of several production companies, the contribution of each company shall not be less than 5% (five per cent) of the total budget of the co-production film.
- (4) "Financial co-productions" are allowable. Financial co-productions means when the contribution of a producer is only an economic participation. The financial contribution of the co-producer that makes an exclusively economic contribution to the co-production shall not be more of 20% (twenty per cent); contributions in excess of twenty per cent may be approved by the Competent Authorities only in exceptional cases.
- (5) As regards the financial co-productions stated in Paragraph 4, both competent Authorities shall ensure the achievement of an annual balance in the numerical and economical realization of co-productions.

Article 8

RIGHTS IN THE CO-PRODUCTION

- (1) The co-producers shall ensure that intellectual property rights in a co-production that are not owned by them will be available to them through license arrangements sufficient to fulfill the objectives of this Agreement, as stipulated in par. 4.1 of the Annex.
- (2) Allocation of intellectual property rights in a co-production film, including ownership and licensing thereof, shall be made in the co-production contract.
- (3) Each co-producer shall have free access to all the original co-production materials and the right to duplicate or print there from, but not the right to any

use or assignment of intellectual property rights in the said materials, except as is determined by the co-producers in the co-production contract.

- (4) Each co-producer shall be an owner on a joint basis of the physical copy of the original negative or other recording media in which the master co-production is made, not including any intellectual property rights that may be embodied in the said physical copy, except as is determined by the co-producers in the co-production contract.
- (5) Where the co-production is made on film negative, the negative will be developed in a laboratory chosen mutually by the co-producers, and will be deposited therein, on an agreed name. The laboratory must belong to one of the two countries and only in exceptional cases, by providing appropriate technical explanations, it is possible to turn to a third country, informing the Competent Authorities.

Article 9

MULTILATERAL CO-PRODUCTIONS

- (1) The Competent Authorities may jointly approve a project for a Co-production Film under this Agreement in conjunction with co-producers from one or more countries with which either or both of the Parties have signed an official film co-production agreement, in accordance with their respective domestic laws.
- (2) The contribution of a co-producer from one or more third countries shall comply with the provisions referred to in prior Article 7.
The conditions of admission of such co-productions shall be evaluated by both Parties, on a case-by-case basis.

Article 10

PERSONNEL AND EQUIPMENT

- (1) The Parties shall facilitate:
 - a) the temporary entry and the re-export of any film equipment necessary for the production of co-production films under this Agreement, subject to their respective domestic legislation;
 - b) the entry and the stay in its territory to the creative and technical staff of the other Party for the purpose of participating in the co-production films.
- (2) The provisions of this article also apply to third parties, approved under Article 9 of the present Agreement.

Article 11

PERMISSION FOR PUBLIC EXHIBITION

Approval of a proposal for the co-production of a film by the Competent Authorities does not imply any permission or authorization to show or distribute the film thus produced.

Article 12

QUOTA ARRANGEMENTS

- (1) If a co-produced film is marketed in a country that has quota regulations in regard to both the Parties, it shall be included in the quota of the Country which is the majority co-producer. In the event that the contributions of the co-producers are equal the co-production shall be included in the quota of the country of which the director of the co-production is a citizen or a permanent resident.
- (2) If a co-produced film is marketed in a country that has quota regulations in regard to one of the Parties, the co-produced film shall be marketed by the Party in regard to whom there is no quota.
- (3) In the event that a co-produced film is marketed in a country that has quota regulations in regard to one or both of the Parties, the Competent Authorities may agree on arrangements, in regard to the quota regulations, that differ from those set out in paragraphs 1 and 2 of this Article.

Article 13

IDENTIFICATION OF CO-PRODUCTION FILMS

- (1) All co-produced films shall be identified as Israeli-Italian or Italian-Israeli co-productions.
- (2) Such identification shall appear in a separate credit title, in all commercial advertising and promotional material, and whenever co-produced films are shown at any public performance.

Article 14

ANNEX

Subject to Article 3 (2), the Competent Authorities shall act in accordance with the Rules of Procedure appended in the Annex hereto, which constitute an integral part of this Agreement.

Article 15

JOINT COMMISSION

- (1) The Parties may establish a Joint Commission, consisting of official of both Parties and, where necessary, of experts, including directors and producers of both countries selected by the respective authorities.
- (2) The Joint Commission shall meet, every two years 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 domestic laws governing the film industry in, or where the application of this Agreement presents serious difficulties.
- (3) The Joint Commission shall, inter alia:
 - Review the implementation of this Agreement.
 - Determine whether the overall balance of the co-production has been achieved, considering the number of co-productions, the percentage and the total amount of the investments and of the artistic and technical contributions. If not, the Commission shall determine the measures deemed necessary to establish such balance.
 - Recommend means to generally improve cooperation in film co-production between Italian and Israeli producers.
 - Recommend amendments to this Agreement to the Competent Authorities.

Article 16

AMENDMENTS

This Agreement may be amended in writing by mutual consent of the Parties. Any modification of the Agreement or of the appended Annex shall follow the same procedures for entering into force as are specified in Article 18.

Article 17

DISPUTE RESOLUTION

The Parties shall seek to resolve any dispute concerning the interpretation or application of this Agreement amicably through consultation between them.

ANNEX
RULES OF PROCEDURE

1. Applications for qualification of a film for co-production benefits must be filed, as far as possible, concurrently with the Competent Authorities at least thirty (30) days prior to the commencement of shooting or key animation of the film.
2. The Competent Authorities shall notify each other of their decision about the projects filed. In principle, the competent Authority related to the producer with majority share will communicate first the opinion to the competent Authority related to the producer with minority share.
3. Applications must be submitted as follows:
 - for the Italian Republic, accompanied by a translation with the declaration of conformity if they are presented in a language other than Italian;
 - for the State of Israel, the applications should be submitted in the Hebrew or English languages;
4. The applications must be accompanied by the following documents:
 - 4.1 a proof of license arrangements with respect to intellectual property rights, of any sort, including in particular copyright and neighboring rights ("neighboring rights" shall be understood as including, inter alia, moral rights, performers' rights, phonogram producers' rights and broadcasters' rights), embodied in, or arising from, a co-production, to an extent sufficient for purposes of fulfilling the objectives of the co-production contract, including clearance arrangements for public performance, distribution, broadcast, making available by internet or otherwise, and sale or rental of physical or electronic copies of the co-production in the territories of the Parties' home countries as well as in third countries, and including copyright and neighboring rights clearance with respect to any literary, dramatic, musical or artistic work which has been adapted by the applicant for purposes of the co-production;
 - 4.2 the screenplay and synopsis of the film in one of the agreed languages;
 - 4.3 the signed co-production contract which is subject to the approval of the Competent Authorities. It must specify:
 - a. the title of the film, even if provisional;
 - b. the name of the writer or the person responsible for adapting the subject if it is drawn from literary source;
 - c. the name of the director (a safety clause is permitted for his replacement, if necessary);
 - d. the budget of the film;

- e. the plan for financing the film;
 - f. the amount of the financial contributions of the co-producers;
 - g. the financial undertakings of each producer in respect of the percentage apportionment of expenditures with regard to development, elaboration, production and post-production costs up to the creation of the answer print;
 - h. the distribution of revenue and profits including the sharing or pooling of markets;
 - i. the respective participation of the co-producers in any costs which exceed the budget or in the benefits from any savings in the production cost;
 - j. allocation of intellectual property rights in a co-production film, including ownership and licensing thereof.
 - k. a clause in the contract must recognize that the approval of the film, entitling it to benefits under the agreement, does not obligate the Competent Authorities of either Party to permit the public screening of the film;
 - l. a clause prescribing the measures to be taken where:
 - i) if the Competent Authorities of either country refuse the application following examination of the complete file;
 - ii) the Competent Authorities prohibit the exhibition of the Co-production Film in either country;
 - m. a clause setting out the measures to take if a co-producer does not completely fulfill its commitments under the terms established in the co-production contract;
 - n. a clause which requires the major co-producer to take out an insurance policy covering all production risks and all original material production risks;
 - o. the approximate starting date of shooting;
 - p. the manner in which the co-production shall be entered in international festivals;
 - q. other provisions required by the Competent Authorities.
- 4.4 the list of required equipment (technical, artistic or other) and personnel, including nationality of personnel and the roles to be played by the performers;
 - 4.5 the production schedule;
 - 4.6 a distribution agreement, if one has been concluded;
 - 4.7 the final filming script.

5. Material provisions in the original co-production contract may be amended subject to prior approval by the Competent Authorities.
6. The replacement of a co-producer may be allowed only in exceptional cases and for reasons declared valid by the competent Authorities.
7. The co-producers will provide any further documentation and information, which the Competent Authorities deem necessary in order to process the co-production application or in order to monitor the co-production or the execution of the co-production agreement.

Article 18

ENTRY INTO FORCE

- (1) This Agreement shall enter into force on the date of the second of the Diplomatic Notes by which the Parties notify each other that their internal legal procedures of its entry into force have been complied with.
- (2) This Agreement shall be valid for a period of five (5) years and shall automatically be extended for additional periods of five (5) years each, unless terminated by either Party giving at least six (6) months written prior notice to the other Party of its intention to terminate the Agreement.
- (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 from the provisions of this Agreement until completion.
- (4) Upon the entry into force of this agreement, it will annul and replace the Agreement on Film Co-production between the Government of the State of Israel and the Government of the Italian Republic signed in Jerusalem on January 1, 1985 and entered into force on September 9, 1987.

Signed in Rome on July, 2013 which corresponds to the 29 day of Kislev, 5774, in two original copies in the Hebrew, English and Italian languages, all texts being equally authentic. In case of divergence the English text shall prevail.



For the Government
of the State of Israel



For the Government
of the Italian Republic