

**AGREEMENT
ON
CINEMATOGRAPHIC AND
AUDIOVISUAL CO-PRODUCTION
BETWEEN
THE GOVERNMENT OF THE ITALIAN REPUBLIC
AND
THE GOVERNMENT OF THE REPUBLIC OF BULGARIA**

The Government of the Italian Republic and the Government of the Republic of Bulgaria, hereinafter referred to as the 'Parties',

Given that the Convention on the Protection and Promotion of the Diversity of Cultural Expressions has been adopted by UNESCO and ratified by the Italian Republic and Republic of Bulgaria;

Given the common intention of the Parties to resume and strengthen the cinematographic and audiovisual relations between Italy and Bulgaria;

Given that Italy and Bulgaria are parties to the European Convention on Cinematographic Co-production, concluded at Strasbourg on 2 October 1992;

Taking into account the fact that mutual cooperation can foster the development of productions of cinematographic and audiovisual works and promote the development of cultural relations between the two countries;

Having regard to the fact that the cinematographic industry of respective countries may benefit from cinematographic and audiovisual co-productions, thereby contributing to economic growth in the sectors of cinematographic production and distribution in Italy and Bulgaria;

Have agreed as follows:

**Article 1
Definitions**

For the purposes of this Agreement:

a) 'Cinematographic co-production' shall mean a project for a film or an audiovisual work with any length, including animation works and documentaries, produced by an Italian co-producer and a Bulgarian co-producer on whatever medium in order to be broadcast in cinemas, on television, video cassette, CD, CD-ROM, or any other form of distribution. New forms of audiovisual production and distribution shall automatically be included in this Agreement.

b) 'Italian co-producer' shall mean: one of more enterprises for cinematographic and/or audiovisual productions, as defined in the current legislation in Italy.

c) 'Bulgarian co-producer shall mean: one or more enterprises for cinematographic or audiovisual productions, as defined in the current legislation in Bulgaria.

Article 2

Competent Authorities

1. The competent authorities responsible for the implementation of this Agreement are:
 - For the Italian Republic: Ministry of Cultural Heritage and Activities and Tourism, Directorate General 'Cinema';
 - For the Republic of Bulgaria: Executive Agency 'National Film Center'

Article 3

Benefits

1. "Cinematographic co-productions" under this Agreement shall be considered national works in accordance with the legislation in force on the territory of each country.
2. The above-stated "co-productions" shall fully enjoy the benefits resulting from the existing regulations or from any future regulations that might be adopted by each Party. These benefits can only be acquired by the producer of the Party that provides them.
3. The competent authority of each Party shall send a summary report on aids and funding to the competent authority of the other Party, as provided by the national legislation, and undertakes to inform the other Party of any possible legislative changes.
4. The Parties shall not be responsible for obligations undertaken by individuals or legal entities, who have signed contracts under this Agreement.

Article 4

Approval of Projects

1. Cinematographic co-productions made under this Agreement shall be approved by the competent authorities of both Parties in accordance with the respective national legislation.
2. The above authorities, before proceeding to approval of a particular application, shall consult each other to ensure compliance of the project with the provisions of this Agreement and with their respective national legislation.
3. In order to be able to enjoy the benefits of the co-production, co-producers shall provide documentary proofs of the existence of good technical equipment, recognized reputation and professional qualification, and funding that allows them to bring the production to a successful end.
4. Approval shall not be given to projects, where co-producers are bound in common corporate management and are subject to common control, except where such binding applies only to the co-production that will be made.

Article 5

Authorization for Public Exhibitions

1. Approval of a project for co-production by the competent authorities of the two countries shall not commit the authorities themselves to give authorization for public exhibitions of the 'cinematographic co-production' made.

Article 6

Annex

- 1 Applications submitted and waiting for approval to be included in the scope of this Agreement shall meet the provisions set out in the 'Rules of Procedure', constituting annex to this Agreement as an integral part of it.
2. The competent authorities shall act in accordance with the 'Rules of Procedure'.

Article 7

Participants

1. The authors, scriptwriters, directors and qualified technical and artistic personnel of co-productions, as well as the work teams involved in the production, shall be

2. nationals of the Italian Republic or of the Republic of Bulgaria, or of Member States of the European Union, or permanent residents of the Italian Republic or of the Republic of Bulgaria.
3. In exceptional circumstances the foreign technical and artistic personnel, who habitually reside and/or work in the Italian Republic or the Republic of Bulgaria, may participate in the co-production as representatives of the country in which they reside.
4. In exceptional circumstances and only by mutual agreement of the competent authorities of the two Countries, where this reflects a specific need of a co-production, technical and artistic personnel who are neither nationals of any of the co-producing countries, nor nationals of a Member State of the European Union, shall be allowed to participate in the co-production activities.

Article 8

Filming

1. Co-productions made under this Agreement shall be filmed, processed, dubbed or subtitled to the creation of the first copy for distribution in studios located on the territory of the countries of the participating co-producers.
2. Shooting in indoor or outdoor spaces in natural scenery, which takes place in a country that does not participate in the co-production, may be authorized, if the script and story of the co-production so require.
3. Only in exceptional cases dubbing and subtitling may take place in a third country, provided that prior authorization has been given by the competent authorities.

Article 9

Contributions of Co-producers

1. The respective contributions of the co-producers in a "cinematographic co-production", may vary from 20 % (twenty percent) to 80 % (eighty percent) of the final cost for each "co-production". As a rule, the contribution of the minority co-producer shall ensure effective technical and artistic participation.
2. Derogations to the provisions of paragraph 1 of this article shall be allowed with the prior approval of the competent authorities of the two countries, provided that the requirement for the minority quota not to fall below 10% (ten percent) of the final cost of the "cinematographic co-production".

3. If the Italian or Bulgarian co-producer is composed of several production enterprises, the quota of participation of each of them may not be below 5% (five percent) of the total cost of the cinematographic co-production.

Article 10

Negatives and Languages

1. Each co-producer shall be deemed as a co-owner of tangible and intangible elements of the cinematographic co-production.
2. Each co-producer shall be deemed as a co-owner of the physical copy of the original negative or of any type of recording media on which the original of the co-production is recorded, except for intellectual property rights that may be embodied in the said physical copy unless otherwise provided in the co-production contract signed between the co-producers.
3. Where a co-production is recorded on a film negative, the latter shall be developed in a laboratory selected jointly by the co-producers, where it shall be deposited under concerted name. The laboratory shall belong to one of the two countries and only in exceptional cases, if an adequate technical justification is available, it shall be possible to seek the services of a third country, meanwhile informing the competent authorities of this.
4. Each "cinematographic co-production" shall have at least a version in Italian and Bulgarian.

Article 11

Multilateral Co-productions

1. The contracting parties favourably consider the realization of co-productions between Italy, Bulgaria and one or more countries, with which the one or both parties have signed an agreement for cinematographic or audiovisual co-production, in accordance with their national legislations.
2. The contributions of co-producers shall comply with the provisions laid down in article 9 of this Agreement.

Article 12

Personnel and Equipment

1. Either Party shall facilitate the entry and stay and issuing work visas on its territory to the technical and artistic personnel of the other Party, as well as to the technical and artistic personnel of another co-producing country, participating in the co-production.
2. Similarly, either Party shall permit the temporary import and re-export of the cinematographic equipment necessary for the production and distribution of the co-produced work under this Agreement.
3. The provisions of this article shall also apply to third parties, as provided by the preceding Article 11.

Article 13

Export of co-productions

1. In the event that a "cinematographic co-production" made within the meaning of this Agreement is exported to a country where the import of films or of audiovisual works is bound by quotas, the co-production, as a general rule, is conferred to the quota of the Country that holds a majority participation.
2. In cases of co-productions with equal participation of each signatory to this Agreement, the co-production is conferred to the quota of the Country that offers better conditions of exploitation.
3. In case of difficulty, the co-production shall be conferred to the quota of the Country of which the director is a national or resident.

Article 14

Identification of Co-productions

1. "Cinematographic co-productions" shall be identified as 'Italian-Bulgarian Co-production' or 'Bulgarian-Italian co-production'.
2. This identification shall appear in a separate box in the tags and closing credits, trailers, advertising materials, in artistic and cultural events, at international festivals and any other events.

Article 15

Presentation at International Festivals

1. "Cinematographic co-productions", as a general rule, shall be presented at international festivals by the Party of the majority co-producer.
2. "Co-productions with equal participation shall be presented by the Party of which the director is a national or resident.

Article 16

Joint Committee

1. To verify the implementation of this Agreement the Parties shall form a Joint Committee composed of representatives of the competent authorities of both Countries and, if necessary, of experts, including directors and producers from the same countries, selected by the relevant authorities.
2. The Joint Committee shall meet every two years, as alternately in the two countries. However, the Joint Committee can be convened to extraordinary meetings at the request of one or both competent authorities, particularly in cases of significant changes in the national legislation regulating the cinematographic industry of the one or the other country, or in cases of major difficulties encountered in the implementation of this Agreement.
3. The Joint Committee shall examine the existence of a common balance by finding the volume of investments by co-producers and of the technical and artistic participation, including equipment and, if such is absent, shall identify measures to establish this balance. These measures shall be submitted to the competent authorities of the two countries for approval.

Article 17

Obligations of the Parties

1. The provisions of this Agreement are not in conflict with the obligations of the contracting Parties under International and European Union Law.

Article 18

Entry into Force

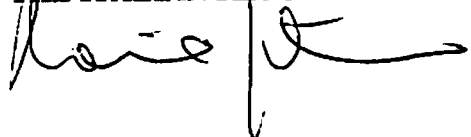
1. This Agreement shall enter into force from the date of receipt of the second of the two notifications by which the contracting Parties officially notify each other that the internal procedures necessary for ratification have been complied with.

2. This Agreement shall be valid for a period of five years and automatically renewed for further periods of five years, except in cases of denunciation by any of the contracting Parties, to be notified through diplomatic channels at least six months before the expiry of the validity period.
3. "Cinematographic co-productions" approved by the competent authorities, which are at an advanced stage of implementation at the time of denunciation of the Agreement by any of the two parties, shall be entitled to full enjoyment of the benefits of this Agreement.
4. As regards distribution of revenues resulting from finished co-productions, the conditions fixed in the Agreement shall continue to apply after the expiry of the Agreement.
5. From the time of its entry into force this Agreement shall cancel and replace the agreement for cinematographic co-production signed between Italy and Bulgaria on 29.07.1967 in Sofia.

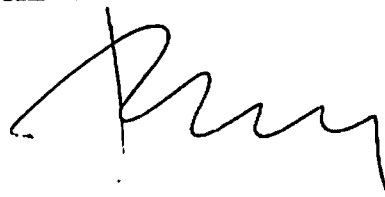
IN WITNESS WHEREOF the undersigned duly authorized representatives of their respective governments have signed this Agreement.

Done at Rome, on May 25, 2015, in two copies, each in Italian, English and Bulgarian languages, all texts being equally authentic. In case of divergences in the interpretation the English language version shall prevail.

FOR THE GOVERNMENT OF
THE ITALIAN REPUBLIC



FOR THE GOVERNMENT OF
THE REPUBLIC OF BULGARIA



ANNEX
RULES OF PROCEDURE

1. Applications for admission to the benefits of "cinematographic co-production" within the meaning of this Agreement shall be filed, to the possible extent, at the same time, to the respective competent authorities at least 30 (thirty) days before the beginning of shooting or main work on animation.
2. The competent authorities shall inform each other of their decisions on the presented projects. As a general rule, the competent authority of the country of the producer with majority participation shall be the first to report its assessment to the competent authority of the country of the producer with minority participation.
3. Applications shall be submitted as follows:
 - For the Italian Republic: applications shall be deposited in Italian language, or accompanied by translation with compliance declaration, if deposited in a language other than the Italian language;
 - For the Republic of Bulgaria: applications shall be deposited in Bulgarian language, or accompanied by translation with compliance declaration, if deposited in a language other than the Bulgarian language.
4. Applications shall be accompanied by the following documents:
 - 4.1. Document proving acquisition of the ownership of copyright to cinematographic adaptation or, if there is not such, valid alternative document concerning the original work;
 - 4.2. Script and synopsis of the work in any of the agreed languages;
 - 4.3. Co-production contract signed with reservation for approval by the competent administrations of the two countries.

This document shall specify:

- a) the title of the work, even if provisional;
- b) the name of the author of the story or of the adaptor (if the story is based on a literary work);
- c) the name of the director (it shall be permitted to include a protective clause for his or her replacement, if necessary);

- d) detailed budget of the work with a breakdown of the costs relating to the various stages (shooting, postproduction, etc.);
- e) financial plan;
- f) amount of the financial contribution of co-producers;
- g) revenue distribution, including the sharing or pooling of markets, which should normally correspond to the percentage of participation of the relevant co-producers in terms of total value of the co-production;
- h) commitment of the co-producers to participate in any possible cost overruns or benefit from economies in the total value of the work in proportion with their participation;
- i) one clause of the co-production contract shall identify measures to be taken in the following events:
 - i) the competent Authorities of the one or the other country shall not grant approval of the application after complete analysis of the documentation;
 - ii) the competent Authorities shall not authorize public exhibitions of the work in the one or the other of the two countries;
- j) the financial obligations of co-producers, if a finished production does not comply with the project approved by the competent Authorities of the ~~countries~~ Parties;
- k) a clause that specifies the measures to be taken, if a co-producer fails to fully perform its obligations under the conditions laid down in the co-production contract;
- l) a clause that requires from the majority co-producer to sign an insurance policy, covering all risks related to the production and all risks related to the original material of the production;
- m) approximate date of beginning of shooting process;
- n) additional orders requested by the competent authorities;

4.4 List of the required equipment (technical, artistic, etc.) and of the personnel, specifying their nationality and roles to be played by the relevant actors;

4.5 Shooting schedule;

4.6 Distribution contract, if such is already signed;

4.7 Final script.

5. The competent authorities of the two countries may also request any documents and any additional clarifications that they deem necessary.

6. Changes in the contract, among which the replacement of one of the co-producers, may be introduced in the initially deposited co-production contract and shall be submitted to the competent authorities of the two countries for approval before completion of the work.

7. One of the co-producers may not be replaced, except in exceptional cases by substantiated justification recognized by the competent authorities.

8. The competent authorities shall inform each other of their decision, attaching a copy of the documentation.